



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: WRAG 24-076

May 29, 2024

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Current Status: Agenda Ready

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Hold a public hearing to consider approving and adopting Monterey County Water Resources Agency's Fiscal Year 2024-25 Recommended Budget.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Supervisors:

Hold a public hearing to consider approving and adopting Monterey County Water Resources Agency's Fiscal Year 2024-25 Recommended Budget.

SUMMARY/DISCUSSION:

The Monterey County Water Resources Agency (Agency) FY 2024-2025 (FY25) Recommended Budget totals \$48,759,795 in expenditures and \$42,154,850 in revenue and total full time equivalent (FTE) positions is 57 FTE, for all 14 Agency Funds. The Recommended Budget is a decrease of 11% in expenditures and a decrease of 16% in revenue from the Amended Budget of Fiscal Year 2023-24 (FY24).

In the Agency's FY25 Recommended Budget, amount of \$8,755,473 is allocated for salaries and benefits, which is 18% of the Recommended Budget. Of the total 57 FTE authorized, 53 positions are funded, 4 positions are unfunded, and 6 positions are partially funded. Total salary saving of both partially funded and unfunded position is \$1,126,831.

Total amount budgeted for services provided by contractors and or consultants is \$24,737,530, which is decreased by \$921,861 from FY24. Monterey One Water payment is 4% decreased to \$9,163,033 and other contractors/consultants' expense is 3% increased to \$15,574,497, which includes a total amount of \$8,980,000 reimbursable by federal aid and or state grants.

FY25 budget's biggest increase over the FY24 Amended Budget is with insurance cost, which is increased by 41% to \$1,781,691. Estimated cost of general liability (GL) and pollution coverage through Public Risk Innovation, Solutions, and Management (PRISM) program is expected to increase by 73% to estimated \$791,233 in FY25 and the Agency's share of the County's GL and property insurance allocations is increased by 23% to \$990,458.

FY25 is another year that the Agency will experience a significant change with County's Cost Plan charges. Its FY25 allocation is \$573,662 decreased from \$1,828,247 in FY24. Agency's Cost Plan charge in FY23 was \$551,359.

A combined total debt payment in FY25 is \$4,440,213, nine percent (9%) of the Budget, which is comprised of bond payments for the Salinas Valley Water Project Bond (SVWP), annual USBR loan payments for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP). Fund transfers to the Debt Service Funds for CSIP loan and SVWP bond payments is estimated at \$3,424,213 or seven percent (7%) of the Budget.

Remaining expenditures are county department charges of \$823,171 and other services and supplies of \$3,674,368. The Budget recommends an assignment of \$105,000 of Fund 116 to capital project reserve in Fund 116. In FY2022-23, Fund 111 received \$2,500,000 cash aid from the County of Monterey via Advance Funding Agreement to repair damages caused by 2023 winter storm events. In FY24, the County approved additional cash aid of \$850,000 to complete repair of Hydro-electric powerplant Access Road, which was also damaged during a 2023 winter storm event. The FY25 Recommended Budget requests fund transfers of \$244,474 and \$200,000 of the Advance Funding Agreement payment from Fund 111 to Fund 122 and Fund 124, respectively and a transfer from General Fund \$850,000 to Fund 116 to pay for repair expenses of 2023 winter storm damages. The Agency will seek external funding to continue the ILT project beyond completion of the ILT grant with DWR this summer and such efforts will be funded by Fund 426 Fund Balance.

The FY25 Recommended Budget estimates total revenue of \$42,154,850, which is 16% decrease from the FY24 Amended Budget revenue of \$50,097,830.

The estimated revenue reflects 2.4% cost-of-living adjustment (COLA) increase to FY25's assessment charges adopting the Consumer Price Index (CPI) of the San Francisco Bay Area released on March 12, 2024. Annual COLA adjustments by the CPI percentage are authorized by MCWRA ordinances. The Recommended Budget estimates Ad-Valorem tax revenue at \$3,447,294 and total assessment revenue at \$17,535,649.

The budget includes estimates \$9,869,900 grant revenue from the following: the Salinas Valley Basin Groundwater Sustainability Agency (SVB GSA) subgrant, the Nacimiento Project with California Department of Water Resources (DWR), Dam Safety Project with DWR, Section 6 HCP grants with CDFW, Integrated Regional Water Management (IRWM) grant with DWR. It also contains a federal assistance of \$900,000 for Castroville Seawater Intrusion Project. Additionally, the budget accounts for three additional grants that the Agency applied for in FY24.

Estimated combined revenue from Water Delivery Fees and Water Services Charges is \$2,629,626. The Recommended Budget is based on the Water Delivery Fee in FY25 at \$45.24 per acre foot water delivered, increased by \$8.00 from \$37.24 in FY24. Revenue from the Water Delivery Fee will fund funding gaps caused by increased operation and maintenance costs, especially utility and chemical expense at the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVWP) operations. The Water Service charge in FY25 will receive a COLA adjustment by the CPI 2.4% and be used to fund SRDF operations only.

The Recommended Budget includes \$444,474 of revenue transfer-in within Agency Funds, \$1,220,000 transfer revenue from other County departments and \$3,424,213 for debt payments, hydro-electronic revenue of \$1,140,961, and payments of \$614,070 from San Luis Obispo County.

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Overall, FY25 budgeted expenditures exceed revenues by \$6,604,945, which will be financed with Fund Balance of Agency Funds. Ending Fund Balance of Agency's fund is estimated at \$14,496,277.

Staff will bring this item back for approval and adoption on June 20, 2024.

OTHER AGENCY INVOLVEMENT:


Staff worked with Monterey One Water for Fund 131 CSIP Operations, Fund 132 SVRP Operations, and Fund 134 SRDF Operations.

The Water Resources Agency Board of Directors heard and recommended approval of the Water Resources Agency's FY25 Recommended Budget at its April 15, 2024 meeting.

FINANCING:

The Water Resources Agency FY 2024-25 Recommended Budget represents a statutorily balanced budget and meets all requirements for adoption.

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Approved by:  5/3/2024
Ara Azhderian, General Manager, (831) 755-4860

Attachments:

1. MCWRA FY 2024-2025 Recommended Budget Book
2. MCWRA FY 2024-2025 Recommended Budget PPT