



County of Monterey

Item No.

Board Report

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

Legistar File Number: BC 23-138

October 25, 2023

Introduced: 10/11/2023

Current Status: Agenda Ready

Version: 1

Matter Type: Budget Committee

Support that the Monterey County Water Resources Agency Board of Supervisors adopt a resolution approving and authorizing the Auditor-Controller to:

- a. Increase Fiscal Year 2023-24 (FY24) appropriations by \$1,812,000 to the Adopted Budget of Fund 112 (Pajaro), Appropriation WRA002, Unit 8484 to pay for increased operation needs funded by \$1,212,000 of increased revenue and \$600,000 of Fund 112 Fund Balance; and
- b. Increase FY24 revenue by \$1,212,000 to the Adopted Budget of Fund 112, Appropriation WRA002, Unit 8484 with transfer of \$900,000 from Fund 116 and other revenue of \$312,000; and
- c. Increase FY24 appropriations in Fund 116, Appropriation WRA006, Unit 8485 by \$900,000 to transfer to Fund 112 Appropriation WRA002, Unit 8484 for repair expenses of the 2022/23 winter storm events.

RECOMMENDATION:

It is recommended that the Monterey County Budget Committee:

Support that the Monterey County Water Resources Agency Board of Supervisors adopt a resolution approving and authorizing the Auditor-Controller to:

- a. Increase Fiscal Year 2023-24 (FY24) appropriations by \$1,812,000 to the Adopted Budget of Fund 112 (Pajaro), Appropriation WRA002, Unit 8484 to pay for increased operation needs funded by \$1,212,000 of increased revenue and \$600,000 of Fund 112 Fund Balance; and
- b. Increase FY24 revenue by \$1,212,000 to the Adopted Budget of Fund 112, Appropriation WRA002, Unit 8484 with transfer of \$900,000 from Fund 116 and other revenue of \$312,000; and
- c. Increase FY24 appropriations in Fund 116, Appropriation WRA006, Unit 8485 by \$900,000 to transfer to Fund 112 Appropriation WRA002, Unit 8484 for repair expenses of the 2022/23 winter storm events.

SUMMARY/DISCUSSION:

On January 31, 2023, the Monterey County Board of Supervisors and the Monterey County Water Resources Agency (Agency) Board of Supervisors approved the Advance Funding Agreement and provided \$7,000,000 from the County's strategic reserves to provide cash flow assistance for emergency protective measure projects mitigating damage to the Pajaro Levee, the Nacimiento

Reservoir spillway plunge pool, and other Agency facilities caused by 2022/23 winter storm events. Of the \$7,000,000, the Agency initially allocated \$3,000,000 to Fund 116 (Dam Operations), \$2,500,000 to Fund 111 (Administration) and \$1,500,000 to Fund 112 (Pajaro Levee).

The Agency executed an Operations, Maintenance, Repair, Replacement, and Rehabilitation Assignment Agreement (“OMRR&R Agreement”) with the Pajaro Regional Flood Management Agency (“PRFMA”). The agreement transfers the operation, maintenance, repair, replacement, and rehabilitation of the Pajaro Levee in accordance with federal law and, guidance, applicable Federal Operation and Maintenance Manual, any revised or updated version of the Federal Operation and Maintenance Manual, and any applicable Stream Maintenance Program and Plan.

Effective July 1, 2023, PRFMA has assumed OMRR&R responsibilities. However, due to PRFMA’s limited staffing availability, the Agency will continue maintenance activities at the levee through a maintenance service agreement with PRFMA. Staff estimates \$312,000 in FY 2023-24 for the maintenance services, which will be fully reimbursed by PRFMA.

Additionally, the Agency continues to work in FY24 with the U.S. Army Corps of Engineers to repair damages caused to the Pajaro Levee during the 2022/23 winter storm events. A current cost estimate of the winter storm damage repairs that the Agency needs to perform as a non-federal sponsor is \$1,500,000. This estimate includes payments for easements to three repair sites and contract services for construction and cleanup activities. Eligible expenses related to the winter storm repairs will be submitted to FEMA’s Public Assistance Program and and/or the California Disaster Assistance Act (CDAA) for reimbursement.

The adopted FY24 budget for Fund 112 - Pajaro Levee (112-9300-WRA002-8484) does not have sufficient appropriations to pay for additional winter storm repair costs and maintenance services and will require an appropriation increase by \$1,812,000. The increase will be funded with a transfer of \$900,000 of strategic reserves received in Fund 116 to Fund 112, reimbursements by FEMA and Fund Balance of Fund 112, which includes \$580,000 remaining balance of strategic reserves.

OTHER AGENCY INVOLVEMENT:

The Agency is working with PRFMA and USACE to coordinate repair activities.

FINANCING:

Staff requests to increase FY24 appropriations by \$1,812,000 to pay maintenance services of \$312,000 and 2022/23 winter storm repair activities of \$1,500,000 to the Pajaro Levee’s Adopted Budget of Fund 112, Appropriation WRA002, Unit 8484. The increase will be funded with a transfer of \$900,000 of strategic reserves received from Fund 116 to Fund 112, reimbursements from PRFMA and Fund Balances of Fund 112.

Fund 112 received \$1,500,000 strategic reserves to pay for the storm damage repairs at the Pajaro Levee. In FY24, Fund 112 incurred total storm related expenses of \$919,000 and currently has \$581,000 available as remaining balance. Staff recommends that \$900,000 of strategic reserves

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received in Fund 116 be transferred to Fund 112 to pay for additional repair expense identified at the Pajaro Levee.

Eligible expenses related to the winter storm repairs will be submitted for reimbursement from FEMA's Public Assistance Program and/or the California Disaster Assistance Act (CDAA). Expenses for the activities under the maintenance service agreement between the Agency and PRFMA will be reimbursed by PRFMA.

After approval of the request, total amounts of strategic reserves received for the storm events would be \$2,100,000 in Fund 116 (Dam Operations), \$2,500,000 in Fund 111 (Administration) and \$2,400,000 in Fund 112 (Pajaro Levee) and remaining balances of strategic reserves for the storm events in FY24 would be \$365,000 in Fund 116 (Dam Operations), \$1,481,000 in Fund 112 (Pajaro Levee) and \$1,377,000 for Fund 111 (Administration & other locations).

FY24 beginning and ending Fund Balance of Fund 112 is estimated at \$1,535,000 and \$338,000.

Prepared by: Nan Kyung Kim, Finance Manager III, (831) 755- 4861

Approved by:

DocuSigned by:

Ara Azhderian

Ara Azhderian General Manager, (831) 755-4860
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Attachments:

1. MCWRA FY24 Fund Balance Summary
2. Resolution