



Fiscal Year 2023-2024 Budget

Original Adopted Budget: June 20, 2023

Revised Adopted Budget: March 18, 2024



MID-YEAR FISCAL YEAR 2023-2024 BUDGET ADJUSTMENT

Annually, the District considers its financial position after the end of the first seven months of the fiscal year (FY). District staff reviewed income and spending patterns from July 1, 2023, through the end of January 31, 2024, and determined that adjustments to the FY 2023-2024 Budget were required. The FY 2023-2024 Budget was adopted on June 20, 2023. Included in the budget adjustment process is a review of staffing levels, supplies, outside services, project expenditures, current work assignments, and other factors affecting the current budget. The table below summarizes the changes to the original budget that were reviewed and adopted by the District Board on March 18, 2024:

Mid-Year Budget Adjustment-Summary (2023-2024)

<u>Revenue</u>	<u>Adopted</u>	<u>Change</u>	<u>Amended</u>
Property Tax	\$2,600,000	\$0	\$2,600,000
Permit Fees - WDD	150,000	\$1,075,000	1,225,000
Permit Fees - WDS	48,000	\$0	48,000
Capacity Fee	500,000	\$0	500,000
User Fees	6,000,000	\$0	6,000,000
Water Supply Charge	3,400,000	\$0	3,400,000
PWM Water Sales	13,275,500	\$0	13,275,500
Interest	150,000	\$0	150,000
Other	15,000	\$0	15,000
Subtotal District Revenues	26,138,500	1,075,000	27,213,500
Reimbursements - CAW	991,600	0	991,600
Reimbursements – Grants (PWM/IRMA)	18,940,000	(8,100,000)	10,840,000
Reimbursements - Watermaster	39,600	0	39,600
Reimbursements - Reclamation	20,000	0	20,000
Reimbursements - FEMA	165,000	0	165,000
Reimbursements - Other	35,000	0	35,000
Reimbursements - Recording Fees	25,000	60,000	85,000
Reimbursements - Legal Fees	16,000	0	16,000
Subtotal Reimbursements	\$20,232,200	(\$8,040,000)	\$12,192,200
Carry Forward From Prior Year	886,500	0	886,500
From Capital Reserve	100,000	0	100,000
From Fund Balance	1,081,050	0	1,081,050
Total Revenues	\$48,438,250	(\$6,965,000)	\$41,473,250
<u>Expenditures</u>	<u>Adopted</u>	<u>Change</u>	<u>Amended</u>
Personnel	\$4,486,500	\$245,000	\$4,731,500
Supplies & Services	1,829,900	59,000	1,888,900
Project Expenditures	36,631,100	(6,160,142)	30,470,958
Fixed Assets	230,000	0	230,000
Capital Equip. Reserve	330,300	0	330,300



General Reserve Balance	1,089,394	(1,089,394)	0
Pension Reserve	100,000	0	100,000
OPEB Reserve	100,000	0	100,000
Water Supply Charge Reserve	3,400,000	0	3,400,000
Flood/Drought Reserve	171,056	0	171,056
Contingency	70,000	(19,464)	50,536
Total	\$48,438,250	(\$6,965,000)	\$41,473,250

As the table above indicates, most of the change is attributed to a decrease in project expenditures. Relatively lower budget additions have been requested in operating expenditures for personnel, additional insurance costs, and vehicle repairs. Additional information regarding all other changes, as well as their effect on reserves, is detailed in the background section of this report.

BACKGROUND: The Board of Directors adopted the original FY 2023-2024 budget on June 20, 2023. The paragraphs below summarize the original budget, adopted mid-year adjustments to the budget, and projected reserves accounts.

Revenues

The 2023-2024 adopted budget anticipated revenue sources in the amount of \$48,438,250. Through January 31, 2024, actual revenue collections totaled \$15,060,715, or 31.09% of the budgeted amount. This includes budgeted revenues of \$3,400,000 for the Water Supply Charge, which is being set aside as reserves pending the outcome of existing litigation. District staff analyzed the revenue activity for the first seven months of the FY, as well as activities scheduled for the remainder of the FY, and recommended various adjustments to the revenue portion of the budget as shown in **Exhibit 4-A** and discussed below:

1. Increase of \$1,075,000 in Permit Fees. This includes \$525,000 in Permit Fees for the Sand City Marriott project, \$325,000 for the Ascent Project, and \$225,000 for the Laguna Seca Villas project at Seaside.
2. Decrease of \$8,100,000 in grant reimbursements based on projected collections through the end of the FY. The project expenditures related to the grants and related revenue have been deferred to the next fiscal year based on the timing of the projects.
3. Increase in reimbursements of \$60,000 for deed-restricted recording fees.

The cumulative effect of these revenue adjustments is a decrease of \$6,965,000 in projected revenues for FY 2023-2024.

Expenditures

The original budget envisioned expenditures of \$48,438,250 in the fiscal year ending June 30, 2024. Through January 31, 2024, actual expenditures totaled \$15,392,101 or 31.78% of the budgeted amount. The spending pattern at this point of the fiscal year is not unusual because project expenditures for the first half of each fiscal year are low. District staff has analyzed the expenditure activity for the first seven months of the fiscal year, as well as activities scheduled



for the remainder of the fiscal year, and recommends various adjustments to the expenditure portion of the budget as discussed below:

- Changes to the operations budget are shown in **Exhibit 4-B**. The operations budget is adopted to be increased by \$304,000 with adjustments as follows:
 1. Increase in personnel services budget of \$245,000 to account for existing and projected retirement payouts and the hiring of temporary staff/retirees.
 2. Increase in Supplies and Services by \$36,000 for additional costs related to insurance and repair of District vehicles.
 3. Increase in IT Supplies and Services of \$20,000 to account for disaster backup services and upgrade of servers.
 4. No adjustments were adopted for the fixed assets budget.
- As presented on **Exhibit 4-C**, project expenditures decreased by a net amount of \$6,160,142. The main adjustments in the project budget are as follows:
 1. Decrease of \$6,400,000 for the Pure Water Expansion project as these expenditures were deferred to the next fiscal year.
 2. Decrease of \$30,000 towards Cal-Am Desal and Water Allocation Process as this is deferred to next fiscal year.
 3. Increase of \$1,896,500 for the District's operating water reserve. This will allow the purchase of an additional 500 Acre Feet of water from Monterey One Water based on actual supply.
 4. Decrease of \$1,700,000 for the Integrated Resource Water Management implementation grant. These expenditures were deferred to next year.
 5. Increase of \$34,158 for Seaside Basin Watermaster adjudication support.
 6. Increase of \$60,000 in reimbursable expenses for Deed Restriction Recording Fees.
 7. Other adjustments to the project expenditures as noted in the exhibit.

The cumulative effect of the adjustments to the expenditure side of the budget is a net decrease of \$5,875,606, excluding changes to the General Reserve balance.

Reserves

The District's reserve balance is projected to be as follows:

Reserves	Actual Balance 6/30/2023	FY 2023-24 Budget Changes	Est. Balance 06/30/2024
Litigation/Insurance Reserve	250,000	0	\$250,000
Capital Reserve	1,294,800	230,300	\$1,525,100
Flood/Drought Reserve	328,944	171,056	\$500,000
Pension Reserve	500,000	100,000	\$600,000
OPEB Reserve	500,000	100,000	\$600,000
General Operating Reserve	19,085,887	(1,975,894)	\$17,109,993
Totals	\$21,959,631	(\$1,374,538)	\$20,585,093



The District estimates a total reserve balance of \$20,585,093 at June 30, 2024, as shown on **Exhibit 4-D**. This amount meets the minimum 5% of the operating budget requirement established by the Board during the 2005-06 budget process. The original adopted budget had a projected reserve balance of \$21,959,631 for the fiscal year. Use of the general operating reserve (carry forward of project funds from prior year) in the amount of \$886,500 as detailed in Exhibit 4-D remains unchanged for the mid-year budget.

EXHIBITS

- 4-A** Revenues
- 4-B** Operating Expenditures
- 4-C** Project Expenditures
- 4-D** Reserves Analysis

EXHIBIT 4-A

**Monterey Peninsula Water Management District
Mid-Year Budget Adjustment
Revenues
2023-2024**

<u>Description</u>	<u>Original Budget</u>	<u>Adjustment</u>	<u>Amended Budget</u>
Permit Fees - WDD	150,000	1,075,000	1,225,000
Reimbursements - PWM Project (Grant)	18,940,000	(8,100,000)	10,840,000
Deed Restriction Recording Fees	50,000	60,000	110,000
Total	19,140,000	(6,965,000)	12,175,000

EXHIBIT 4-B

Monterey Peninsula Water Management District Mid-Year Budget Adjustment - Operational Expenditures 2023-2024

Personnel Costs

<u>Description</u>	<u>Original Budget</u>	<u>Adjustment</u>	<u>Amended Budget</u>
Personnel & Benefits	4,486,500	245,000	4,731,500
Total	<u>\$4,486,500</u>	<u>\$245,000</u>	<u>\$4,731,500</u>

Supplies & Services

<u>Division</u>	<u>Description</u>	<u>Original Budget</u>	<u>Adjustment</u>	<u>Amended Budget</u>
ASD	Insurance	250,000	23,000	273,000
ASD	IT Supplies/Services	260,000	20,000	280,000
ERD	Transportation Equipment	100,000	16,000	116,000
Total		<u>\$610,000</u>	<u>\$59,000</u>	<u>\$669,000</u>

EXHIBIT 4-C

**Monterey Peninsula Water Management District
Mid-Year Budget Adjustment-Project Expenditures
2023-2024**

<u>Division</u>		<u>Description</u>	<u>Original Budget</u>	<u>Adjustment</u>	<u>Amended Budget</u>
GMO	1-5-1 E	PWM Project Expansion	16,800,000	(6,400,000)	10,400,000
GMO	1-15-1	Water Allocation Process	100,000	(30,000)	70,000
ERD	2-3-4	Adult Steelhead Counts	77,000	(10,000)	67,000
WRD	1-1-2 A	Los Padres Dam Outlet Modifications	2,500	10,000	12,500
WRD	1-5-1 C	PWM Operating Reserve	759,000	1,896,500	2,655,500
WRD	2-1-1	Operate/Maintain Proj. Systm	22,000	(5,000)	17,000
WRD	2-1-4	Channel Clearing	71,500	(20,000)	51,500
WRD	1-2-1	Los Padres Dam Long Term Plan	2,500	700	3,200
WRD	2-6-1	IRWM-DAC Needs Assessment	2,200,000	(1,700,000)	500,000
WRD	2-5-2 A	Seaside Basin Watermaster (MMP implementation)	35,000	34,158	69,158
WDD	4-1-1 A	Deed Restriction Recording Fees	50,000	60,000	110,000
WDD	4-1-1 B	CEQA Compliance	2,000	4,000	6,000
WDD	4-2-2 J	Gardensoft WaterWise Gardening (non-reimb)	5,500	(500)	5,000
WDD	4-2-1 A	Public Education	0	20,000	20,000
WDD	4-2-2 D	Water Conservation Devices (non-reimb)	50,000	(20,000)	30,000
Total			<u>\$20,177,000</u>	<u>(\$6,160,142)</u>	<u>\$14,016,858</u>

EXHIBIT 4-D

Monterey Peninsula Water Management District Analysis of Reserves 2023-2024

Reserves	Actual Balance 6/30/2023	FY 2023-2024 Budget Changes	Est. Balance 06/30/2024
Litigation/Insurance Reserve	250,000	0	\$250,000
Capital Reserve	1,294,800	230,300	\$1,525,100
Flood/Drought Reserve	328,944	171,056	\$500,000
Pension Reserve	500,000	100,000	\$600,000
OPEB Reserve	500,000	100,000	\$600,000
General Operating Reserve	19,085,887	(1,975,894)	\$17,109,993
Totals	\$21,959,631	(\$1,374,538)	\$20,585,093

Water Supply Charge Reserve	0	3,400,000	\$3,400,000
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Current Fiscal Year Use of Reserves	\$	-
Current Fiscal Year Excess Revenue	\$	(1,089,394)
Carry Forward Projects from Prior Year		(886,500)
Net Change in General Reserve for Current Fiscal Year	\$	<u>(1,975,894)</u>