Monterey County

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

Board Report

Legistar File Number: WRAG 19-232

November 18, 2019

Introduced: 11/7/2019 **Current Status:** Agenda Ready
Version: 1 **Matter Type:** WR General Agenda

Approve and recommend that the Monterey County Water Resources Agency Board of Supervisors adopt a resolution authorizing and directing the Auditor Controller to amend the Water Resources Agency's FY 2019-20 Adopted Budget as follows:
a. Increase appropriations in Fund 130 - Hydro-Electric Operations (130-9300-8490-WRA022) in the amount of $300,000 financed by Unassigned Fund Balance; and
b. Increase appropriations in Fund 116 - Dam Operations (116-9300-8485-WRA006) in the amount of $600,000 financed by a transfer of $300,000 from Fund 130 - Hydro-Electric Operations (130-9300-8490-WRA022) and $300,000 financed by Unassigned Fund Balance.

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

Approve and recommend that the Monterey County Water Resources Agency Board of Supervisors adopt a resolution authorizing and directing the Auditor Controller to amend the Water Resources Agency's FY 2019-20 Adopted Budget as follows:

a. Increase appropriations in Fund 130 - Hydro-Electric Operations (130-9300-8490-WRA022) in the amount of $300,000 financed by Unassigned Fund Balance; and
b. Increase appropriations in Fund 116 - Dam Operations (116-9300-8485-WRA006) in the amount of $600,000 financed by a transfer of $300,000 from Fund 130 - Hydro-Electric Operations (130-9300-8490-WRA022) and $300,000 financed by Unassigned Fund Balance.

SUMMARY/DISCUSSION:
The Monterey County Water Resources Agency (Agency) is working with the United States Fish and Wildlife Service (USFW) and the National Marine Fisheries Service (NMFS) to develop a Habitat Conservation Plan (HCP). Funding for tasks associated with the HCP were not included in the Agency's FY 2019-20 Budget and this amendment will provide $300,000 to continue defining the HCP's scope. To fund these efforts beyond the current fiscal year, the Agency applied for a $1 million grant from the USFW and a response is expected by the end of the fiscal year. If the grant is not awarded, further funding options will be explored. This report seeks approval to transfer $300,000 from Fund 130 - Hydro-Electric Operations to fund these HCP efforts.

The Agency has been diligently working to address its funding shortages and evaluating different revenue sources. Following a six-month research process, staff has determined that a viable option to partially address these shortages is a Proposition 218 special assessment election for deferred maintenance at San Antonio and Nacimiento Reservoirs, including the rehabilitation of the San Antonio spillway. At the October 21, 2019 Board of Director's (BOD) meeting, staff presented an item to

pursue this option and the BOD approved staff's recommendation. Additionally, the BOD approved a $300,000 agreement with Wallace Group to assist with project management, assessment methodology, and a Proposition 218 special assessment election. The recommendation to pursue a Proposition 218 special assessment was presented to the Board of Supervisors (BOS) at its November 5, 2019 meeting and the BOS approved the recommendation with the modification to have staff return at a later date with a revised scope for the Proposition 218. The BOS approved the agreement with Wallace Group. The $300,000 required to fund the agreement was not part of the Agency's FY 2019-20 budget. This report seeks approval to fund this agreement out of Fund 116 - Dam Operations Unassigned Fund Balance.

OTHER AGENCY INVOLVEMENT:
None.

FINANCING:
The increase in appropriations in Fund 130 - Hydro-Electric Operations will fund a $300,000 transfer to fund an increase in appropriations in Fund 116 - Dam Operations to cover the anticipated costs of the HCP for FY 2019-20. The remaining $300,000 increase in appropriations in Fund 116 - Dam Operations will be funded by Unassigned Fund Balance. Both Funds have enough Unassigned Fund Balance to cover these changes as shown in Attachment A.

Prepared by: Fabricio Chombo, Finance Manager II (831) 755-4860

Approved by: _____
Brent Buche, General Manager (831) 755-4860

Attachments:
Budget Amendment No. 2 Summary