County of Monterey

Board Report

Legistar File Number: WRAFIN 24-034

Item No.

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

April 05, 2024

Introduced: 4/1/2024 **Current Status:** Draft

Version: 1 **Matter Type:** WRA FInance Item

Consider recommending that the Monterey County Water Resources Agency Board of Directors recommend the Monterey County Water Resources Agency Board of Supervisors approve the Monterey County Water Resources Agency Fiscal Year 2024-25 Recommended Budget.

RECOMMENDATION:
It is recommended that the Finance Committee:

Consider recommending that the Monterey County Water Resources Agency Board of Directors recommend the Monterey County Water Resources Agency Board of Supervisors approve the Monterey County Water Resources Agency Fiscal Year (FY) 2024-25 Recommended Budget.

SUMMARY/DISCUSSION:
The Monterey County Water Resources Agency (Agency) FY 2024-2025 (FY25) Recommended Budget totals $49,909,795 in expenditures and $43,392,049 in revenue and total full time equivalent (FTE) positions is 57 FTE, for all 14 Agency Funds. The Recommended Budget is a decrease of 9% in expenditures and a decrease of 13% 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 amount budgeted for consultant service is $25,537,530, which is a decrease of $121,861 (0.5%) from FY24. Monterey One Water payment is 4% deceased to $9,163,033 and other consultant expense is 2% increased to $16,374,497.

FY25 Budget includes insurance cost of $1,781,691, County's Cost Plan (COWCAP) of $573,662 and total debt payment of $4,440,213, county department charges of $823,171, and other services and supplies of $3,674,368. The Budget recommends assignment of $105,000 of Fund 116 to capital project reserve in Fund 116. To continue with 2023 winter storm repairs, fund transfers of $244,474 and $200,000 from Fund 111 Fund Balances to Fund 122 and Fund 124, respectively, as well as a transfer from General Fund $850,000 to Fund 116 are included in the budget. A transfer of $350,000 from Fund 130 to Fund 426 is planned for seeking external funding to continue the Interlake Tunnel Project (ILT) beyond completion of the ILT grant with DWR this summer.

The FY25 Recommended Budget estimates total revenue of $43,392,049, which is 13% decrease from $50,097,830 of revenue in the FY24 Amended Budget.

The estimated revenue reflects 2.4% cost-of-living adjustment (COLA) increase to FY25 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 total assessment revenue at $17,535,649.

The budget includes estimates $9,869,900 grant revenue, which includes the Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA) subgrant, the Nacimiento Project with California Department of Water Resources (DWR), Dam Safety Project with DWR, Section 6 HCP grants with CDFW and Integrated Regional Water Management (IRWM) grant with DWR. It also accounts for a federal assistance of $900,000 for the Castroville Seawater Intrusion Project.

Estimated combined revenue from Water Delivery Fees and Water Services Charges is $3,516,826. The Agency recommends the Water Delivery Fee in FY25 be increased to $89.60 per acre foot water delivered, increased by $52.36 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 of the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVWP) operations since 2019. The Water Service charge in FY25 will receive a COLA adjustment by the CPI 2.4%.

The Recommended Budget includes $994,474 of revenue transfer-in within Agency Funds, $1,020,000 transfer revenue from other County departments and $3,424,213 for debt payments, hydroelectronic revenue of $1,140,961, and payments of $614,070 from San Luis Obispo County.

Overall, FY25 budgeted expenditures exceed revenues by $6,517,746, which will be financed with Fund Balance of Agency Funds. Ending Fund Balance of Agency's fund is estimated at $13,729,277.

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

FINANCING:
The Water Resources Agency FY25 Recommended Budget represents a statutorily balanced budget and meets all requirements for adoption.

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Approved by: _____
Ara Azhderian, General Manager, (831) 755-4860

Attachments:

1. MCWRA FY2024-25 Recommended Budget Book
2. Resolution