



Discussion Item 4

Review Proposed MPWMD Fiscal Year 2022-2023 Budget

May 26, 2022, Special Meeting – Board Workshop

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Table of Contents

- Resolution - (page 1)
- Transmittal Letter - (pages 3-5)
- Mission/Vision Statement - (page 6)
- Expenditure – (pages 7-11)
- Project Expenditure – (pages 12-15)
- 3-Year Capital Improvement Plan – (page 16)
- Capital Asset Purchases – (page 17)
- Capital Asset Replacement Schedule – (page 18)

Table of Contents

- Revenues - (pages 19-21)
- Reimbursements - (page 22)
- Reserve Analysis - (pages 23-24)
- Organization Chart – (page 25)
- Division Budget – (pages 26-35)
- Budget Calendar – (page 36)
- Glossary – (page 37-39)

Budget Calendar

- 04/24/22 – Budget Request Sent
- 05/09/22 – Budget Request Submitted
- 05/12/22 – Team Management Review
- 05/16/22 – Team Management Follow-Up
- 05/26/22 – Budget Workshop
- 06/20/22 – Budget Adoption

Budget Overview

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

- For FY 2022-2023, staff was mindful of current status of the District's funding sources
- Original Division requests submitted were reviewed and adjustments made during Team Management budget sessions
- Format of the budget same as presented in previous year
- Continuing COVID19 impact has been evaluated and included

Budget Overview

- 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 2022-2023 budget does include use of reserves to maintain current programs & services
- General Reserve balance at \$14,102,495 or 53% of operating budget

Budget Overview

- Proposed FY 2022-2023 budget \$32,695,400
- Higher than the FY 2021-2022 budget (20%)
- 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

Budget Overview

- Full year of Water Supply Charge included in this proposed budget
- Full year of Property Tax Revenue
- Full year of PWM Water Sales Revenue
- Monitor and make adjustments during mid-year budget process

Budget Overview

- Continue outsourcing the following services:
 - Information Technology
 - Geographical Information System

Expenditures

Large budgeted expenditures include:

■ ASR Site Work	\$ 325,600
■ Operation of ASR Phase 1	792,600
■ Local Water Projects	157,000
■ Los Padres Dam	84,000
■ PWM/MPWSP Model	98,000
■ Cal-Am Desal	30,000


Expenditures

Large budgeted expenditures include:


■ PWM Project:

■ Operating Reserve	\$1,200,000
■ PWM Water Purchase	12,201,000
■ Expansion Costs	1,000,000

Expenditures


- 
- Near-Term Production Capacity \$1,750,000
 - Monterey Water System – Measure J Work 500,000
 - Update Seaside Basin Model 75,000
 - Water Allocation Process 75,000

Expenditures



■ Fish Rearing Facility and Related Fish Rescue Activities	\$ 387,500
■ Riparian and Other Erosion Control Activities	48,500
■ Hydrologic Monitoring	224,100


Expenditures

- 
- Design & Construction Water Intake System - Sleepy Hollow \$ 750,000
 - IRWM Project 3,475,200
 - Conservation Related Activities 402,000
 - Water Conservation Rebates 400,000

Expenditures


- Project Costs (+28% over prior \$24,095,500 year)
- Personnel Costs (+11% over prior year) 4,488,300
- Services & Supplies (+6% over prior year) 1,740,700
- Legal Expenses 400,000

Expenditures




■ Contingency	\$70,000
■ Debt Service Payment – Mechanics Bank Loan	230,000
■ Fixed Assets Purchase	450,000
■ Election Expense	250,000

Expenditures



■ General Reserve	\$ 262,400
■ Pension Reserve	100,000
■ OPEB Reserve	100,000
■ Capital Reserve (includes renewal & replacement for District facilities)	408,500
■ Mechanics Bank Prepayment Reserve	500,000

Fixed Assets Purchase



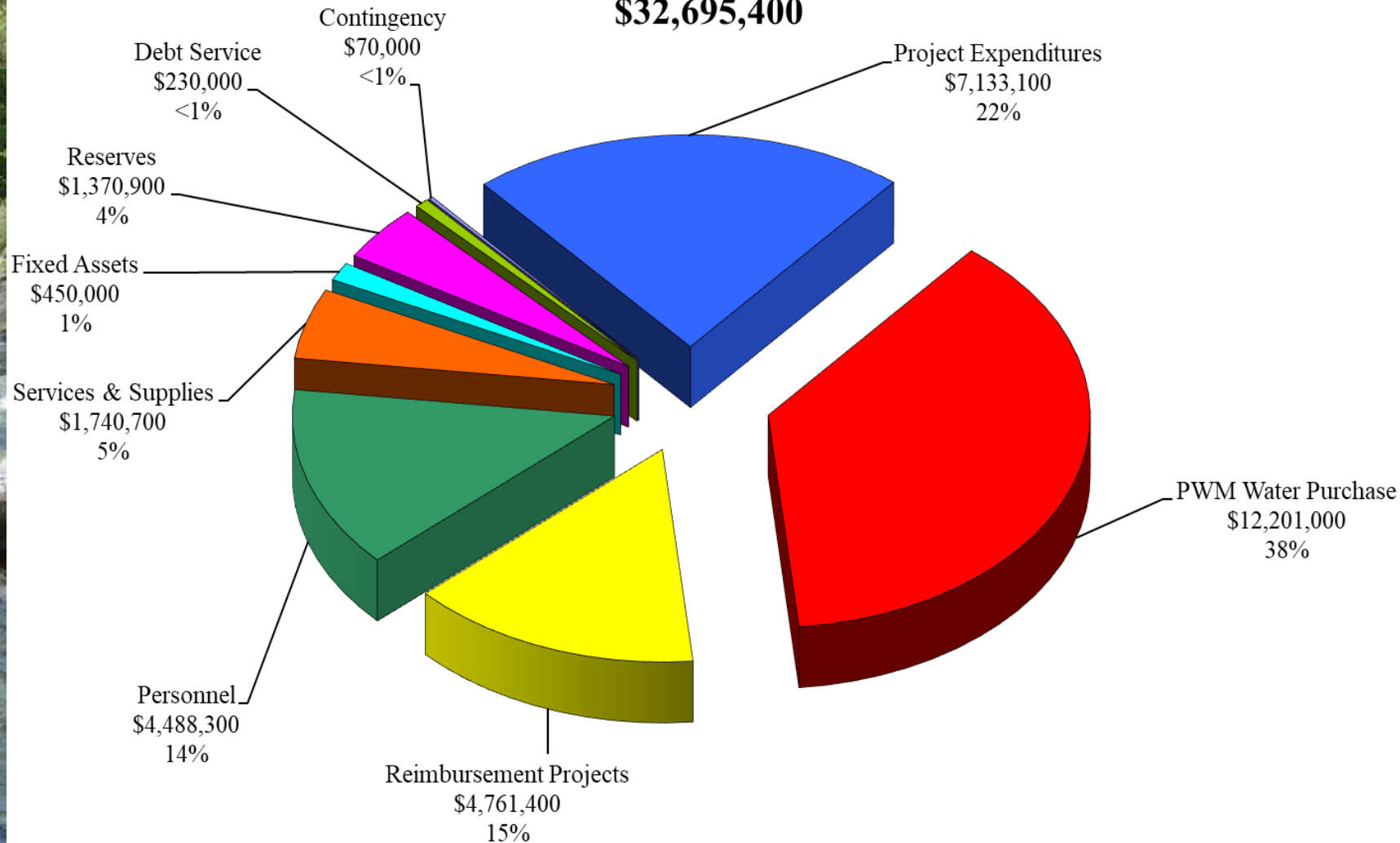
■ Computer Upgrades	\$ 133,000
■ AV system Upgrade	55,000
■ Backup Generator	70,000
■ Site Security System	50,000
■ Vehicle Replacement (3)	142,000
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Total Fixed Assets	\$ 450,000

Expenditure Summary


EXPENDITURE SUMMARY

Fiscal Year 2022-2023

\$32,695,400




Revenues

A vertical photograph of a river with white water rapids, surrounded by lush green trees and rocks, is positioned on the left side of the slide.


■ User Fee	\$5,500,000
■ Water Supply Charge	3,400,000
■ Property Tax	2,500,000
■ PWM Water Sales	12,201,000
■ Capacity Fee	500,000
■ Permit Fee	198,000
■ Interest	80,000
■ Other Revenues	15,000
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Total District Revenue	\$24,394,000

Revenues

A vertical photograph of a river with white water rapids, surrounded by green trees and rocks, positioned on the left side of the slide.

■ Cal-Am Reimbursement	\$1,192,600
■ Grants	3,470,200
■ Other Reimbursement	23,000
■ Watermaster Reimbursement	39,600
■ Reclamation Project	20,000
■ Legal/Recording Reimb.	36,000
■ PWM Reimbursement	1,500,000
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Total Reimbursement Revenue	\$6,281,400

Revenues

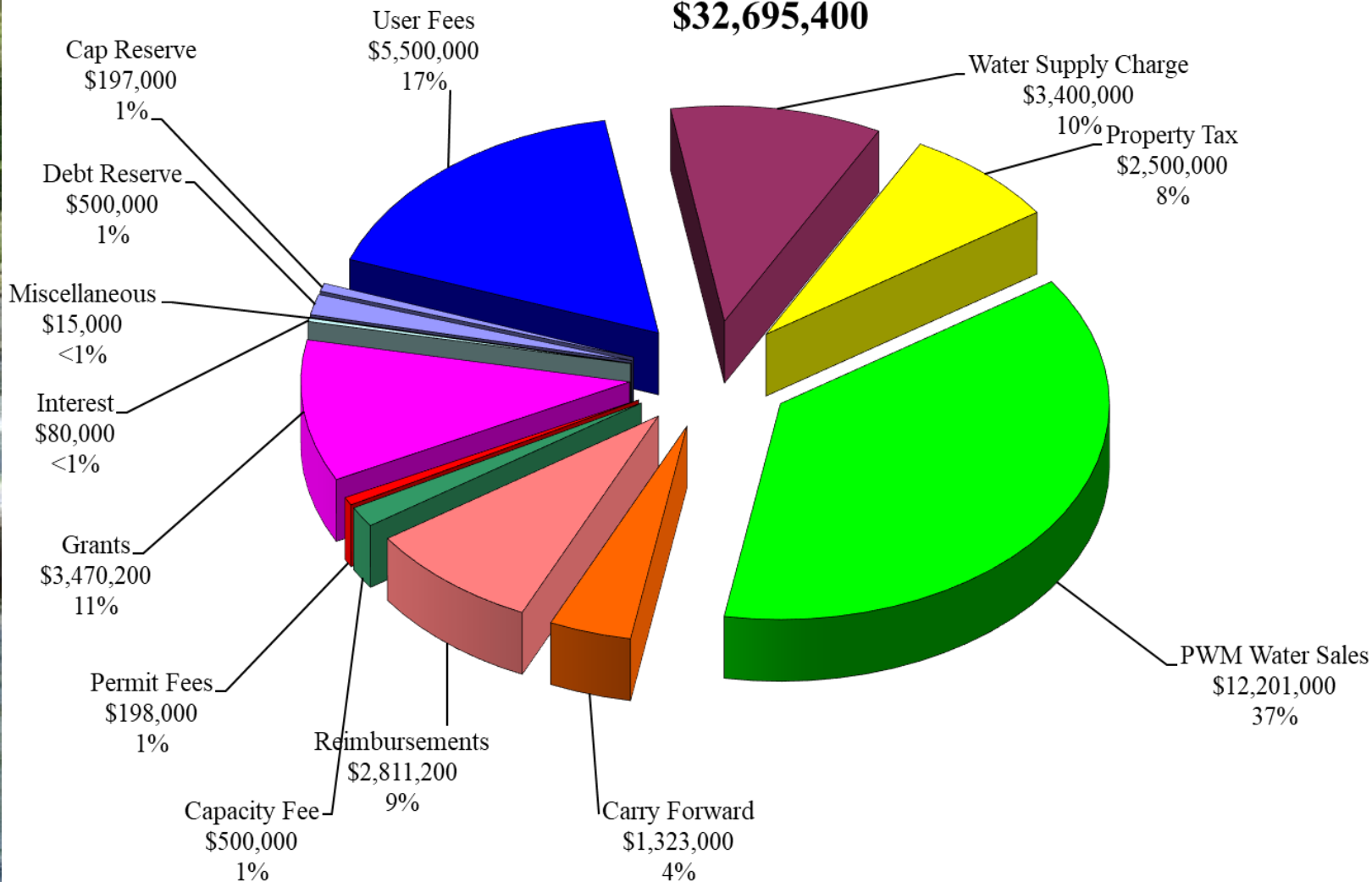
A vertical photograph of a river with white water rapids, surrounded by lush green trees and rocks, positioned on the left side of the slide.

District Revenues (+13% over prior year)	\$24,394,000
Reimbursements (+114% over prior year)	6,281,400
Carry Forward (prior year)	1,323,000
Capital Reserve	197,000
Debt Reserve	500,000
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Total Revenue	\$32,695,400


Revenue Summary

REVENUE SUMMARY Fiscal Year 2022-2023 Budget

\$32,695,400



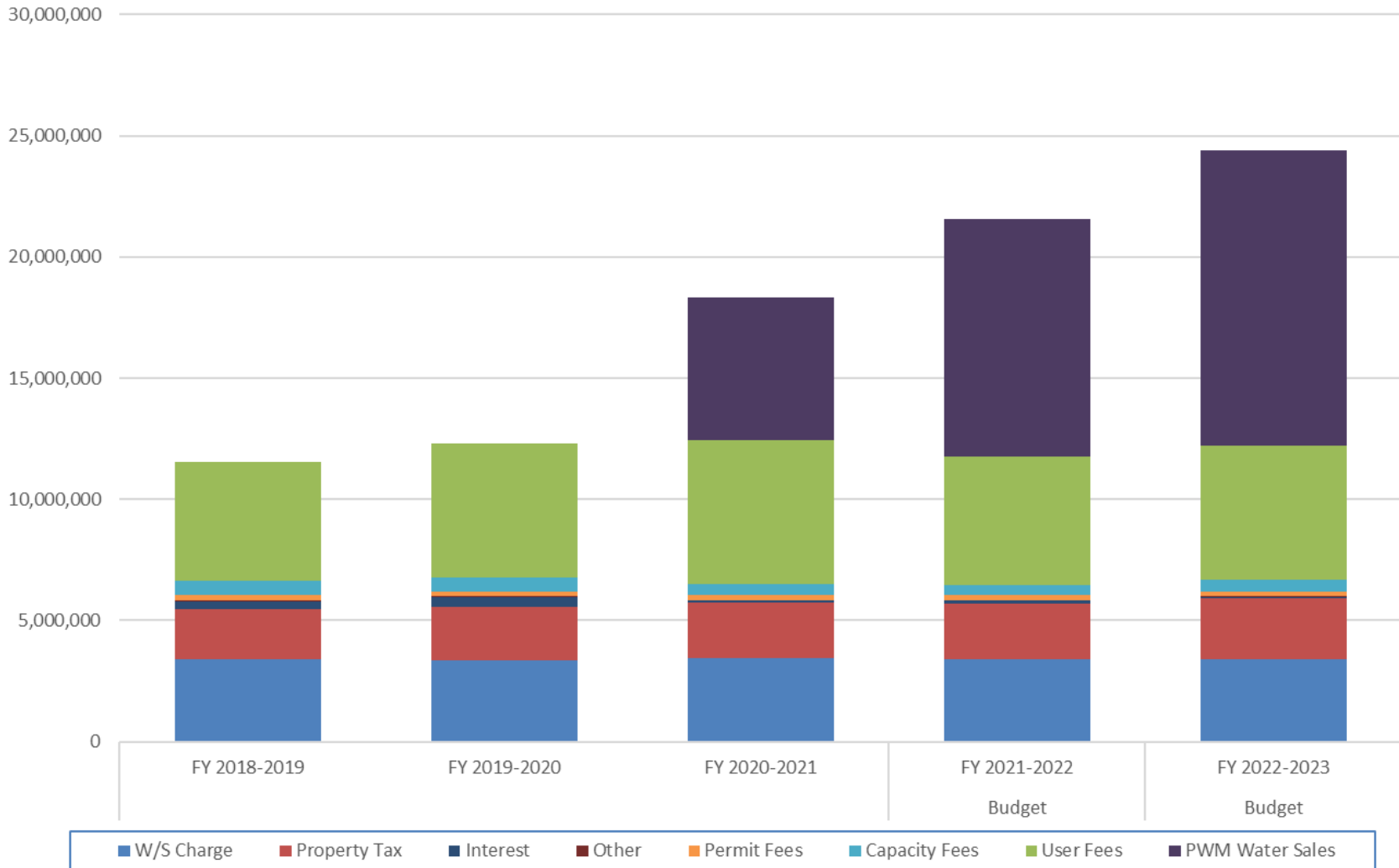
Sources and Uses



Total expenditures	\$31,324,500
Reserves	1,370,900
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Total uses	\$32,695,400
District revenues	\$24,394,000
Reimbursements	6,281,400
Carry Forward & Reserves	2,020,000
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Total sources	\$32,695,400

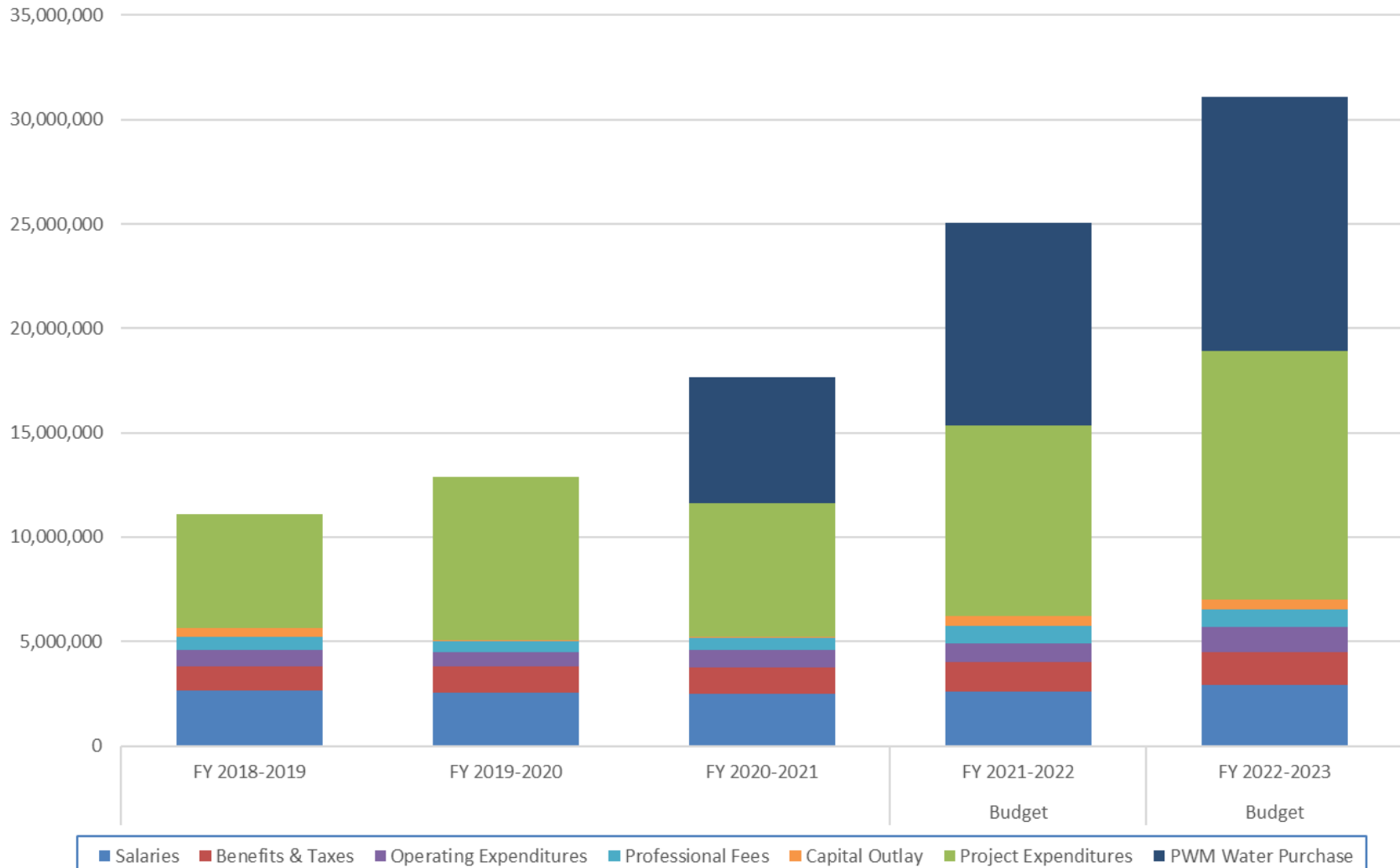
5-Yr Revenue Summary

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
 5-YEAR DISTRICT REVENUE HISTORY



5-Yr Expenditure Summary

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
 5-YEAR DISTRICT EXPENDITURE HISTORY



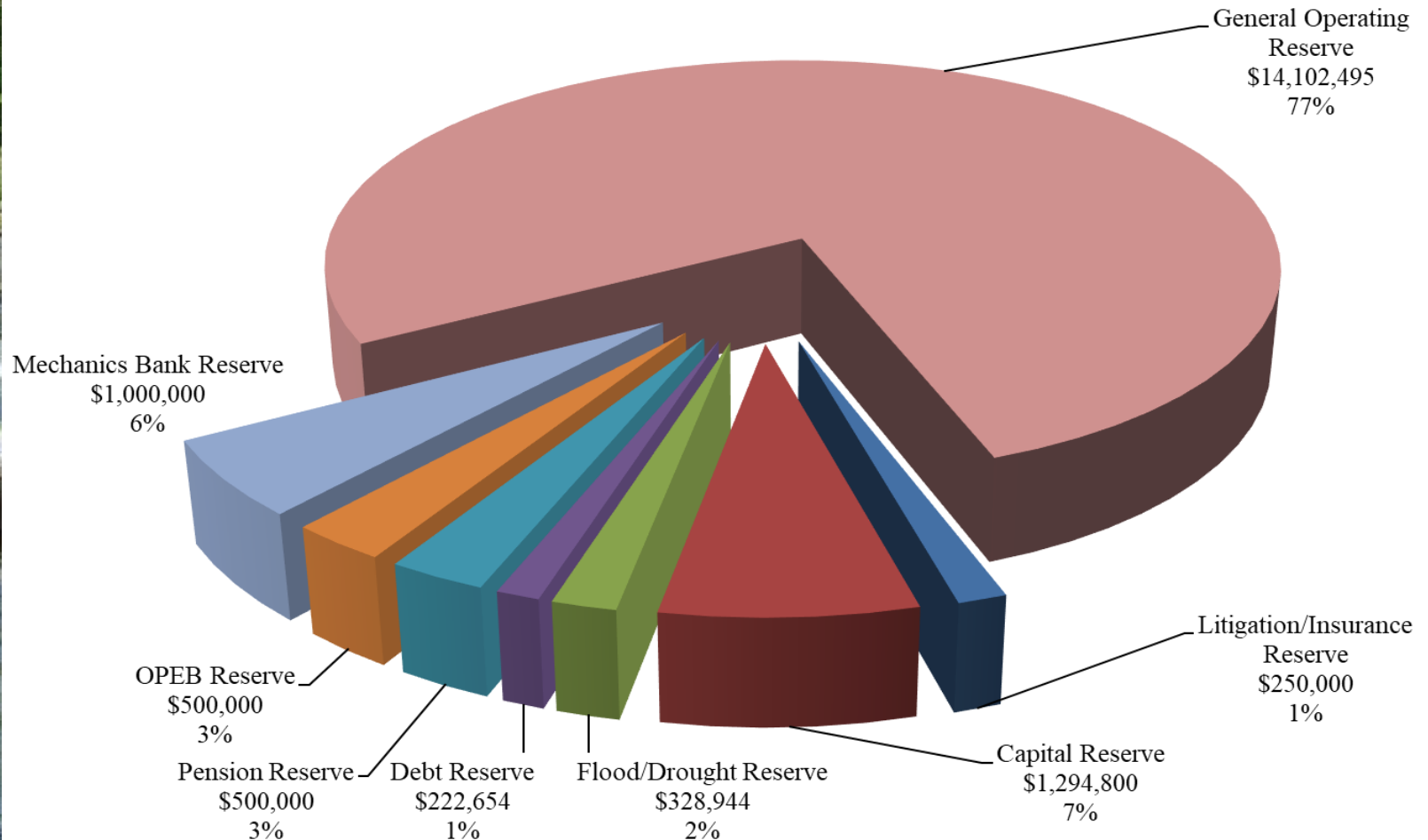
Analysis of Reserves

	<u>Fiscal Year Ending</u>	
	<u>06/30/2022</u> (mid-year)	<u>06/30/2023</u> (proposed)
Reserves:		
Litigation/Insurance	\$250,000	\$250,000
Capital Reserve	1,083,300	1,294,800
Flood/Drought	328,944	328,944
Debt Reserve	222,654	222,654
Pension/OPEB	800,000	1,000,000
Mechanics Bank	500,000	500,000
Operating Reserve	15,163,095	14,102,495
Total	\$18,347,993	\$18,198,893

Operating Reserve ending balance is projected to be 53% of operating budget

Analysis of Reserves

RESERVE ANALYSIS Fiscal Year 2022-2023 Budget \$18,198,893



Obligations/Commitments

District's future obligations/commitments:

Water Allocation Process	\$0.2 million
Rabobank Debt (06/2023)	\$2.7 million
PWM Water Reserve	\$1.9 million
Pension Obligation	\$6.5 million
OPEB Obligation	\$4.5 million
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Total	\$15.8 million

Recommendation

- Staff recommends that the Board discuss the proposed FY 2022-2023 Budget and give general direction to staff
- No formal action is required at this meeting
- June 20, 2022 Board meeting to adopt FY 2022-2023 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.

Distributed to the Board, District Counsel and General Manager on 05/26/2022

Board Meeting: May 26, 2022, Item No. 4