



Monterey County

Item No.

Board Report

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

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June 15, 2020

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Consider receiving a report on the increase in the Monterey County Water Resources Agency's County-Wide Cost Allocation Plan (COWCAP) cost of \$406,987 for FY 2020-21; and provide direction to staff on how to address the increase.

RECOMMENDATION:

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

- a. Receive a report on the increase in the Monterey County Water Resources Agency's County-Wide Cost Allocation Plan ("COWCAP") cost of \$406,987 for FY 2020-21; and
- b. Provide direction to staff on how to address the increase.

SUMMARY/DISCUSSION:

On January 10, 2020 the Monterey County Auditor Controller's Office ("ACO") released a COWCAP report that was submitted for approval to the California State Controller's Office. The total costs to the Water Resources Agency ("Agency") under this report was \$1,428,883. These costs are allocated to Agency funds as shown in Attachment 1 and were used to prepare the Agency's FY 2020-21 budget, which was approved by the Monterey County Water Resources Agency Board of Directors on April 20, 2020 and the Monterey County Water Resources Agency Board of Supervisors on June 2, 2020.

On May 29, 2020 the ACO released the State Controller Office's approved COWCAP report which included utility costs to county owned facilities that had been previously omitted. This resulted in an increase to the January 10, 2020 costs for the Agency. The approved report has Agency FY 2020-21 COWCAP costs of \$1,835,870, an increase of \$406,987. This presents a challenge to the Agency's FY 2020-21 budget as the increase is unbudgeted. The only available resources to fund this increase is Fund Balance. With the FY 2020-21 approved budget there is not enough fund balance in Fund 112 and Fund 124 to cover the increase. This would also have an impact on fund balances in the other funds.

The increase of \$406,987 combined with changes to the payment process for COWCAP costs pose challenges to the Agency. Under the AOC's new FY 2020-21 process, the Agency would be charged the revised amount of \$1,835,870 on July 1, 2020.

This report seeks direction from the Agency Board of Directors as how to properly address the \$406,987 increase to the Agency's FY 2020-21 COWCAP.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

There is no financial impact for receiving the report. The financial impact of the direction received by the Board may be a decrease of \$406,987 to the Agency's Fund Balance.

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Attachments:

1. FY 2020-21 COWCAP
2. COWCAP History
3. Board Order