



Board Report

File #: WRAG 16-037, **Version:** 1

Support approval of the Monterey County Water Resources Agency's Fiscal Year 2016-2017 Recommended Budget including the following staff recommendations:

- a. Request the County of Monterey to appropriate and transfer \$929,000 from the County's FY 2016-17 General Fund Budget to Agency Fund 116 Dam Operations for the Interlake Tunnel and Spillway Modification Project approved on December 9, 2014;
- b. Direct Agency Staff to find a revenue stream for Agency regulatory requirements;
- c. In the event further cutbacks are required, request Agency Staff to prioritize projects in Fund 116 in consultation with the Board of Directors and the public;
- d. Approve annual COLA increase on Flood Zone & Zone 2C assessments and direct Agency staff to complete an updated water service/delivery fee policy expeditiously; and,
- e. Direct Agency staff to obtain a source of revenue before working on unfunded projects.

RECOMMENDATION:

It is recommended that the Monterey County Board of Supervisors - Budget Committee:

Support approval of the Monterey County Water Resources Agency's Fiscal Year 2016-2017 Recommended Budget including the following staff recommendations:

- a. Request the County of Monterey to appropriate and transfer \$929,000 from the County's FY 2016-17 General Fund Budget to Agency Fund 116 Dam Operations for the Interlake Tunnel and Spillway Modification Projects approved on December 9, 2014;
- b. Direct Agency Staff to find a revenue stream for Agency regulatory requirements;
- c. In the event further cutbacks are required, request Agency Staff to prioritize projects in Fund 116 in consultation with the Board of Directors and the public;
- d. Approve annual COLA increase on Flood Zone & Zone 2C assessments and direct Agency staff to complete an updated water service/delivery fee policy expeditiously; and,
- e. Direct Agency staff to obtain a source of revenue before working on unfunded projects.

SUMMARY/DISCUSSION:

On March 28, 2016 at the Board of Directors Budget Workshop, staff reviewed the Requested FY 2016-2017 Budgets for all Agency Funds. The Agency's Budget is comprised of 26 funds including the following: Administrative Fund; Countywide Fund; 17 Zones; two Special Districts; one Hydroelectric Fund; one Salinas River Diversion Facility Operations and Maintenance Fund; one Debt Service Fund; and, one Bond Revenue Fund. The Agency's Administrative Fund 111 serves to pay salaries and other direct costs including charges for services provided by County departments. The Fund receives inter-fund expenditure reimbursement from staff charges to the Zones, Districts and Funds (see Attachment 2 for a summary of total proposed preliminary budgets for all funds and zones).

The Agency's FY 2015-2016 Budget had forty-six (46) authorized full time equivalent (FTE) positions of which four (4) are unfunded vacancies. The proposed FY 2016-2017 Budget will have thirty-eight (38) authorized FTE positions of which ten (10) are unfunded vacancies. The Agency's goal is to align expenditures with revenues and

reduce the use of fund balances to balance the budget. The three-year forecast is to find stable revenue sources to fund the increase in expenditures due to aging dam infrastructures and increasing costs associated with Federal environmental obligations.

Pursuant to direction of the Monterey County Board of Supervisors on March 22, 2016, funding alternatives were discussed with Agency Staff and the CAO-Budget and Analysis Division, including a process to seek Board consideration for funding during the FY 2016-17 Budget Hearings which necessitated the requested Second Amendment to the Third Reimbursement and Funding Agreement for an additional amount of \$929,000 for rescheduled project activities: hydrologic modeling, LIDAR Survey, preparation of a draft EIR, and continued Program Management that could not be reimbursed from the County to the Agency due to insufficient funds available in the County's FY 2016-17 Budget. On May 10, 2016 the Monterey County Water Resources Agency Board of Supervisors approved the Second Amendment to the Third Funding Agreement for the Interlake Tunnel & Spillway Modification Project in the amount of \$929,000, which included the rescheduling of project activities.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

The Agency's requested appropriation of \$929,000 from the Monterey County's FY 2016-17 Recommended Budget will be the final request from the Agency to fund project activities up to and including preparation of the process for creating an assessment district or other financing mechanism.

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Approved by:

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Attachments:

1. Budget Summary by Fund
2. Fund 111 Requested Budget
3. Unassigned Fund Balances Reserves
4. Designated Reserves
5. Program Information Summary Sheets
6. Agency Three Year Forecast
7. MCWRA Executed Board Order