



Monterey County

Board of Supervisors
Chambers
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Board Report

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Consider receiving an update on Monterey County Water Resources Agency operational costs, program costs and project costs; and provide direction to staff on funding mechanisms.

RECOMMENDATION:

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

- a. Receive an update on Monterey County Water Resources Agency operational costs, program costs and project costs; and
- b. Provide direction to staff on funding mechanisms.

SUMMARY/DISCUSSION:

Where Were We:

MCWRA has been determining the amount of funding necessary to complete the basic operational activities, programs and projects for the next three-year period. Staff presented the detailed Financial Planning and Strategizing information at the February 19, 2019 Board of Director's meeting. This presentation included an overview of existing operational costs and revenues, as well as fund balances based on the 2018/2019 budget. The basic programs, defined as activities that need to occur every year, that need to be completed to meet the basic requirements of each fund activity were identified. Projects, defined as one-time expenses, were forecast for the first three years.

Where are we:

The total cost of the projects for the first three years, \$85 million, is too high to be funded over three years, so the debt service costs were estimated based on a 3.5% interest rate and a 30-year loan period (used a mortgage calculator). This estimation does not include cost of debt service, etc. and is only to provide a level of magnitude cost for discussion purposes. These costs also do not include any requirements from Division of Safety of Dams which are anticipated to be provided in the near future, nor do they include any costs for the Interlake Tunnel Project.

The order of magnitude totals for the additional annual operational costs, program costs and project debt service costs for each fund are listed on the attached table.

Next Steps:

Potential funding sources need to be identified. A public workshop meeting is being set to educate the Board of Directors and stakeholders and obtain input into the development of potential funding packages.

OTHER AGENCY INVOLVEMENT:

Appropriate elements of the costs have been discussed by the Planning, Finance, Reservoir Operations, and Basin Management committees.

FINANCING:

Significant financial costs are associated with the necessary operations, programs and projects.

Prepared and approved by: _____

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