



County of Monterey

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

Board Report

File #: WRAG 23-087, **Version:** 1

Adopt a resolution approving the Monterey County Water Resources Agency's Fiscal Year 2023-24 Recommended Budget.

RECOMMENDATION:

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

Adopt a resolution approving the Monterey County Water Resources Agency's Fiscal Year 2023-24 Recommended Budget.

SUMMARY/DISCUSSION:

The Monterey County Water Resources Agency (Agency) Fiscal Year 2023-24 (FY24) Budget consists of 14 funds. The combined total recommended appropriations are \$52,148,209, an increase of 8% from \$48,072,295, the FY23 Amended Budget.

Total Full Time Equivalent (FTE) positions in the FY24 Recommended Budget ("Budget") include 48 FTE funded positions and three (3) unfunded FTE positions. A total of \$8,297,215 is allocated for total salaries and benefits, which is 15% of the Budget. Consultant costs include payments of \$9,557,314 to Monterey One Water, \$7,765,716 of grant-reimbursable consultant services, and \$8,231,361 for other consultant/contract services, which are 18%, 16%, and 15% of the Recommended Budget, respectively. Monterey One Water operates the Castroville Seawater Intrusion Project (CSIP), the Salinas Valley Reclamation Project (SVRP) and the Salinas River Diversion Facility (SRDF).

A combined total debt payment in FY24 is \$4,486,338 or nine percent (9%) of the Budget, which is comprised of bond payments for the Salinas Valley Water Project Bond (SVWP), and loan payments for CSIP and SVRP. Total Fund transfers to the Debt Service Funds for CSIP loan and SVWP bond payments are estimated at \$3,423,338 or seven percent (7%) of the Budget.

The remaining expenditures of other charges, services, and supplies are \$10,386,928, 20% of the Budget, which includes insurance costs, other charges by the County's service departments, intra and inter-fund transfers, allocations of the Countywide Cost Allocation Plan (COWCAP), and payments to other agencies. Agency's COWCAP allocations in FY24 will increase by \$1,276,888, from \$551,359 in FY23 to \$1,828,247, 3% of the FY24 Budget. The increases are due to changes to ITD allocation methodologies. Agency is working with Budget Office to review ITD charge details further and will return to the Board with review results and allocation adjustment requests if applicable.

The FY24 Budget estimates total revenue of \$48,885,830, which is an increase of 15% from FY23 Amended Budget revenue of \$42,335,652.

Agency's assessment charges and fees will receive a 5.3% cost-of-living adjustment (COLA) in FY24, adopting the 5.3% Consumer Price Index (CPI) of the San Francisco Bay Area published on March 14, 2023. Annual COLA adjustments by the CPI percentage are authorized by MCWRA ordinances. The Recommended Budget estimates Ad-Valorem tax revenue at \$3,073,617, total benefit assessment revenue at \$17,629,23, and water

delivery fees and services charges at \$2,621,654. Total water delivery charge revenue accounts for revenue from fee increases to \$37.24, in addition to the 5.3% COLA. In FY23, Fund 131 Fund Balances was used to pay for previous years' Industrial Wastewater Pond 3 Project operation costs.

The Budget includes \$15,591,540 of grant revenue from the following: Interlake Tunnel, Habitat Conservation Plan, Proposition 1 Well Destruction project, Pajaro Coastal Watershed/ Subventions, Salinas Valley Basin Groundwater Sustainability Agency subgrant, and Nacimiento Projects. Additional revenue includes \$1,476,304 of internal transfers within Agency Funds, \$293,093 transfer from other County departments and \$3,423,338 for debt payments, estimated hydro-electronic revenue of \$772,856, and payments of \$582,600 by San Luis Obispo County.

As indicated at the budget public hearing on May 31, 2023, the Recommended Budget revenues and expenditures are reduced by \$5,998,000, respectively, as it no longer contains FEMA reimbursements and repayments to the County of Monterey ("County") of the December 2022/January 2023 atmospheric river events repair projects, which was cash flowed by County's strategic reserves through the Advanced Funding Agreement.

Overall, expenditures exceed revenues by \$3,262,379, reducing Agency's Fund Balances to an FY24 estimated ending Fund Balance of \$14,183,509.

OTHER AGENCY INVOLVEMENT:

Staff worked with Monterey One Water for Fund 131 CSIP Operations, Fund 132 SVRP Operations, and Fund 134 SRDF Operations. The Agency is also working with ITD, Auditor-Controller's Office, and the CAO's Office to review FY24 COWCAP.

The Water Resources Agency Board of Directors heard and recommended approval of the Water Resources Agency's FY23 Recommended Budget at its April 17, 2023, meeting. Agency's Board of Supervisors held the public budget hearing on May 31, 2023.

FINANCING:

The Water Resources Agency FY 2023-24 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 FY 2023-2024 Recommended Budget Book
2. Resolution