

Marina Coast Water District

Budget Workshop

DRAFT BUDGET
FY 2021-2022

May 10, 2021



Overview

- Budget Schedule 2021
- Requested Board Action
- Expense Allocations
- User Rates
- Revenues and Other Sources
 - 5-Year Comparison
- Expenses and Other Uses
 - 5-Year Comparison
 - Department
 - Debt Service
 - Capital Equipment/CIP
- Reserves
- District-Wide Budget Figures



Budget Schedule 2021

- February 16, 2021 – Distribute FY 2021/2022 Proposed Budget Calendar to the Board
- March 12, 2021 – Distribute FY 2021/2022 Budget Worksheets to Department Heads
- March 15, 2021 – Present FY 2020/2021 Mid-Year Report to the Board
- March 31, 2021 – FY 2021/2022 Budget Worksheets due to Director of Administrative Services
- April 19, 2021 – FY 2021-2022 District Budget Workshop (*Postponed*)
- May 4, 2021 – Present FY 2021-22 Proposed Budget to Budget & Personnel Committee
- **May 10, 2021 – FY 2021-2022 District Budget Workshop**
- June 1, 2021 – Present Revised FY 2021-2022 Proposed Budget to the Budget & Personnel Committee (if needed)
- June 21, 2021 – Board Adoption of FY 2021/2022 Budget



Board Requested Action

- Receive Proposed FY 2021-2022 District Budget; and,
- Provide Direction to Staff on the Proposed Budget in order to prepare the Final Budget Documents.



Expense Allocations

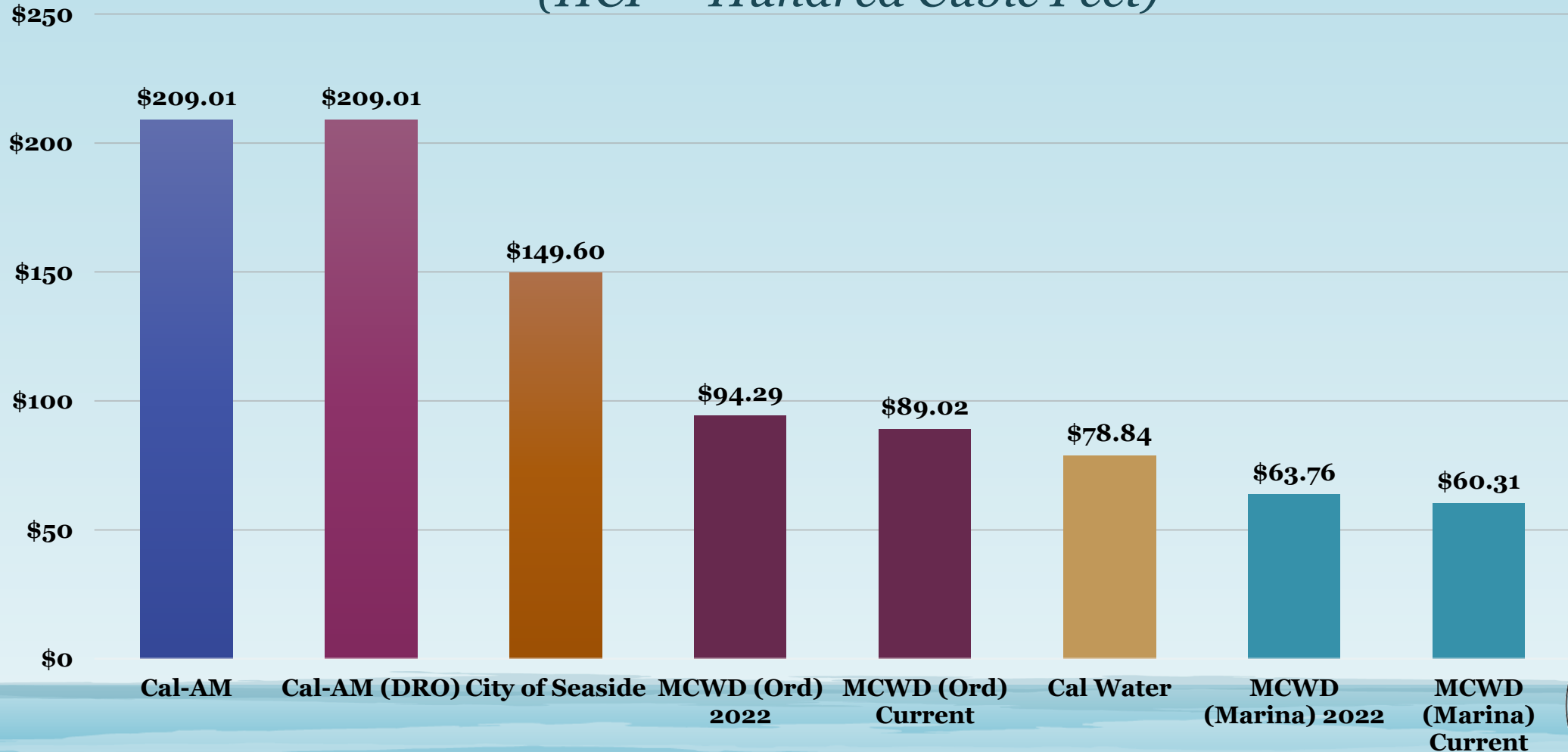
- The Budgeted operating expenses net of depreciation for FY 2021-22 is \$18.1 million
- Approximately 77% are direct expenses of \$14 million
- Remaining 23% of \$4.1 million are allocated based on a variety of metrics:
 - Customer Billing costs – based on number of bills
 - Ground Water Sustainability Agency (GSA) activities – based on groundwater rights
 - Master Planning activities – based on miles of pipeline
 - **All Other Administrative (General) costs – based on audited Operating Expenses net of Depreciation which is about 12% or \$2.2 million**
 - These costs include Management, Accounting, Human Resources, Information Technology
 - Concerns have been raised that a few high dollar expenses such as Developer fees and Legal fees in the Ord Community artificially inflate or skew Ord's share of these costs
 - Additional administrative effort is required to manage, track, report and process these expenses



Water Rate Comparison

Based on 10 HCF

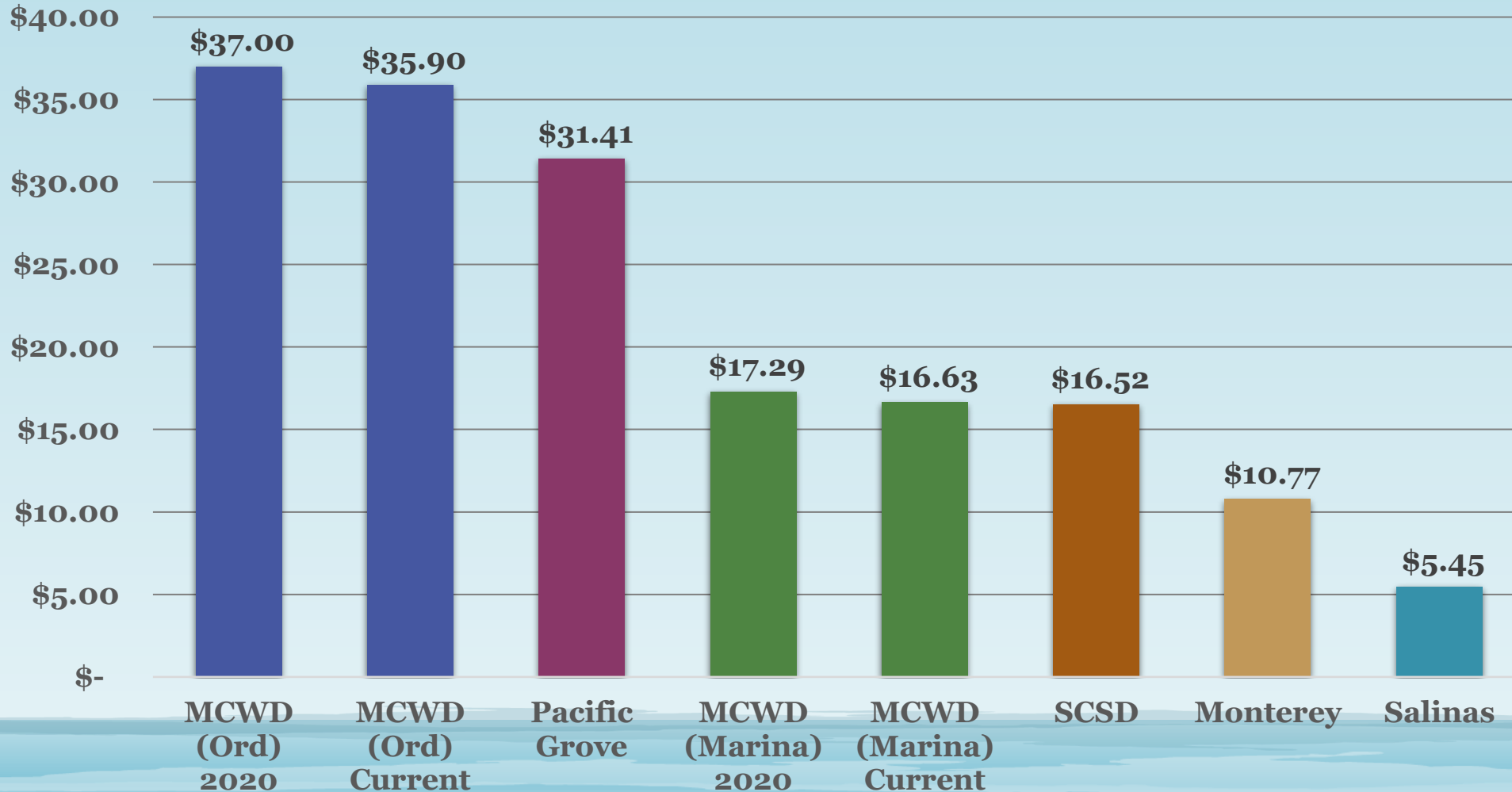
(HCF = Hundred Cubic Feet)



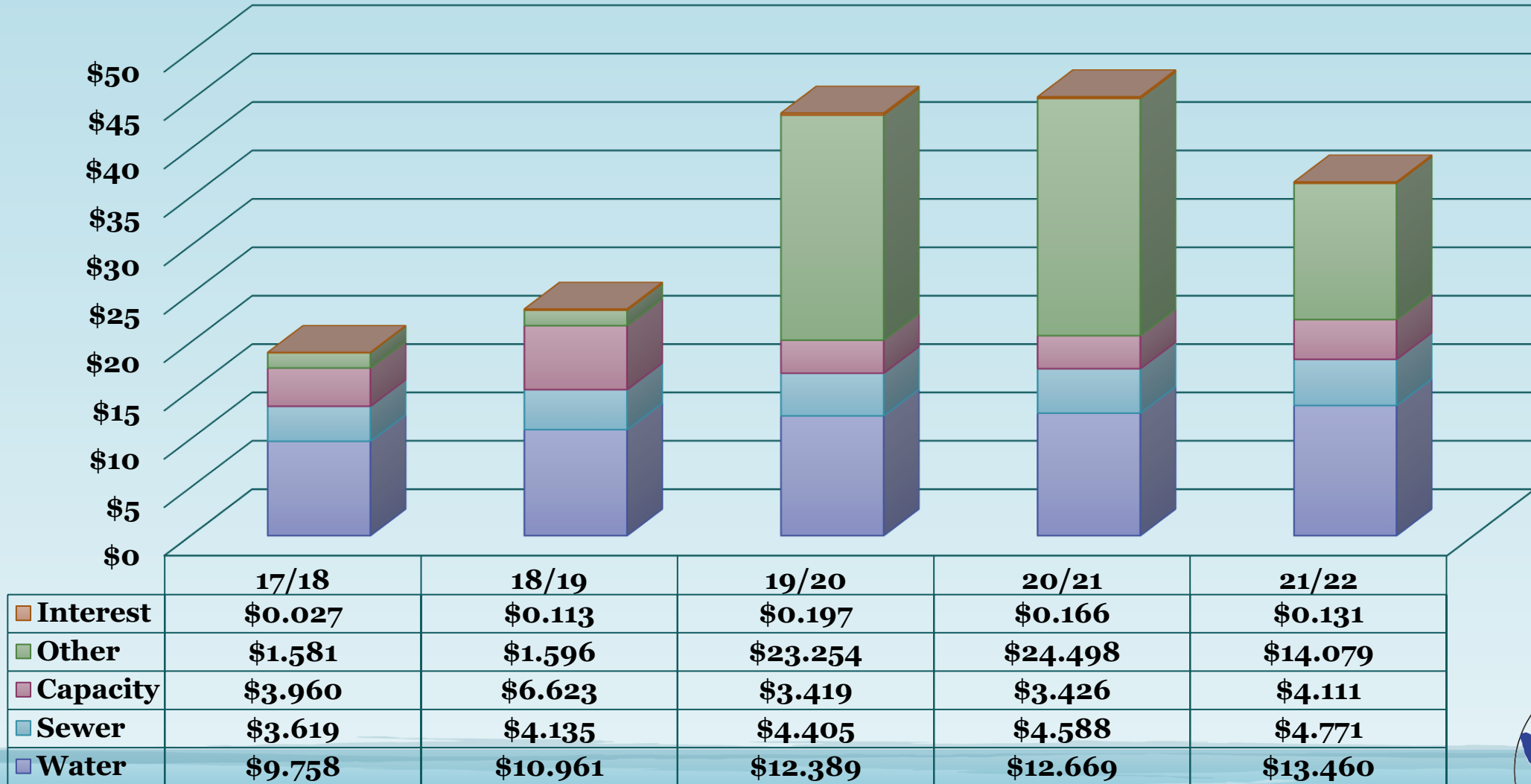
Sewer Rate Comparison

Per EDU

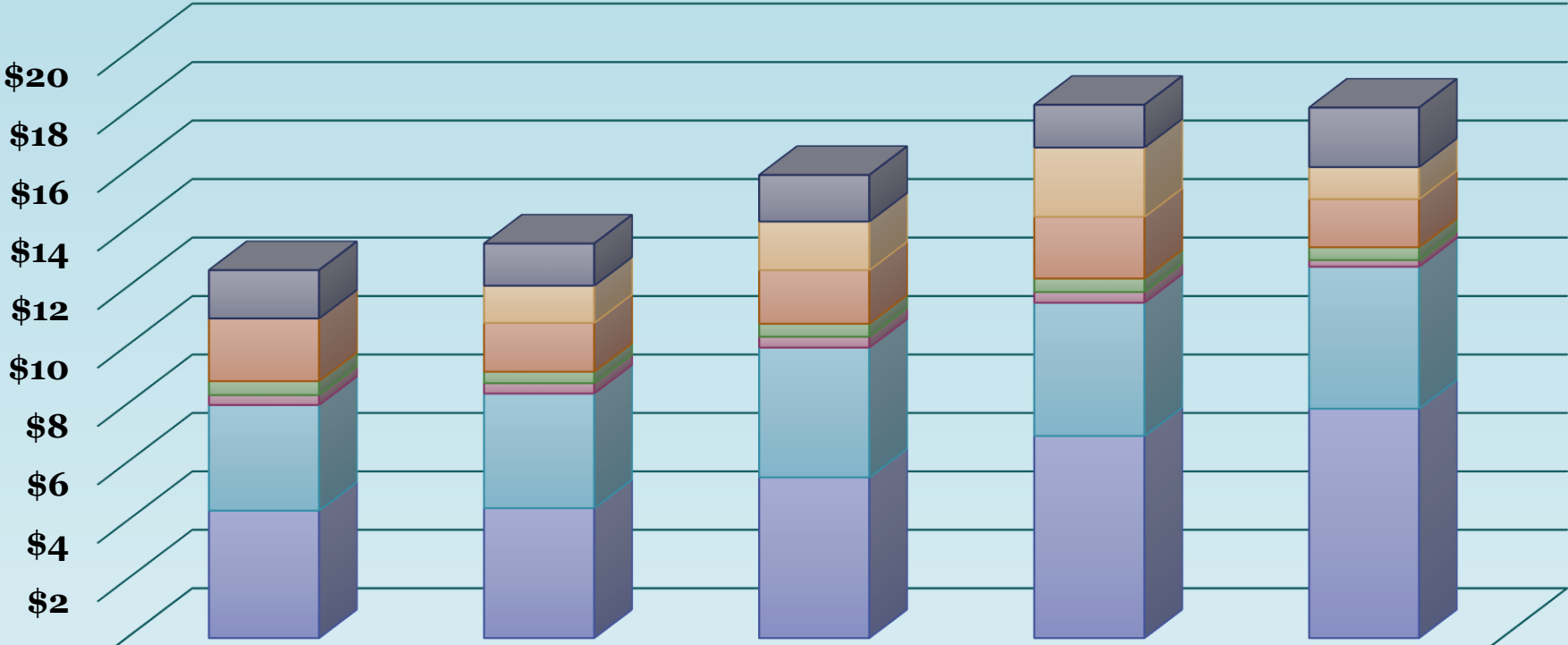
(EDU = Equivalent Dwelling Unit)



Summary – Budgeted Revenues by Source



Summary – Budgeted Expenses by Activity



	17/18	18/19	19/20	20/21	21/22
Interest	\$1.650	\$1.442	\$1.590	\$1.460	\$2.033
Water Resources	\$0.000	\$1.275	\$1.665	\$2.370	\$1.097
Engineering	\$2.147	\$1.668	\$1.829	\$2.107	\$1.646
Conservation	\$0.479	\$0.393	\$0.447	\$0.464	\$0.438
Laboratory	\$0.338	\$0.352	\$0.369	\$0.365	\$0.225
Operations & Maintenance	\$3.619	\$3.927	\$4.445	\$4.559	\$4.856
Administration	\$4.362	\$4.448	\$5.503	\$6.922	\$7.857



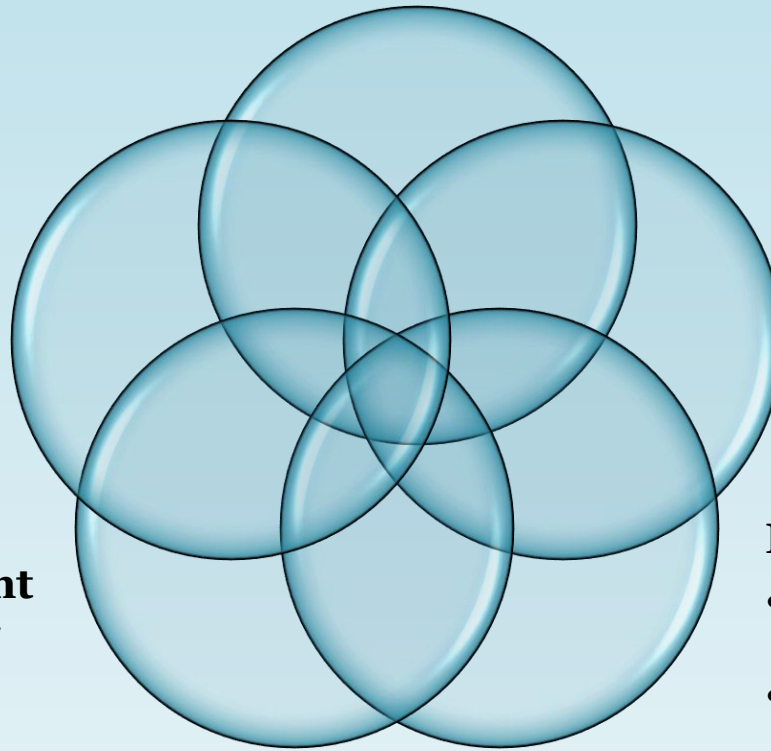
Administration

Administration

- Service Agreements with Land Use Jurisdictions
- Outreach to Strategic Partners to Promote Regionally Beneficial Water Supply Solutions

Information Technology

- Continue to Concentrate Efforts on Cybersecurity
- Maximize Use of Existing Applications
- Maintaining IT Services for Three District Sites



Customer Service

- Continue to Provide Exceptional Customer Service to Our Growing Customer Base

Human Resources/Risk Management

- Continue Recruitment and Retainage of High-Performing Engaged Personnel
- Tracking and Monitoring of Employee Training, Development and Professional Growth

Finance

- Meet Increased Volume of Work
- Grant Reporting/Monitoring Bond Funds
- Increased Investment Management



Operations & Maintenance

Strategic Plan- 2.1- Improvements and expansions plans for existing water (potable water and recycle water) delivery and wastewater collections systems.

Several improvement projects for Operations and Maintenance are planned for FY 2021-2022:

- Revising the District Sampling Plan and moving or adding new sample stations to replace the old stations.
- Rehab of Hatten Lift station-complete new wetwell, pumps and integrating it into SCADA (last site not on SCADA).
- Replacement of four generators at various sewer lift stations. Generators will replace failing army generators.
- Finish complete rehab of pumping system and components at Marina Booster station.
- Replacement of Dunes lift station pumps, bases and piping in the wetwell.
- Preventative replacement of critical components at the Districts sewer lift stations such as check valves, shut off valves and air relief valves.



Laboratory

Strategic Plan- 2.0- Our objective is to provide high-quality water (potable and recycle water) distribution systems and an efficiently operating wastewater collection system to serve existing and future customers.

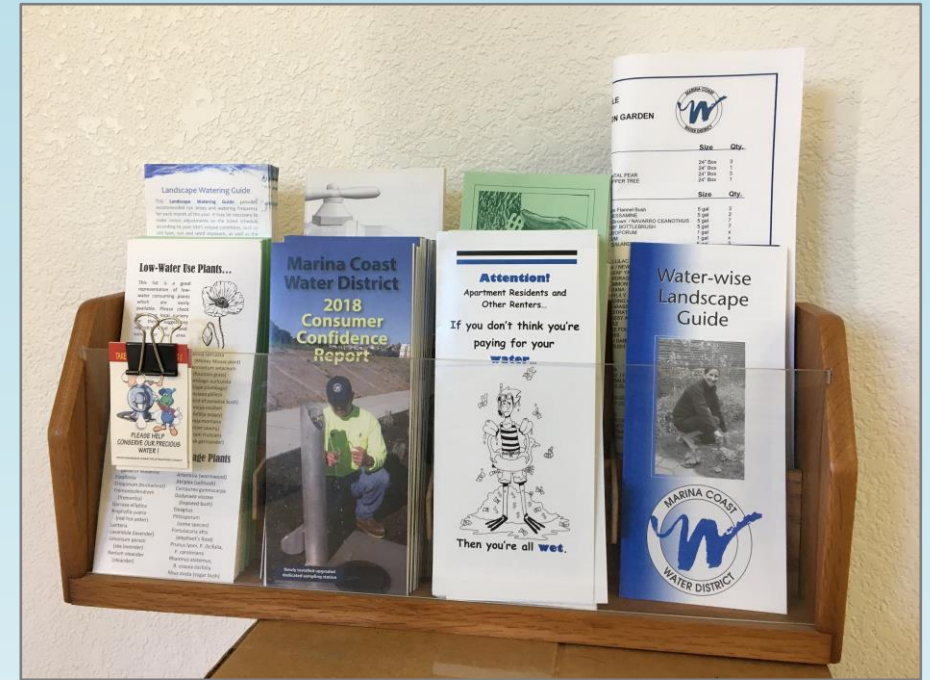
Laboratory analysis for upcoming FY-2021-2022:

- District will perform 520 distribution bacteriological samples
- 28 raw well source bacteriological samples
- General/Physical sampling at the District's wells and storage reservoirs
- PFAS sampling on well 29 to monitor for PFHxA and PFBS
 - New PFAS order likely to include new analytes that were not able to be tested previously because of technology.
- VOC sampling on the ORD wells to monitor for TCE, CT, Vinyl Chloride and other constituents.



Conservation

- Consultant budget reduced due to project specific scope removal (leak detection)
- Printing increased to afford more billing inserts
- Toilet Replacement Incentive program increased by \$26k based on increased demand projections
- Washing Machine Incentive increased \$4.5k based on increased demand projection
- Small adjustments to other incentive programs based on anticipated demand





Engineering

FY 2021-2022

Capital Improvement Program

The Engineering department plans, organizes and manages development and Capital Improvement Program projects for the replacement and expansion of water, wastewater and recycled water facilities.

Through the planning process, the department's strategy is to ensure additions and replacements meet District standards to ensure long-lasting infrastructure.

Annual Capital Improvement Projects are based on the 5-year CIP updated annually with the budget. Development project triggers are identified to allow the department time to construct required future capital improvements according to the pace of development and redevelopment.

Completed projects are added to the District's GASB 34 Financial Inventory and Geographic Information System for use in the Districts System Maps and CityWorks program.

Water Resources

Completion of the Monterey Sub-Basin Groundwater Sustainability Plan Efforts & Studies
(Grant funding)

GSP Implementation/Annual Reporting/Seawater Intrusion Monitoring & Regional Participation
(Grant funding)

Groundwater Monitoring/Induction Logging

Indirect Potable & Reuse Source Water Study & Scoping Efforts
(Future Grant Opportunity)

On-going consulting services through June



FY 2021/22 Budgeted Debt Service

Description	Principal	Interest	Total
2015 Refunding Revenue Bonds	\$1,090,000	\$1,162,600	\$2,252,600
2017 Holman Capital Loan (BLM Building)	\$97,217	\$140,171	\$237,388
2019 Revenue Certificates of Participation	\$325,000	\$679,700	\$1,004,700
Totals	\$1,512,217	\$1,982,471	\$3,494,688



FY 2021/22 Capital Equipment

Description	Marina Water	Marina Sewer	Ord Water	Ord Sewer	Totals
Network/Computer System	\$4,800	\$1,000	\$11,600	\$2,600	\$20,000
Vehicles	\$24,000	\$5,000	\$58,000	\$13,000	\$100,000
O&M Equipment	\$86,000	\$141,350	\$87,000	\$205,650	\$520,000
Totals	\$114,800	\$147,350	\$156,600	\$221,250	\$640,000



FY 2021-2022 Capital Improvement Program





STEPS OF A CAPITAL IMPROVEMENT PROJECT (CIP)

There are many administrative/planning/personnel/technical/legal/financial/social/political steps which require significant time to shepherd a CIP through from concept to completion:

DESIGN

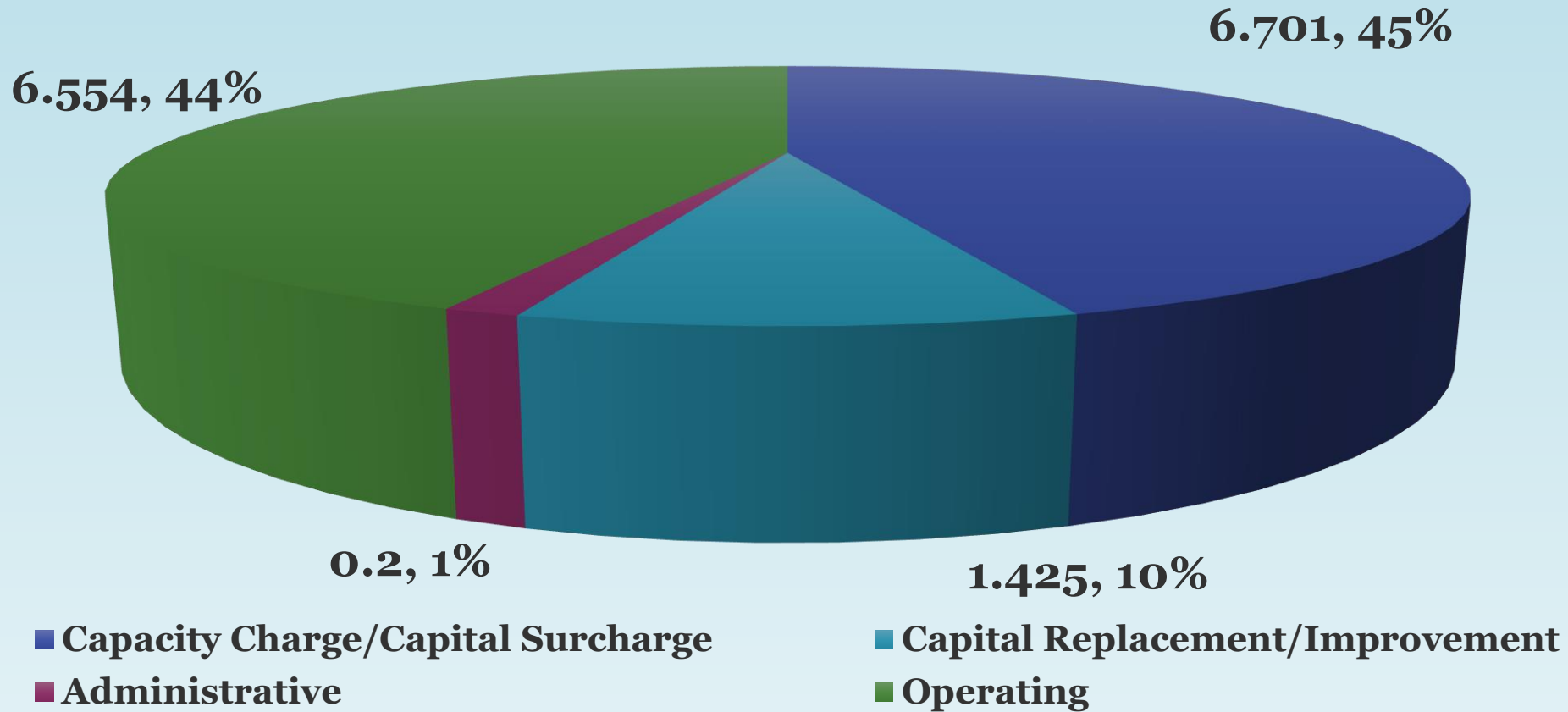
1. Develop project concept design and planning level cost estimate during Infrastructure Master Plan/Capital Improvement Program/Adopted Budget processes
2. Request for Proposals (RFP) for Environmental and Engineering consultant selection to prepare plans, specifications and estimate (PSE) necessary to solicit construction bids
3. Fee negotiations for engineering services
4. Board authorization to enter into a professional services agreement for design/CEQA/NEPA
5. Contract written and is approved by the Board
6. Consultant performs design for project; includes weekly or bi-weekly meetings with staff
7. Value Engineering sessions, operations staff presentations and peer reviews take place
8. Engineer/Planner determines CEQA/NEPA and issues NOI
9. Consultant provides plans, technical specifications and construction cost estimate bid package

CONSTRUCTION

1. District formally advertises an invitation for bids from contractors
2. Pre-bid conference and site visit for staff to describe project and answer questions from interested contractors
3. Contractors submit bids, bid bond and contractor's license information
4. Bid opening; bid tabulations and bid conformance determinations report prepared
5. Board presentation for approval
6. Contract is signed by contractor and District
7. Contractor submits proof of business license, insurance, performance & payment bond, schedule of values, Prevailing Wage and Apprenticeship docs
8. District issues a notice to proceed (NTP) which shows the start date and the date of contract completion of the project
9. Pre-construction conference to kick-off the project
10. Change orders are prepared for unforeseen issues if needed if require additional time or money
11. Board approves change order(s) for additional time and/or money (if over city manager's limit)
12. Weekly meetings with contractor to review past weeks work, 2-week outlook and change orders/schedule/action items
13. Process monthly pay requests once DIR compliance and quantities verified
14. Contractor completes project and submits Certificate of Completion, DIR records, Record Drawings, O&M Manuals, etc.
15. District performs final inspection and negotiates "punch list" with contractor.
16. District makes final payment and issues acceptance letter
17. 11 months later entire project is inspected for 1 year warranty

District Reserves

Estimated Balances *FY 2021/22*
(millions)



Thank You

