



Discussion Item 1

Review Proposed MPWMD Budget for Fiscal Year 2019-2020

June 13, 2019, Special Meeting – Board
Workshop

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Budget Overview

January 19, 2004 Board Adopted Strategy

- 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% over 5 years

Budget Overview (cont.)

- For FY 2019-2020, staff was mindful of current status of the District's funding sources
- Original Division requests were reviewed and adjustments were made in Team Management budget sessions
- Format of the budget same as presented in previous year
- Restructuring changes are included in the current budget

Budget Overview (cont.)


- Despite staff's efforts and the strategy adopted in 2004 to develop balanced budgets, the prior budgets were balanced using reserves; Last few years due to PWM project
- FY 2019-2020 budget does include use of reserves to maintain current programs & services
- Total Reserve balance at 88% of operating budget

Budget Overview (cont.)

- Proposed FY 2019-2020 budget \$17,778,850
- Higher than the FY 2018-2019 budget
- Full year of user fee revenues included in this proposed budget
 - Based on estimated Cal-Am collection of water revenues
 - Monitor collection & make adjustments during mid-year budget process


Expenditures

Large budgeted expenditures include:




■ Engineering & Construction of ASR Phase 1 Expansion	\$2,958,000
■ Operation of ASR Phase 1	447,000
■ Operation of ASR Phase 2	37,700
■ Potential PWM Expansion	800,000
■ Operating Reserve (PWM)	2,000,000

Expenditures (cont.)




■ Los Padres Dam Plan	\$322,500
■ Local Water Projects	200,000
■ Cal-Am Desal Project	250,000
■ Monterey Water System – Feasibility Study	400,000
■ Geochemical/Model update	110,000

Expenditures (cont.)



■ Fish Rearing Facility and Related Fish Rescue Activities	\$490,200
■ Riparian and Other Erosion Control Activities	133,500
■ Hydrologic Monitoring	118,300
■ Ford Removal @Hastings Reservation	100,000

Expenditures (cont.)




■ Conservation Related Activities	\$344,000
■ Water Conservation Rebates	700,000
■ Design & Construction Water Intake System - Sleepy Hollow	270,000

Expenditures (cont.)


- Project Costs (+19% over prior \$10,189,500 year)
- Personnel Costs (+5% over prior year) 4,054,100
- Services & Supplies (+2% over prior year) 1,369,700
- Legal Expenses 400,000

Expenditures (cont.)




■ Contingency	\$70,000
■ Debt Service Payment - Rabobank Loan	230,000
■ Fixed Assets Purchase (-63% over prior year)	213,900
■ Capital Equipment Reserve	49,500

Expenditures (cont.)



■ General Reserve	\$402,150
■ Pension Reserve	100,000
■ OPEB Reserve	100,000
■ Reclamation Project	1,000,000

Fixed Assets Purchase



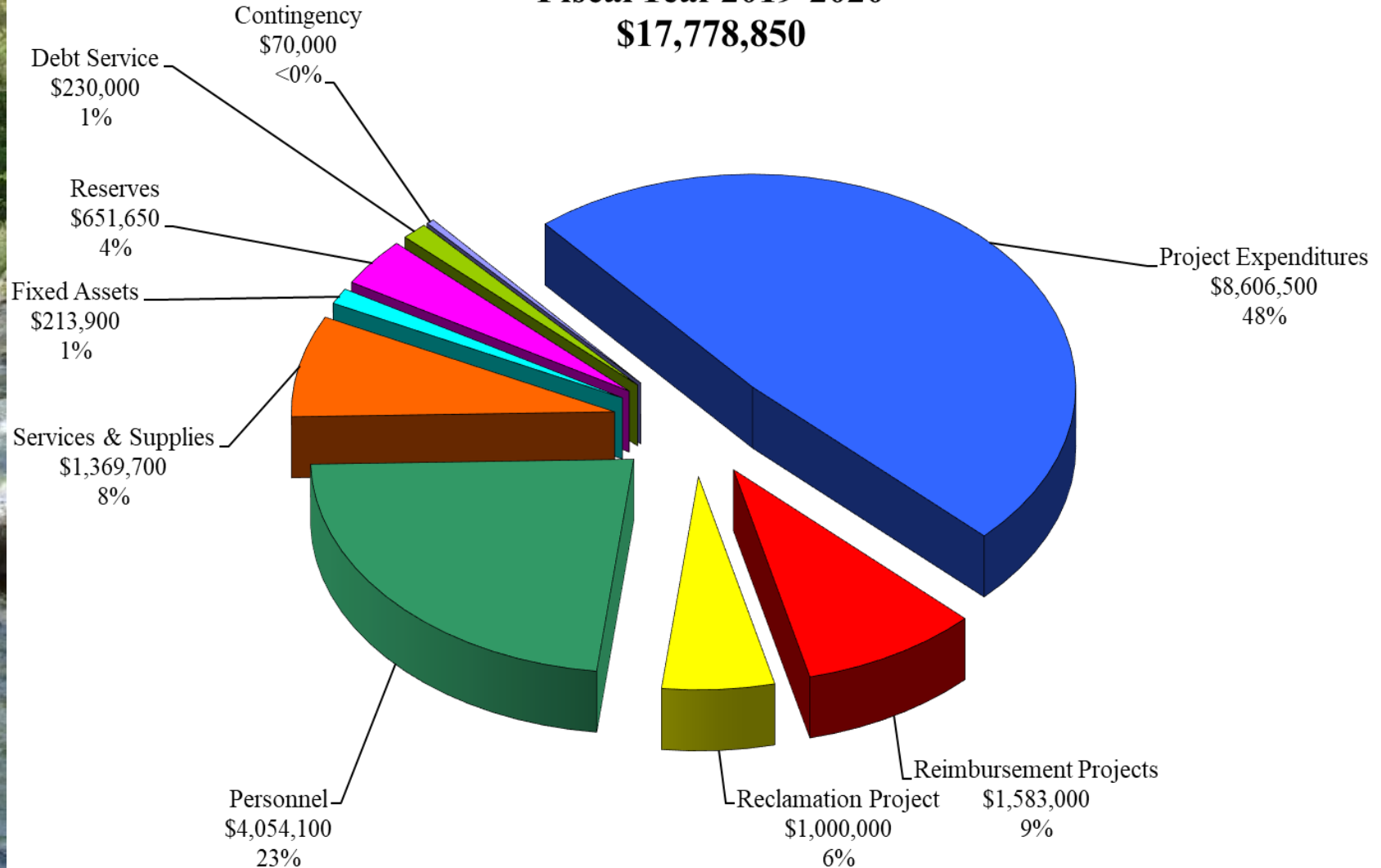
■ Computer Upgrades	\$29,900
■ AV system Upgrade	49,000
■ Backup Generator	70,000
■ Vehicle Purchase (weir)	25,000
■ Replacement Vehicle	40,000
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Total Fixed Assets	\$213,900

Expenditure Summary


EXPENDITURE SUMMARY

Fiscal Year 2019-2020

\$17,778,850




Revenues




■ User Fee	\$5,000,000
■ Water Supply Charge	3,400,000
■ Property Tax	2,050,000
■ Capacity Fee	400,000
■ Permit Fee	231,000
■ Interest	180,000
■ Other Revenues	15,000
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Total District Revenue	\$11,276,000

Revenues (cont.)



■ Cal-Am Reimbursement	\$1,229,700
■ Grants	213,000
■ Other Reimbursement	126,300
■ Watermaster Reimbursement	35,000
■ Reclamation Project	20,000
■ Legal Reimbursement	16,000
■ Recording Fee	6,000
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Total Reimbursement Revenue	\$1,646,000

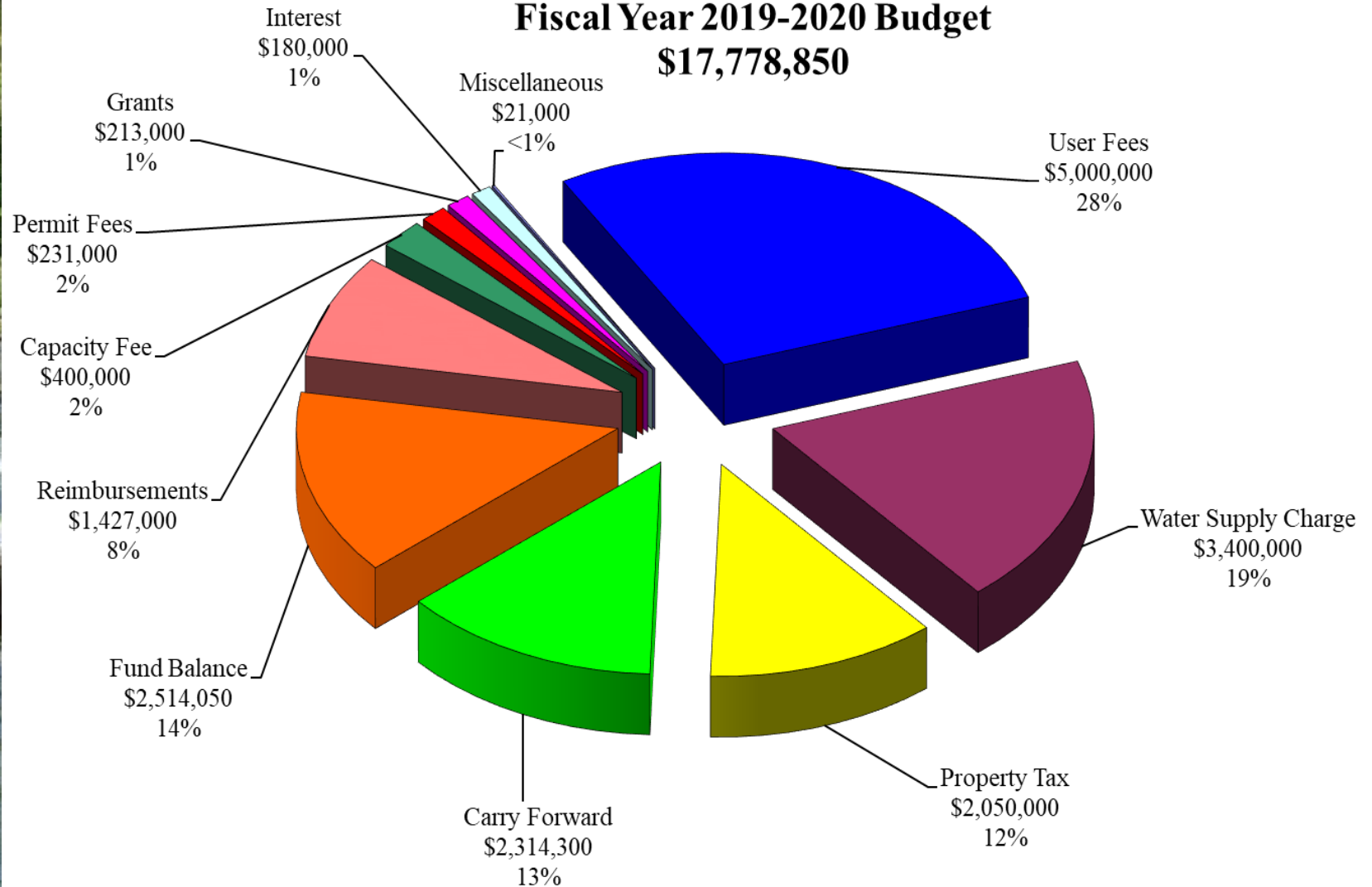
Revenues (cont.)

A vertical photograph of a river with white water rapids, surrounded by lush green trees and rocks. The river flows from the top left towards the bottom left of the frame.

District Revenues (+5% over prior year)	\$11,276,000
Reimbursements (-58% over prior year)	1,646,000
Carry Forward (prior year)	2,314,300
Capital Equipment Reserve	28,500
Fund Balance	2,514,050
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Total Revenue	\$17,778,850

Revenue Summary

REVENUE SUMMARY Fiscal Year 2019-2020 Budget \$17,778,850



Sources and Uses

Total expenditures \$17,127,200

Reserves 651,650

Total uses **\$17,778,850**

District revenues \$11,276,000

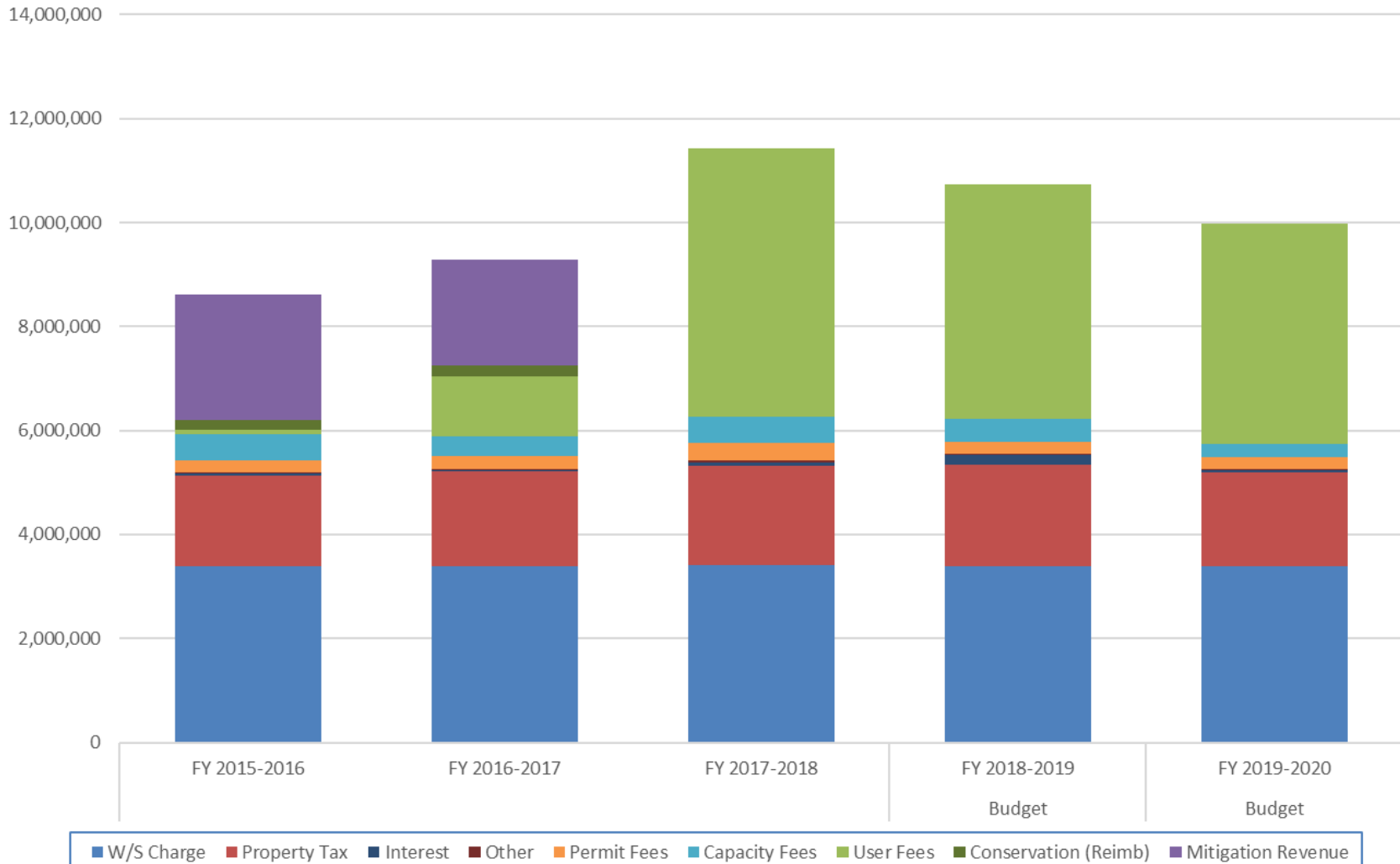
Reimbursements 1,646,000

Carry Forward & Reserves 4,856,850

Total sources **\$17,778,850**

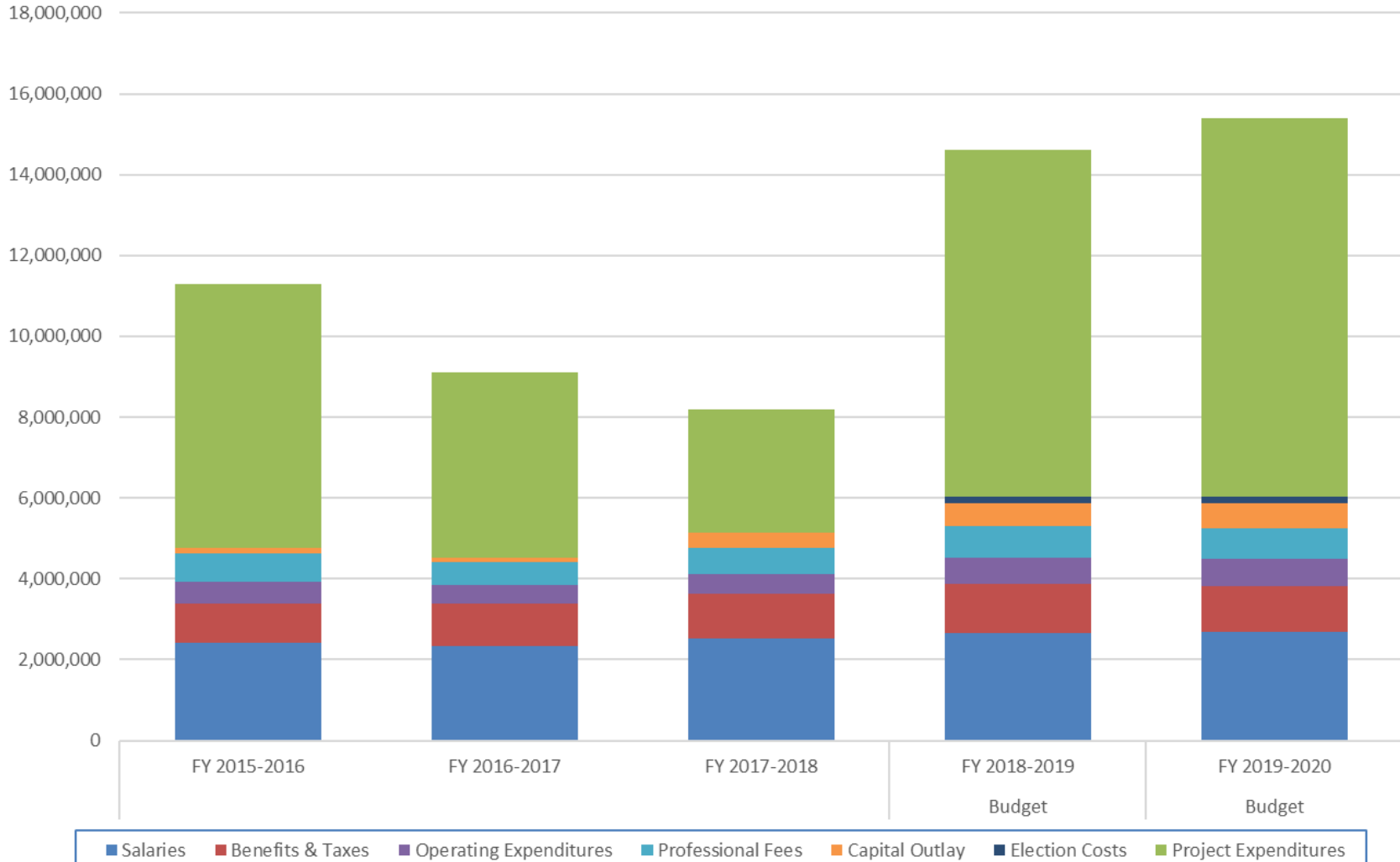
5-Yr Revenue Summary

MONTEREY PENINSULA WATER MANAGEMEN DISTRICT
 5-YEAR DISTRICT REVENUE HISTORY



5-Yr Expenditure Summary

MONTEREY PENINSULA WATER MANAGEMEN DISTRICT
 5-YEAR DISTRICT EXPENDITURE HISTORY



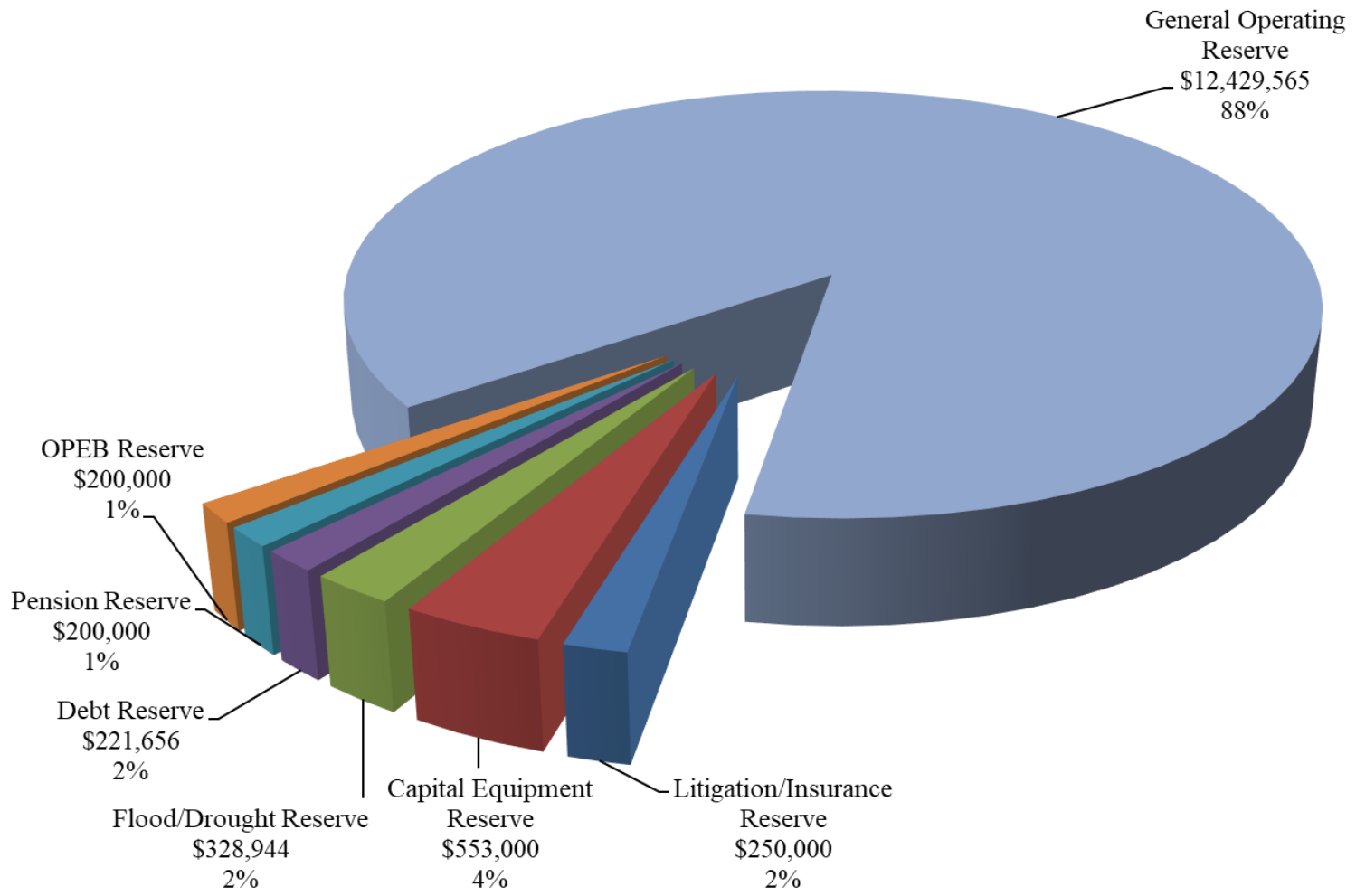
Analysis of Reserves

	<u>Fiscal Year Ending</u>		
	<u>06/30/2019</u> (budgeted)	<u>06/30/2019</u> (estimated)	<u>06/30/2020</u> (proposed)
Reserves:			
Litigation/Insurance	\$250,000	\$250,000	\$250,000
Capital Equipment	532,000	532,000	553,000
Flood/Drought	328,944	328,944	328,944
Debt Reserve	221,656	221,656	221,656
Pension/OPEB	200,000	200,000	400,000
Operating Reserve	12,397,965	16,855,765	12,429,565
Total	\$13,930,965	\$18,388,365	\$14,183,165

Operating Reserve ending balance is projected to be 88% of operating budget

Analysis of Reserves

RESERVE ANALYSIS Fiscal Year 2019-2020 Budget \$14,183,165



Obligations/Commitments

■ District's future obligations/commitments:

Potential PWM Expansion	\$2.0 million
Water Allocation Process	\$1.3 million
Rabobank Debt (06/2023)	\$3.1 million
PWM Water Reserve	\$3.5 million
Pension Obligation	\$5.2 million
OPEB Obligation	\$4.1 million
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Total	\$19.2 million

Recommendation

- Staff recommends that the Board discuss the proposed FY 2019-2020 Budget and give general direction to staff
- No formal action is required at this meeting
- June 17, 2019 Board meeting to adopt FY 2019-2020 Budget

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.