



# Monterey County Water Resources Agency

FY 2015-16 Budget Workshop  
Agency Board Meeting  
March 23, 2015





# MRWPCA Requested FY 2015-16 Budget

- S&B Cost of Living increase of 3.4% & PERS rate increase of 4.066%
- Indirect Cost Rate of 9.03% and 5% for Chemicals and Power
- Increased Power Costs as a result of growth in demand schedule and rising utility costs
- MCWRA is requesting the Board not approve MRWPCA Indirect Costs until an agreed upon methodology is approved by both Agencies

# MRWPCA Requested FY 2015-16 Budget

## FY 2015-2016 CSIP/SVRP/SRDF

### DEMAND SCHEDULE

MONTH	PROJECTED RTP INFLUENT ACRE-FEET (1)	CSIP PRODUCTION ACRE-FEET (2)	SRDF PRODUCTION ACRE-FEET (2)	SVRP + AG H2O PRODUCTION ACRE-FEET (3)	AGRICULTURAL WASH WATER ACRE-FEET	TOTAL DEMAND ACRE-FEET
July	1,976	1,355	-	2,045	245	3,400
August	1,959	802	-	2,198	348	3,000
September	1,864	197	-	2,003	303	2,200
October	1,930	20	-	1,268	300	1,288
November	1,767	70	-	786	200	856
December	1,783	100	-	-	-	100
January	1,601	250	-	-	-	250
February	1,491	150	-	806	150	956
March	1,620	130	-	1,670	170	1,800
April	1,858	450	-	1,950	250	2,400
May	1,946	1,210	-	2,040	240	3,250
June	1,894	1,324	-	1,926	226	3,250
<b>TOTALS</b>	<b>21,689</b>	<b>6,058</b>	<b>-</b>	<b>16,692</b>	<b>2,432</b>	<b>22,750</b>

**NOTES:**

(1) Based on Fiscal Year 2013/2014

(2) Added SRDF production to CSIP projected production and subtracted the difference between WRA projected SVRP production and added production from the Salinas Industrial Ponds.

(3) Recycle water production in 2013 for October was 1,589 ac-ft and for November it was 1,126 ac-ft. Increased WRA November projection of 200 ac-ft and February projection of 100 ac-ft.

Based on 2014 influent flow plus approximately 4 mgd from the Salinas Industrial Ponds



# MRWPCA FY 2015-16 Requested Budget

FY 2015/2016

## MONTEREY COUNTY WATER RECYCLING PROJECTS

Draft  
Budget  
03/05/15

### O&M BUDGET

	FY 10/11 *		FY 11/12 *		FY 12/13 *		FY 13/14 *		FY 14/15 *		FY 15/16 *
	Approved Budget **	Actual Costs	Approved Budget **	Actual Costs	Approved Budget **	Actual Costs	Approved Budget **	Actual Costs	Approved Budget ***	Actual Costs	Draft Budget
<b>CSIP [Distribution System]</b>											
MRWPCA											
• Base Budget	\$1,036,374	\$1,136,962	\$1,198,034	\$1,152,053	\$1,229,158	\$1,070,696	\$1,074,436	\$1,226,745	\$1,381,674	60.03%	\$ 1,661,203
• Well 22L	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
• Bureau Reserves	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL CSIP</b>	<b>\$1,036,374</b>	<b>\$1,136,962</b>	<b>\$1,198,034</b>	<b>\$1,152,053</b>	<b>\$1,229,158</b>	<b>\$1,070,696</b>	<b>\$1,074,436</b>	<b>\$1,226,745</b>	<b>\$1,381,674</b>	<b>60.03%</b>	<b>\$ 1,661,203</b>
<b>SRDF [River Diversion]</b>											
MRWPCA											
• Base Budget	\$895,999	\$426,813	\$865,306	\$354,788	\$720,784	\$479,682	\$545,004	\$331,376	\$263,564	20.13%	\$ 75,808
<b>TOTAL SRDF</b>	<b>\$895,999</b>	<b>\$426,813</b>	<b>\$865,306</b>	<b>\$354,788</b>	<b>\$720,784</b>	<b>\$479,682</b>	<b>\$545,004</b>	<b>\$331,376</b>	<b>\$263,564</b>	<b>20.13%</b>	<b>\$ 75,808</b>
<b>SVRP [Tertiary Treatment Plant]</b>											
• Base Budget	\$1,955,724	\$1,740,927	\$1,839,605	\$1,782,105	\$2,097,475	\$2,011,790	\$1,713,928	\$3,525,623	\$1,902,779	63.54%	\$ 2,466,133
• Pond Sand Removal Project	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
• Bureau Reserves	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
• Bureau Loan	1,096,855	1,222,930	1,096,855	1,209,597	1,222,930	1,194,601	1,179,605	\$1,184,227	1,164,609	-	\$ 1,149,614
• SWRCB Reserves ***	-	-0-	-	-0-	-	-0-	-	-0-	-	-	-
• SWRCB Loan Payment	632,090	632,090	632,090	632,090	632,090	632,090	632,090	632,090	632,090	-	\$ 632,090
<b>TOTAL SVRP</b>	<b>\$3,684,669</b>	<b>\$3,595,947</b>	<b>\$3,568,550</b>	<b>\$3,623,792</b>	<b>\$3,952,495</b>	<b>\$3,838,481</b>	<b>\$3,525,623</b>	<b>\$5,341,940</b>	<b>\$3,699,478</b>	<b>63.54%</b>	<b>\$ 4,247,837</b>
<b>CSIP/SRDF/SVRP TOTAL</b>	<b>\$5,617,041</b>	<b>\$5,159,723</b>	<b>\$5,631,889</b>	<b>\$5,130,633</b>	<b>\$5,902,436</b>	<b>\$5,388,859</b>	<b>\$5,145,063</b>	<b>\$6,900,061</b>	<b>\$5,344,716</b>	<b>58.93%</b>	<b>\$ 5,984,848</b>
<b>Water Production</b>											
CSIP <Well Water>	2,050	4,173	1,550	4,132	2,050	4,132	2,900	5,032	5,532	69.34%	6,058
SRDF <River Diversion>	5,000	2,924	5,500	3,269	5,000	3,269	4,100		2,150		0
SVRP <Recycled Water>	13,750	13,017	13,750	12,775	13,750	14,768	13,450	16,189	16,023	50%	16,692
<b>TOTAL</b>	<b>20,800 AFY</b>	<b>20,028 AFY</b>	<b>20,800 AFY</b>	<b>20,129 AFY</b>	<b>20,800 AFY</b>	<b>20,129 AFY</b>	<b>20,450 AFY</b>	<b>21,221 AFY</b>	<b>20,450 AFY</b>		<b>22,750 AFY</b>



# MRWPCA FY 2015-16 Requested Budget

## RECLAMATION BUDGET SUMMARY FOR FISCAL YEAR 2015-2016 INDIRECT CALCULATIONS

ACCOUNT DESCRIPTION	%	15/16 CSIP		15/16 SVRP		15/16 SRDF	
		BUDGET	INDIRECT COST	BUDGET	INDIRECT COST	BUDGET	INDIRECT COST
SALARIES & WAGES	9.3%	559,111	50,488	619,264	55,920	26,411	2,385
OFFICE EXPENSE	9.3%	2,125	192	3,000	271	590	53
PROFESSIONAL SERVICES	9.3%	25,000	2,258	27,000	2,438	12,500	1,129
OPERATING SUPPLIES	9.3%	12,550	1,133	24,000	2,167	3,250	293
CONTRACT SERVICES	9.3%	39,300	3,549	27,000	2,438	6,000	542
CHEMICALS	5%	-	-	506,146	25,307	-	-
MISC UTILITIES	9.3%	2,700	244	81,464	7,356	-	-
POWER	5%	681,888	34,094	470,614	23,531	6,000	300
REPAIRS & MAINTENANCE	9.3%	64,150	5,793	267,500	24,155	13,500	1,219
VEHICLE COSTS	9.3%	2,000	181	-	-	1,500	135
CAPITAL OUTLAY	9.3%	160,000	14,448	272,000	24,562	-	-
<b>SUBTOTAL</b>		<b>\$ 1,548,824</b>	<b>\$ 112,379</b>	<b>\$ 2,297,988</b>	<b>\$ 168,145</b>	<b>\$ 69,751</b>	<b>6,056</b>
INDIRECT COSTS		<b>\$ 112,378</b>		<b>\$ 168,145</b>		<b>\$ 6,057</b>	
EQUIPMENT REPLACEMENT				-		-	
CONTINGENCY				-		-	
<b>TOTAL EXPENDITURES</b>		<b>\$ 1,661,202</b>		<b>\$ 2,466,133</b>		<b>\$ 75,808</b>	
BUREAU OF RECL. RESERVES				1,149,614			
STATE REV. LOAN - PAYMENT				632,090			
<b>TOTAL W/LOANS</b>		<b>\$ 1,661,202</b>		<b>\$ 4,247,836</b>		<b>\$ 75,808</b>	





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# WRA is Working Towards a Structurally Balanced Budget



Matches on-going expenditures with on-going revenues

Means Fund Balance can not be used as a financing source for on-going expenditures

Mirrors Monterey County's budget practices



# FY 2014-15 Estimated Budget

FY 2014-15 Beginning fund balance	\$ 16,501,891
FY 2014-15 Projected Revenues	<u>20,609,988</u>
Total Estimate FY 2014-15 Available funds	\$37,111,880
Less: 2014-15 Projected expenditures	<u>(24,239,048)</u>
FY 2014-15 Projected Ending Fund Balance	\$ 12,872,832

The Agency cut \$3.6 million in labor, consultants, and deferred maintenance during this budget cycle to align, as closely as possible, revenues with expenditures in the Proposed FY 2015-16 Budget on the next slide.

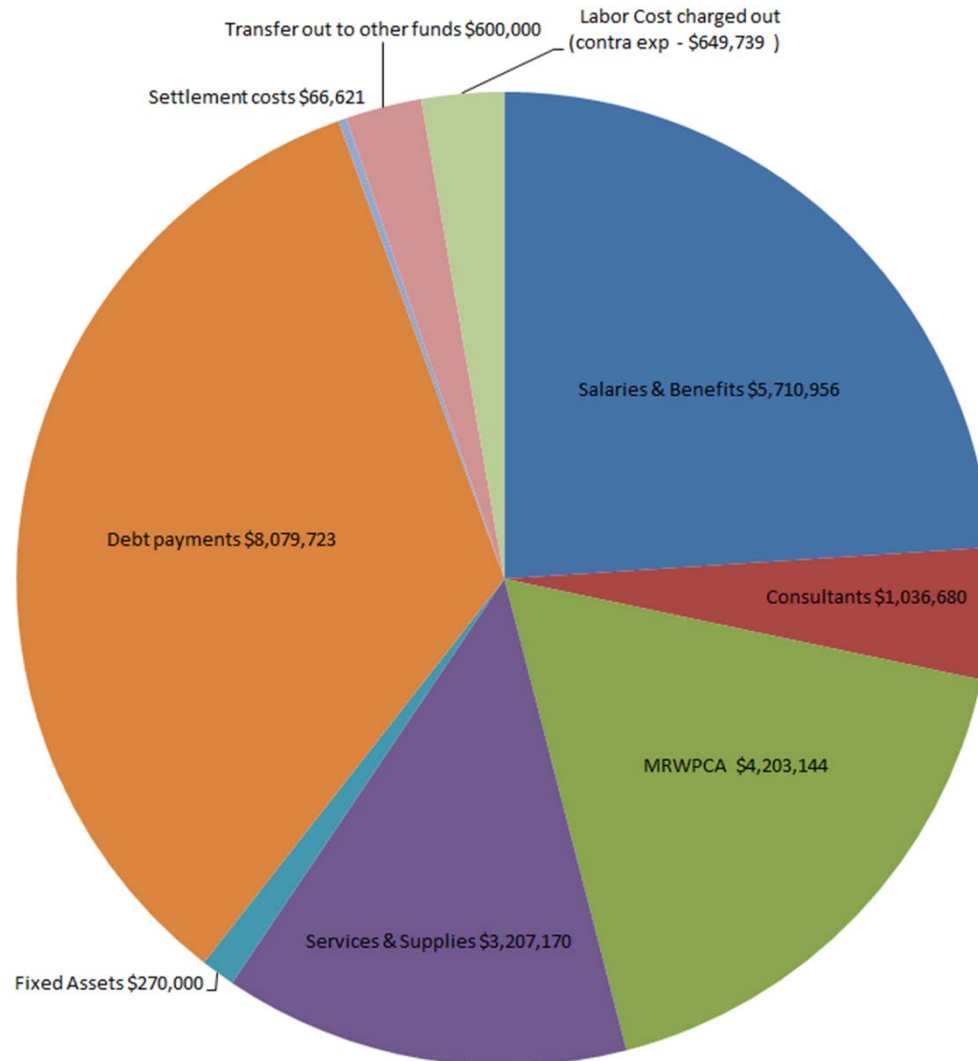


# Preliminary FY 2015-16 Budget

<b><u>Est Beginning Available Fund Balance</u></b>	<b><u>\$12,872,832</u></b>
<b>Revenues:</b>	
Ad Valorum Taxes	1,983,692
Permits & Fees	128,979
Flood Control Assessments	4,925,409
Recycling Project Assessments	7,455,928
SVWP Construcion & Bond Assessments	1,130,145
Development Fees	326,000
Water Delivery Charge	1,670,988
Royalties	200,271
Hydroelectric Power Revenue	85,000
Interest & Rent Income	186,386
Other Revenue	11,027
Total Revenues (Excl inter-agency fund transfers)	18,103,825
Operating Transfers in from Agency Funds	2,738,094
<b><u>Total Revenue</u></b>	<b><u>\$20,841,919</u></b>
<b>Obligations:</b>	
Salaries & Benefits	5,710,957
Consultants	5,239,824
Services & Supplies	3,207,170
Fixed Assets	270,000
Debt payments	8,079,723
Settlement costs	66,621
Total Obligations (Excl inter-agency fund transfers)	22,574,295
Operating Transfers out to Agency Funds	600,000
Labor cost charged out now contra exp	(649,740)
<b><u>Total Obligations</u></b>	<b><u>\$22,524,555</u></b>
<b><u>Bgt Ending Available Fund Balance</u></b>	<b><u>11,190,195</u></b>



# FY 2015-16 Projected Expenditures



Total Expenditures \$22,524,555

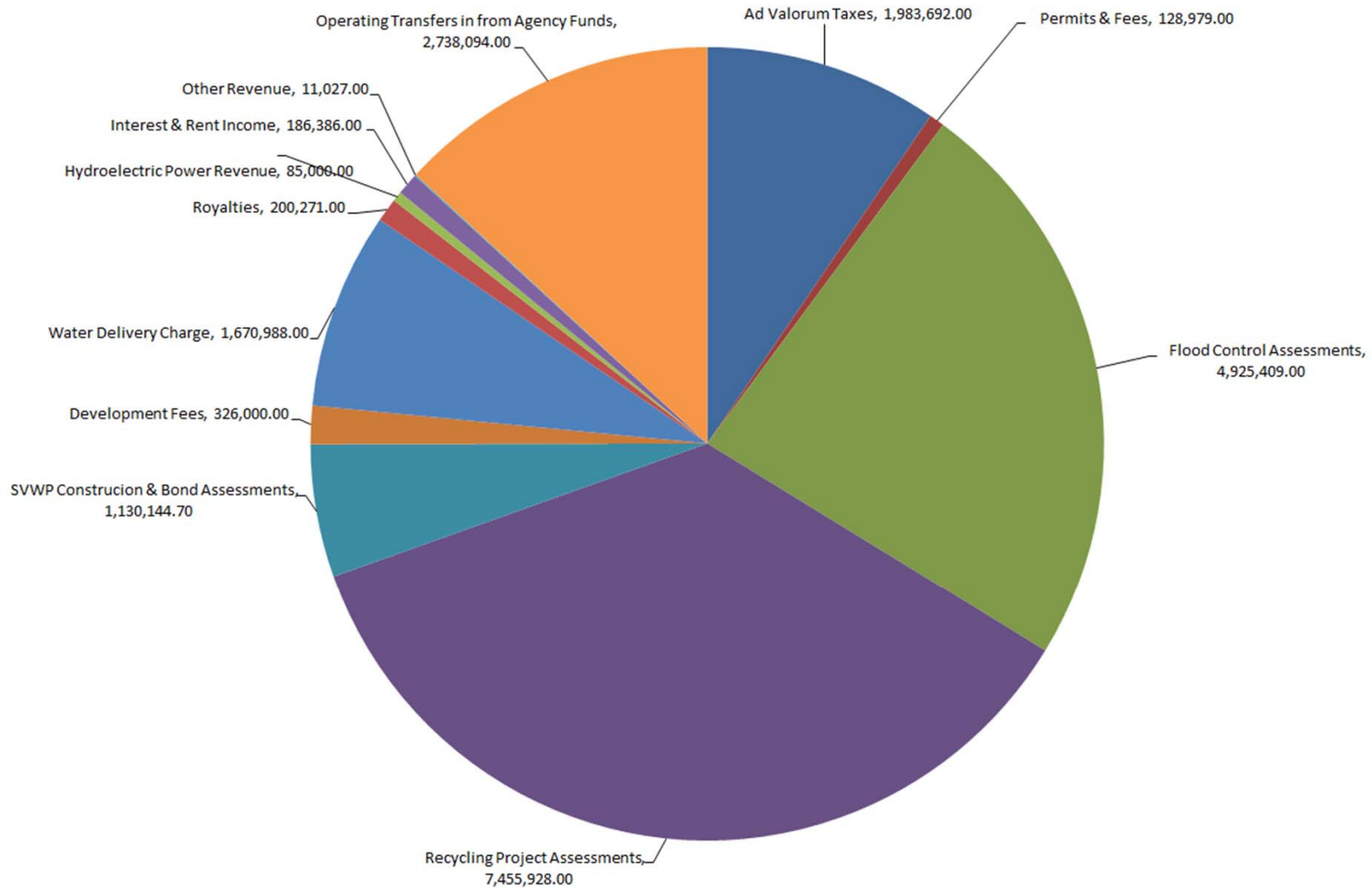




# 2015-16 Budget Revenue Assumptions

- Assumes only on-going revenue; no one time revenues such as a Cal-AM reimbursement
- Assumes 2% COLA increase on Assessments
- Assumes CSIP water delivery rate of \$5.63; no COLA increase
- Assumes SRDF water service charge of \$67.82; no COLA increase
- Assumes allocation of \$600K of Fund Balance from Fund 119 to Fund 131 and 132 to cover O&M expenditures as prescribed by Policy 00-172
- Assumes a staggered new hire process

# FY 2015-16 Projected Revenue



Total Revenue \$20,841,919





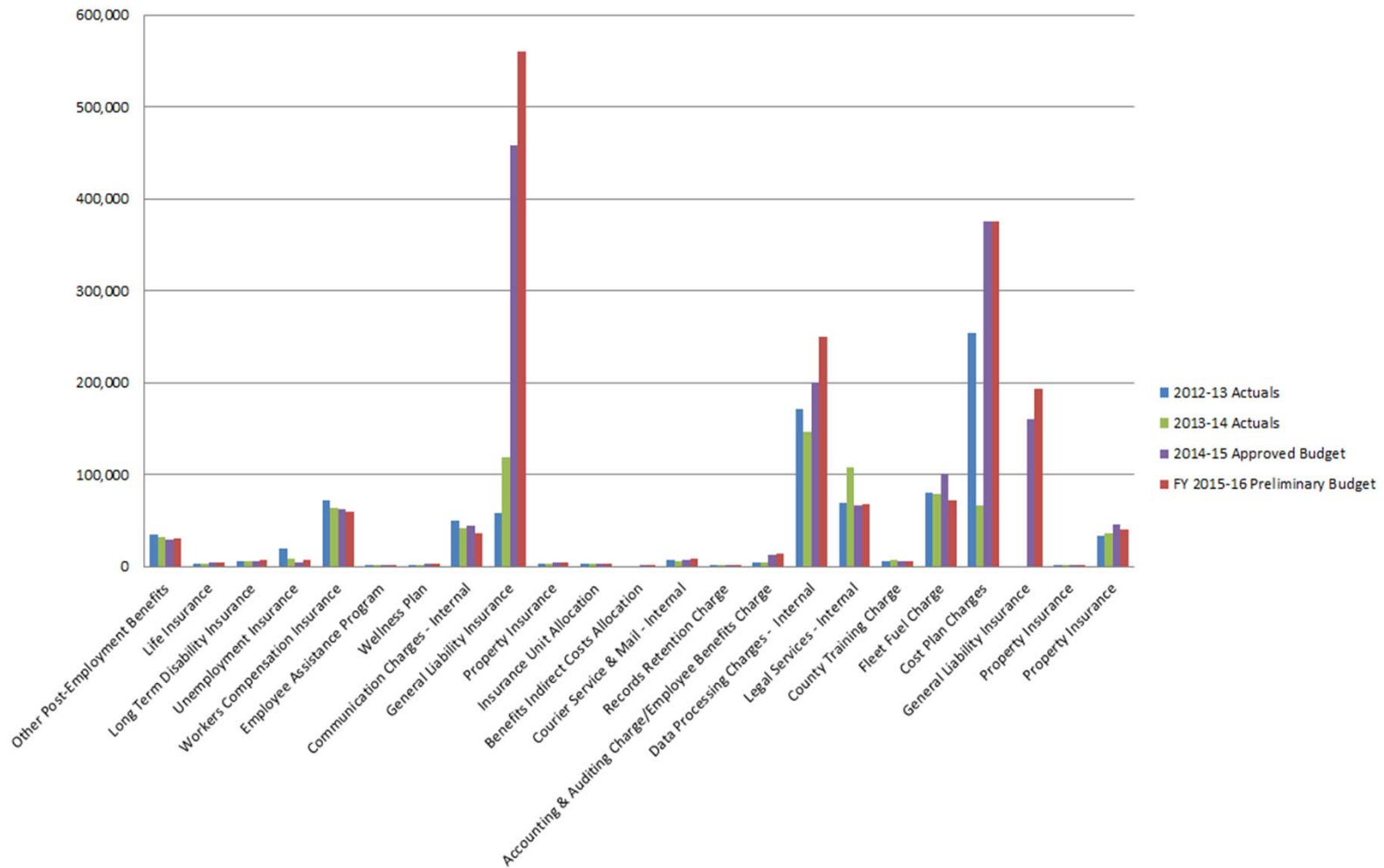
# Revenue Review

- **The Agency needs \$1,682,637 in Revenue to match Expenditures:**
  - Hydroelectric revenue is down by \$1M
  - Business Interruption insurance of \$400K has not been received
  - No Grant revenue for on-going programs that were once supported by it
  
- **The Silent Expenditures that erode Revenue:**
  - Increase in County Internal Services and outside legal fees \$400K
  - Outdated Water Service/Delivery Fee Policy cost the Agency \$340K
  - Increase in Fund 111 inter-fund reimbursements of \$649K
  - Repayment of loans from Unassigned Reserves Fund 303/RSR and Fund 111/HSR (Outstanding balance \$2,961,321)
  - Increase in labor hours spent on unbudgeted projects





# Fiscal Year County Service Funds Charge Comparison







# Constrained Revenue Funds

- The Funds below are expected to deplete their Fund Balance by next fiscal year:
  - Fund 112 – Pajaro
  - Fund 113 – Countywide Activities
  - Fund 114 – Zone 2 Nacimiento Non-OM
  - Fund 115 – Zone 2A SA Non-OM
  - Fund 116 – Zone 2C Nacimiento Operations
  - Fund 121 – Soledad Storm Drain-Bryant Cyn
  - Fund 130 - Nacimiento Hydroelectric Plant



# Impacts of Reduced Revenue to Agency Funds

## Impact of reduced hydroelectric revenue

- Reduced Fund 130 expenses by \$277K
- Reduced flow of \$750K in revenue to Fund 113, 114, 115
- Required Agency to reduce all expenditures in Funds 113, 114, 115
- Required Agency to utilize approximately \$261K of fund balance to cover expenditures

## Water Quality Activities were traditionally supported by Grant and Hydroelectric Revenue

- Hydrology & Water Quality activities are being reduced in Funds 113, 114, and 115
- Only minimal hydrology & water quality activities are being performed in these funds
- This impacts resources needed for labor & consultants to perform all fish monitoring needs

## Fund 116 is burning \$244K of Fund balance with competing priority projects

- Hydrology & Water Quality activities in Fund 116 are competing with other priority projects:
- Short & long term SRSMP, DSOD Requirements, Dam maintenance repairs;
- A cloud seeding program will absorb the entire cloud seeding reserve for labor to create a program and require consultant fees of at least \$250,000



# Continued Impacts of Reduced Revenue to Agency Funds

## Funds 131 CSIP & 134 SRDF Water Delivery/Service Fee

- Last year during the FY 2014-15 Budget Cycle the SRDF shutdown
- Existing Ordinances & Policy does not address a SRDF shutdown
- Existing Policy has two separate rates for each project even though the projects are interrelated. When SRDF is operational it keeps CSIP costs at a minimum
- For FY 2014-15 The Agency charged last known 2009 CSIP (prior to SRDF) rate of \$19.68 for 9 months SRDF was predicted to be shutdown; and \$73.45 for the remaining 3 months it was predicted to be operational (\$5.63 for CSIP & \$67.82 for SRDF)
- This year's budget assumes a charge of \$73.45 (\$5.63 for CSIP and \$67.82 for SRDF ) for an entire year to cover all costs associated with Water Service and Delivery
- A new policy is needed to create one Fee that addresses the cost interrelationship between CSIP Service Fund 131 & SRDF Delivery Fund 134
- A separate Fee Fund should be created to track revenue with service/delivery costs
- The Agency has requested that County Counsel review and determine if the rate of \$73.45 charged in FY 2013-14 ( CSIP \$5.63 and SRDF \$67.82) can be adopted as a base rate or if it requires a Proposition 218 vote

# CSIP/SVRP/SRDF FY 2015-16 Budgets

	<u>Fund 119 CSIP Zone 2B</u>	<u>Fund 131 CSIP Zone 2Y</u>	<u>Fund 132 SVRP Zone 2Z</u>	<u>Fund 303 CSIP Debt</u>	<u>Total CSIP/ SVRP</u>	<u>Fund 134 SRDF O&amp;M</u>	<u>Total</u>
<b><u>Estimated Beginning Fund Balance</u></b>	<b>\$879,551</b>	<b>\$1,325,923</b>	<b>\$1,597,291</b>	<b>\$1,608,886</b>	<b>\$5,411,650</b>	<b>\$1,352,865</b>	<b>\$6,764,515</b>
<b><u>Revenue</u></b>							
Assessments (2% COLA)	\$3,330,398	\$1,018,329	\$3,107,201		\$7,455,928		\$7,455,928
Assessment revenue transfers between Funds	(3,300,000)	1,150,000	900,000	1,850,000	600,000		600,000
Ad Valorem Taxes					0		0
Water Delivery charges	0	128,083			128,083	1,542,905	1,670,988
Interest & Other	3,380	6,000	8,000	15,000	32,380		32,380
<b>Total Revenue</b>	<b>\$33,778</b>	<b>\$2,302,412</b>	<b>\$4,015,201</b>	<b>\$1,865,000</b>	<b>\$8,216,391</b>	<b>\$1,542,905</b>	<b>\$9,759,296</b>
<b><u>Expenditures</u></b>							
Labor allocation	\$164,171	\$803,894			\$968,065	\$582,531	\$1,550,596
Maintenance/Repair/Legal	3,157	6,809	255		10,221	54,085	64,306
Well maintenance & repair		150,000			150,000		150,000
Insurance (Net of PCA reimbursement)		177,162			177,162		177,162
Transfer from 119 reserves	600,000						0
CSIP Loan Payments				1,859,657	1,859,657		1,859,657
PCA O&M Charges		1,501,203	2,194,133		3,695,336	75,808	3,771,144
PCA Capital Outlay Charges		160,000	272,000		432,000		432,000
PCA - SVRP Loan Payments			1,818,875		1,818,875		1,818,875
<b>Total Expenditures</b>	<b>\$767,328</b>	<b>\$2,799,068</b>	<b>\$4,285,263</b>	<b>\$1,859,657</b>	<b>\$9,111,316</b>	<b>\$712,424</b>	<b>\$9,823,740</b>
<b><u>Net Revenue less Expenditures</u></b>	<b>(\$733,550)</b>	<b>(\$496,656)</b>	<b>(\$270,062)</b>	<b>\$5,343</b>	<b>(\$894,925)</b>	<b>\$830,481</b>	<b>(\$64,444)</b>
<b><u>Estimated Ending Fund Balance</u></b>	<b>\$146,001</b>	<b>\$829,267</b>	<b>\$1,327,229</b>	<b>\$1,614,229</b>	<b>\$4,516,725</b>	<b>\$2,183,346</b>	<b>\$6,700,071</b>

\* \*  
\* Includes CSIP Rate stabilization reserve of \$1,380,864



# CSIP Water Delivery and SRDF Water Service revenue based on Demand Schedule FY 2015-16

Supplemental Well Water		SRDF Water		Recycled Water		Agricultural Wash Water		Total			
<u>AF</u>		<u>AF</u>		<u>AF</u>		<u>AF</u>		<u>AF</u>	<u>Well Revenue</u>	<u>SRDF Revenue</u>	<u>Combined Revenue</u>
Jul-15	1,355	Jul-15	0	Jul-15	1,800	Jul-15	245	3,400	19,142	230,588	249,730
Aug-15	802	Aug-15	0	Aug-15	1,850	Aug-15	348	3,000	16,890	203,460	220,350
Sep-15	197	Sep-15	0	Sep-15	1,700	Sep-15	303	2,200	12,386	149,204	161,590
Oct-15	20	Oct-15	0	Oct-15	968	Oct-15	300	1,288	7,251	87,352	94,603
Nov-15	70	Nov-15	0	Nov-15	586	Nov-15	200	856	4,819	58,054	62,873
Dec-15	100	Dec-15	0	Dec-15	0	Dec-15	0	100	563	6,782	7,345
Jan-16	250	Jan-16	0	Jan-16	0	Jan-16	0	250	1,408	16,955	18,363
Feb-16	150	Feb-16	0	Feb-16	656	Feb-16	150	956	5,382	64,836	70,218
Mar-16	130	Mar-16	0	Mar-16	1,500	Mar-16	170	1,800	10,134	122,076	132,210
Apr-16	450	Apr-16	0	Apr-16	1,700	Apr-16	250	2,400	13,512	162,768	176,280
May-16	1,210	May-16	0	May-16	1,800	May-16	240	3,250	18,298	220,415	238,713
Jun-16	1,324	Jun-16	0	Jun-16	1,700	Jun-16	226	3,250	18,298	220,415	238,713
	6,058		0		14,260		2,432	22,750	128,083	1,542,905	1,670,988





# FY 2015-16 Preliminary Budget Recommendations

Approve \$400K transfer from the Rate Stabilization Reserve to fund activities otherwise funded by Hydroelectric Revenue

- Direct Staff to find a Revenue Stream for Fish Monitoring
- If no revenue is found, staff will need to determine the risk of not performing these activities

In the event further cut backs are required request staff to prioritize projects in Fund 116

- Determine if the proposed Fund labor allocation meets Agency priorities
- Determine if a Cloud Seeding Program should be pursued in light of existing money for SRSMP
- Determine if Consultant Costs meet Agency priorities

Approve Annual COLA increase on Assessments and direct Staff to complete an updated Water Service/Delivery Fee Policy by 6/30/15

- Approve COLA increases on Assessments (excludes Water Fees & Debt Service Fund 133)
- Establish a minimum Fee that addresses the interrelated shared O&M costs between funds for situations when SRDF shutdowns

Direct Staff to complete with MRWPCA an Indirect Cost Methodology

- Both Agencies are working together to ensure an agreed methodology is in place by 6/30/15
- FY 2015-16 Budget does not include payment of indirect costs until this methodology is approved