



Action Item 17

Review Proposed MPWMD Budget for Fiscal Year 2012-13

May 21, 2012, Regular Board Meeting
Staff contact: Suresh Prasad & Dave Stoldt

Budget Overview

In 2005, the Board adopted a new strategy for preparation of annual budgets. Three major components of the strategy are:

- Develop annual balanced budgets
- Preserve existing services & enable the District to carry out its legislative mission and the Board's strategic vision
- Maintain a 5% general operating reserve and replenish it to 50% in the future

Budget Overview (cont.)

- During preparation of the proposed FY 2012-13 budget, District staff was mindful of the continuing uncertain economic conditions as well as the current status of the District's User Fee
- Original requests from each Division were reviewed and numerous adjustments were made by the Division Managers and the General Manager in budget sessions held on May 2 and May 10, 2012

Budget Overview (cont.)

- Despite staff's efforts and the strategy adopted in 2005 to develop balanced budgets each year, the prior budgets were balanced using reserves and the line of credit
- FY 2012-13 budget does NOT include use of reserves or the line of credit and maintains most programs & services

Budget Overview (cont.)

■ Changes to budget format:

- Project expenditures are segregated by functions
- Reimbursement project costs are separated
- Conservation costs are tracked under conservation fund vs mitigation fund in prior year
- Revenues segregated between District revenues and reimbursement revenues
- New section for detailed divisional budget

Budget Overview (cont.)

- The proposed FY 2012-13 budget totals \$14,162,200, an increase of 69% from the FY 2011-12 budget
- All increases attributed to project expenditures portion of the budget, and are primarily reimbursable from other agencies
- The proposed budget based on adoption and successful implementation of the annual Water Use Fee

2012-13 Budget Summary

Expenditures	\$14,162,200
Revenues	<u>\$14,162,200</u>
Difference	\$0 [1]


[1] Balanced budget, does not require use of reserves or the line of credit

FY 2012-13 Expenditures

Large budgeted expenditures include:

- \$898,700 for additional construction on Water Project 1
- \$3,315,300 towards construction of Water Project 2 (funded by Cal-Am)
- \$1,036,600 in preliminary expenditures for Groundwater Replenishment Project
- \$173,100 & \$232,900 for operation of Water Projects 1 & 2, respectively (funded by Cal-Am)

2012-13 Expenditures (cont.)

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- \$550,000 other water supply projects
 - \$150,000 for operation of Sleepy Hollow fish rearing facility and related fish rescue activities
 - \$66,400 for riparian and other erosion control activities
 - \$475,000 for landscape irrigation audits
 - \$150,000 for school grant retrofit program
 - \$800,000 water conservation rebates
 - Note: Last three items funded by Cal-Am


2012-13 Expenditures (cont.)

- \$610,000 for design & permitting and phase 1 construction of new water intake system at Sleepy Hollow
- \$25,000 for design of Sleepy Hollow Ford removal and bridge replacement
- \$748,200 for the Integrated Regional Water Management Plan
- \$83,200 for Steelhead counting station components
- Note: These four items are grant funded

2012-13 Expenditures (cont.)

- \$400,000 for legal expenses (Reduction of \$50,000 from prior year budget)
- \$145,600 for debt service (interest/principal) payment on the line of credit
- \$75,000 for contingency (same as prior year)

Capital Expenditures



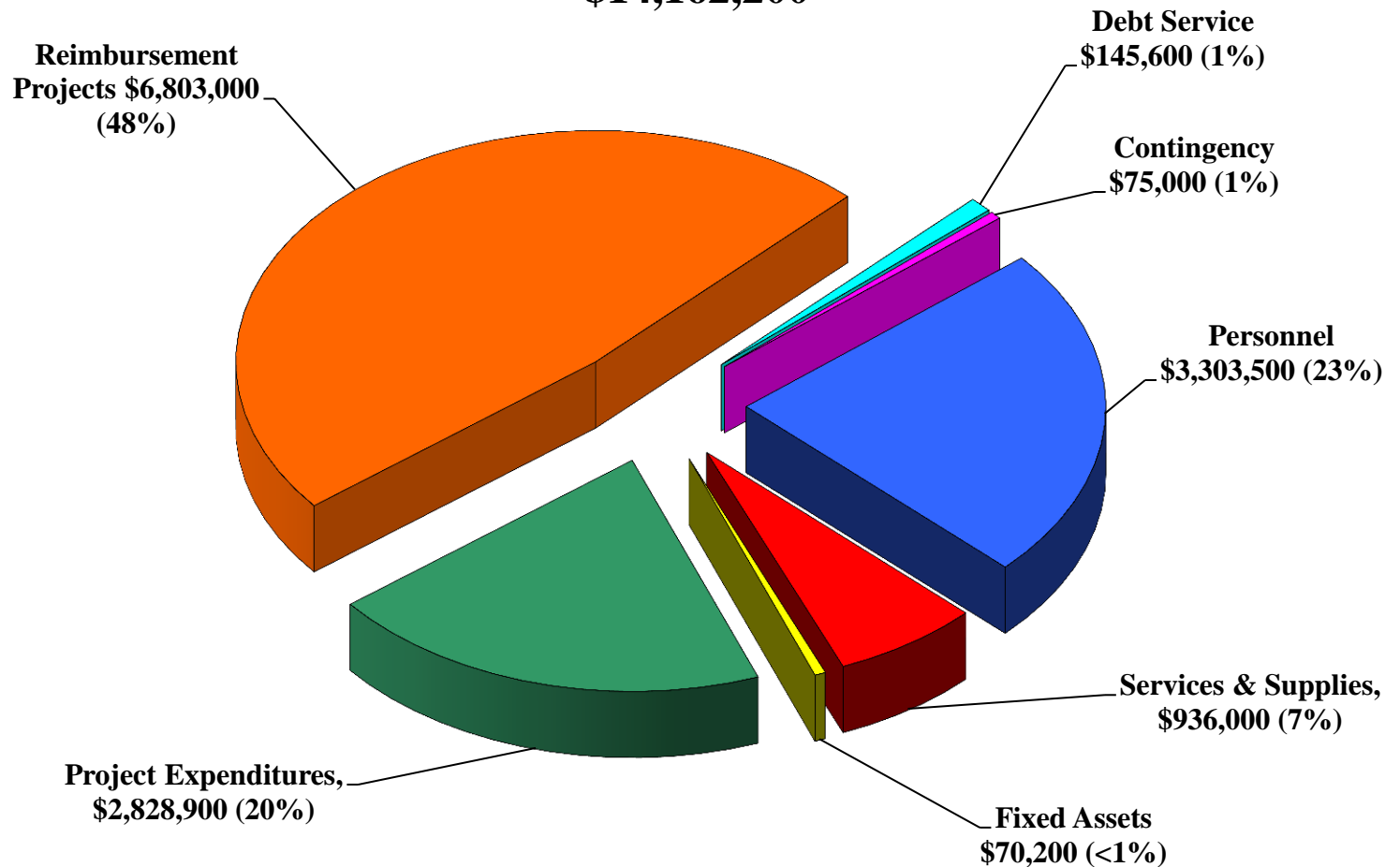
■ Data Storage (Drobo upgrade)	\$ 2,500
■ Financial Software	60,000
■ Laptop (GS Flow)	2,000
■ Display Booth	3,000
■ Building Sign	<u>2,700</u>
■ Total Capital Assets	\$70,200

Expenditure Summary

EXPENDITURE SUMMARY

Fiscal Year 2012-13

\$14,162,200



FY 2012-13 Revenues

- \$1,560,000 Mitigation Revenue (consists of amount to be received from Cal-Am based on Interim Implementation Agreement for 2011-12 Carmel River Mitigation Program)
- \$3,800,000 User Fee (New Water Use Fee of \$3,700,000 plus \$100,000 for amounts received from Seaside Municipal System and CAWD/PBCSD Reclamation Project)

2012-13 Revenues (cont.)

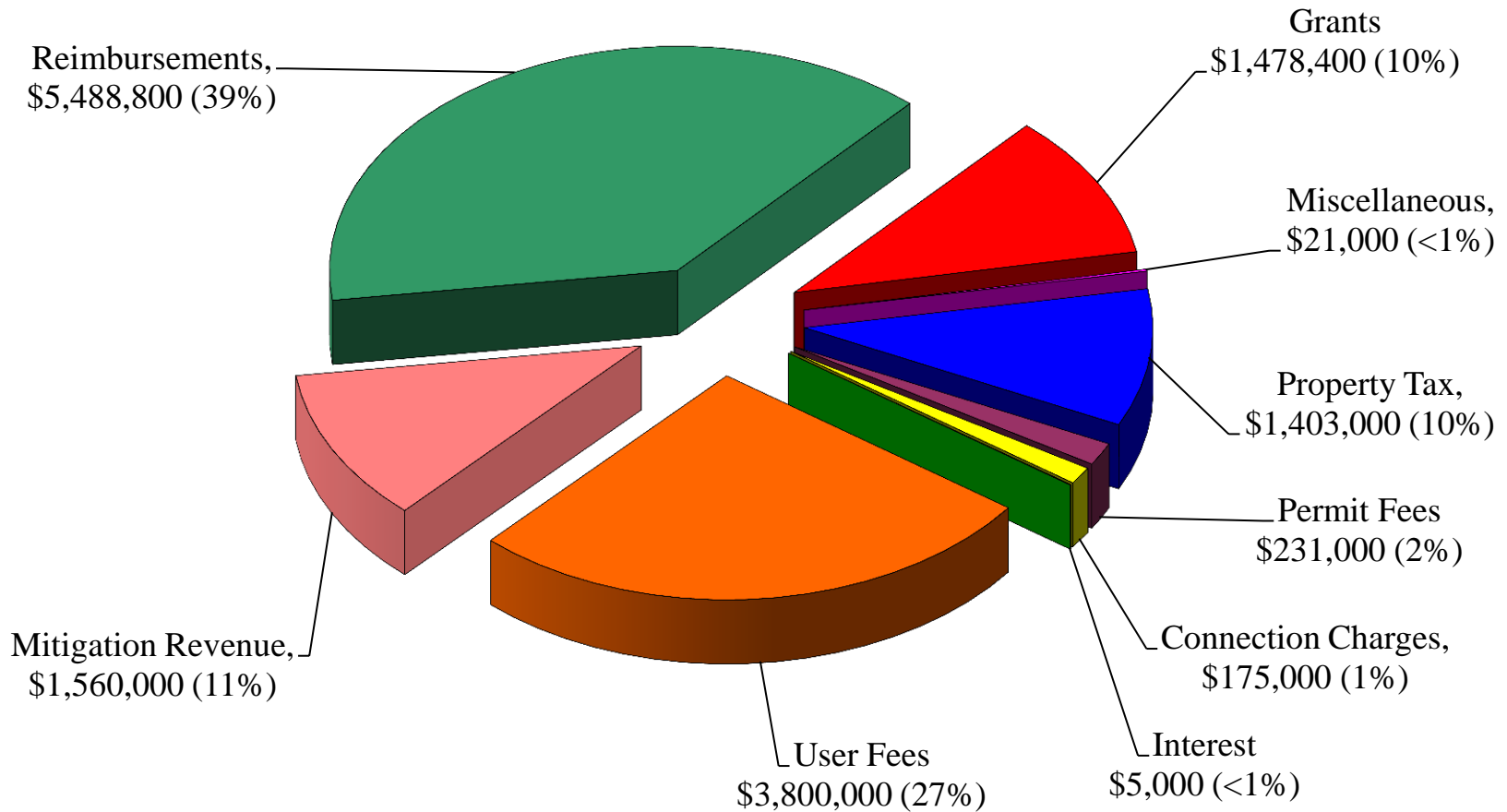
- \$1,403,000 Property Taxes
- \$175,000 Connection Charges
- \$231,000 Permit Fees
- \$8,527,200 Reimbursements
(includes the mitigation revenue mentioned on previous slide)

Reimbursements

<u>Reimbursement Source</u>	<u>Amount</u>
CAW - Water Project 1 Operation (Inc. \$10,000 labor)	146,800
CAW - Water Project 1 Modifications	36,300
CAW - Water Project 2 Construction	2,940,000
CAW - Water Project 2 Operation (Inc. \$5,000 Labor)	237,900
CAW - Water Project 2 Site Planning	375,300
CAW - Conservation Rep I (Salary & Benefits)	78,200
CAW - Conservation Activities	697,700
CAW - Conservation Rebates	800,000
CAW - Riparian Activities	7,000
Seaside - Conservation Rebates	10,000
Watermaster (Inc. \$56,000 labor)	91,000
Grants - Fisheries	728,200
Barnett-Segal Grant	5,000
Grants - IRWM	745,200
Direct Bill - Deed Restriction Recording	13,000
Direct Bill - WDS Permitting, Hydrogeologic Analysis, etc.	40,600
Direct Bill - Legal Reimbursement	<u>15,000</u>
Reimbursements	6,967,200
Mitigation Revenue	<u>1,560,000</u>
Total Reimbursements	8,527,200

Revenue Summary

REVENUE SUMMARY Fiscal Year 2012-13 Budget \$14,162,200



Analysis of Reserves

	Balance	FY 2012-13	Est. Balance
Reserves	07/01/2012	Budget	06/30/2013
Prepaid Expenses	\$44,743	\$0	\$44,743
Litigation/Insurance Reserve	0	0	\$0
Capital Equipment Reserve	299,300	0	\$299,300
Flood/Drought Reserve	44	0	\$44
General Operating Reserve	404	0	\$404
Totals	\$344,491	\$0	\$344,491

Analysis of Reserves (cont.)

	<u>Fiscal Year Ending</u>			
	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/12</u>	<u>06/30/13</u>
Reserves			(estimated)	(estimated)
Prepaid Expenses	\$ 38,220	\$ 44,743	\$ 44,743	\$ 44,743
Litigation/Insurance	250,000	250,000	0	0
Capital Equipment	286,600	304,100	299,300	299,300
Flood/Drought	443,944	443,944	44	44
General Operating	<u>937,688</u>	<u>475,704</u>	<u>404</u>	<u>404</u>
Total	\$1,956,452	\$1,518,491	\$344,491	\$344,491
Change in reserve	-330,583	-437,961	-1,174,000	0

Capital Improvement Plan

<u>Division</u>	<u>Project Description</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Funding Source</u>
Funded From District Revenues					
WRD	Groundwater Replenishment Project	\$1,036,000	\$1,469,200	\$2,500,000	District Revenues
WRD	Water Project 1 (Phase 1 Aquifer Storage & Recovery)	898,700	435,314	245,513	District Revenues
WRD	Peninsula Water Supply Project Operations Studies	150,000	250,000	0	District Revenues
WRD	ASR Expansion Study	150,000	500,000	150,000	District Revenues
P&E	Other Water Supply Projects - Desal/Water Rights	250,000	200,000	100,000	District Revenues
P&E	<u>Lower Carmel River Restoration Project (San Carlos)</u>	<u>20,000</u>	<u>80,000</u>	<u>0</u>	<u>District Revenues</u>
	SUBTOTAL	\$2,504,700	\$2,934,514	\$2,995,513	
Reimbursed from Grants or Reimbursements					
WRD	Water Project 1 (Phase 1 Aquifer Storage & Recovery)	36,300	0	0	CAW
WRD	Water Project 2 (Phase 2 Aquifer Storage & Recovery)	3,315,300	984,700	0	CAW
WRD	Sleepy Hollow Facility Raw Water Intake Retrofit	610,000	1,120,000	0	CDFG Grant
P&E	<u>Sleepy Hollow Ford Removal & Bridge Replacement</u>	<u>25,000</u>	<u>1,475,000</u>	<u>0</u>	<u>CDFG Grant</u>
	SUBTOTAL	\$3,986,600	\$3,579,700	\$0	
No Identified Source of Funds					
WRD	Repayment of Advances for Aquifer Storage & Recovery	427,056	427,056	427,056	Unknown
WRD	Los Padres Reservoir Cooling Tower	0	0	250,000	Unknown
WRD	Lower Carmel Valley Well Pump - CR Lagoon	0	150,000	0	Unknown
P&E	<u>Unspecified Bank Restoration Project</u>	<u>0</u>	<u>0</u>	<u>125,000</u>	<u>Unknown</u>
	SUBTOTAL	427,056	577,056	802,056	
	<u>TOTAL CIP</u>	<u>6,918,356</u>	<u>7,091,270</u>	<u>3,797,569</u>	

Recommendation

- District staff recommends that the Board discuss the proposed FY 2012-13 Budget and give general direction to staff
- No formal action is required at this meeting

For More Information

- Staff reports and presentation materials can be found on the District's website at:
www.mpwmd.net
- PowerPoint presentations will be posted on the website the day after the meeting.