



SUSTAINING GROWTH

MARINA COAST WATER DISTRICT

FY 23/24 OPERATING & CAPITAL IMPROVEMENT BUDGET

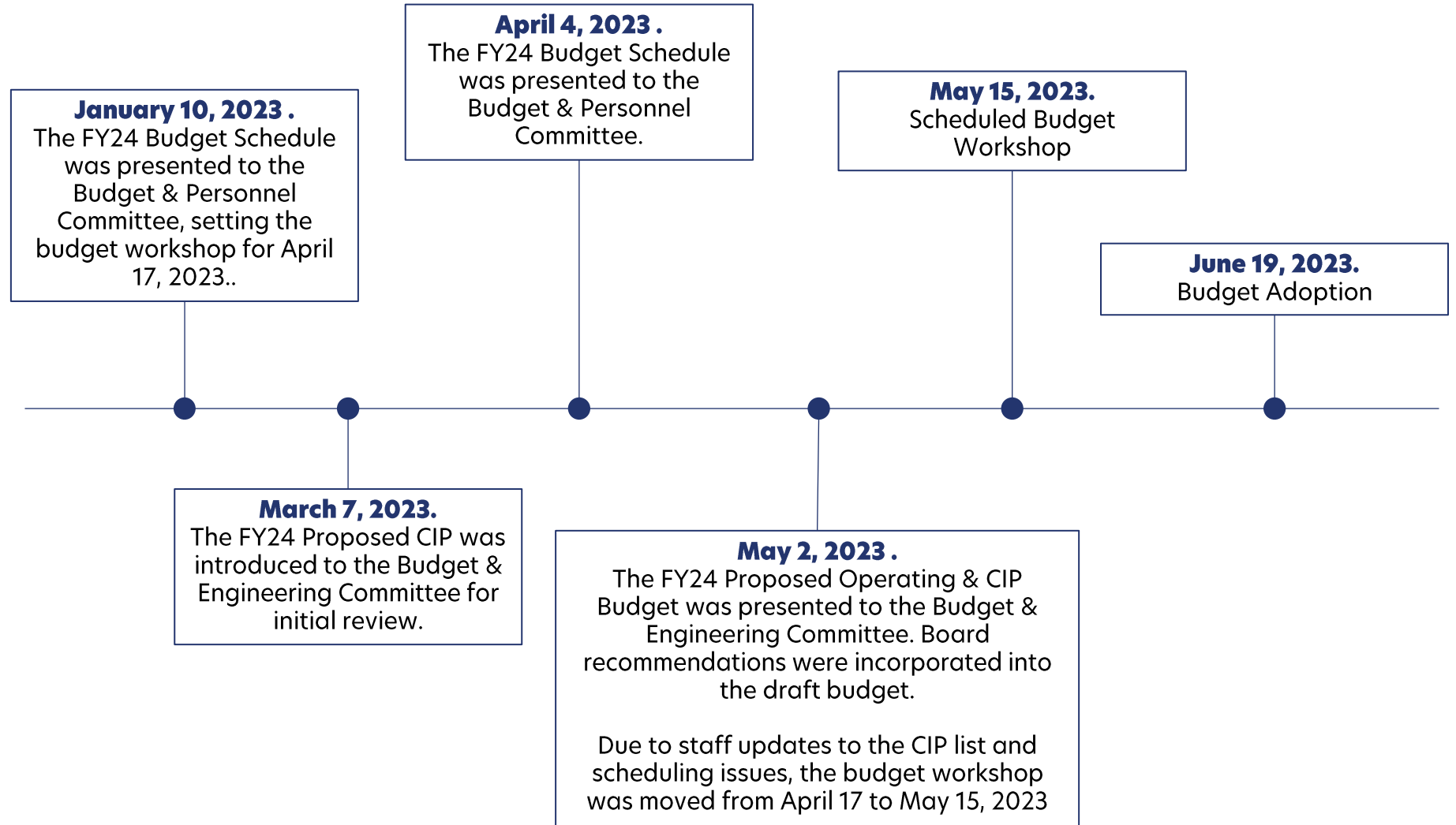


Overview

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- Budget Assumptions
- Budget Summary – District Wide
- Revenue & Other Sources
- Expenses & Other Uses
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- Reserves
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Timeline





Board Requested Action

- Receive the Proposed FY24 District Budget
- Provide direction to staff on the Proposed Budget in order to prepare the Final Budget Document



Budget Assumptions - Revenue

- Proposed revenue for Water and Wastewater Systems are based on the current customer accounts and project development activity, at the service rates approved by Board in January 2018
- Proposed revenue for the Recycled Water System is based on the 2022 rate study approved by the Board in March 2022
- MCWD Groundwater Sustainability Agency revenues are generated from its customers, currently the MCWD Marina & Ord Community water cost centers

	Marina	Ord
Growth Rate	No Growth Rate	3%
Water Increase	4%	4%
Sewer Increase	4%	3%
Recycled Water Increase	N/A	3.5%



Budget Assumptions - Revenue

The Proposed Developer Revenue & Capacity Fees are based on the expected development activity of the area.

Anticipated Developments for FY23/24	
ORD	Units
Enclave	40
Sea Haven	120
Lightfighter Village	71
Dunes Apartments	142
East Garrison Apartments (CHISPA)	70
Dunes Promenade	12
Dunes 2 West	68
Campus Town	40
Home2 Suites	105
Total	668
CENTRAL MARINA	Units
Abdy Way	18
Marina Station	35
ADUs	12
Total	65



Budget Assumptions - Expense

Current MOU's are set to expire on June 30, 2023. Historically, salaries were adjusted based on the February Consumer Price Index (CPI) per the MOU. The CPI for February 2023 is 5.3%

Year	CPI
February 2019	3.5%
February 2020	2.9%
February 2021	1.6%
February 2022	5.2%
February 2023	5.3%



Budget Assumptions - Expense

CALPERS Normal Retirement cost slightly increased from PY

- Classic Plan - up by 1.54% or \$4,800
- PEPRA Plan - up by 0.21% or \$250

CALPERS Unfunded Liability (UAL) decreased from PY

- Classic Plan - down by 5% or \$15,375
- PEPRA Plan - down by 55% or \$1,849

Healthcare cost down by 10% from PY

Dental, vision and other benefit rates remain constant



Budget Assumptions - Expense

- FY24 Proposed Budget includes one additional FTE - Engineering Technician.
- From 48 FTE's in FY23 to 49 FTE's in FY24
- FY24 Proposed Budget includes a transfer of \$3.6 from operating reserve to capital replacement reserve.
- This is a deviation from the District's past practice of funding the capital replacement reserve of \$600K annually



Budget Assumptions - Expense

Waiver of Section 6.08.070 of the District Code for FY2023-2024:

- Section 6.08.070 of the District Code provides that twenty-five percent of all monthly charges collected by the District, shall be used for long-term water supply projects, however, this requirement may be waived by the Board on an annual basis

	Marina Water	Ord Water
FY24 Proposed Monthly Charges	\$4,009,596	\$11,648,717
25%	\$1,002,399	\$2,912,179

Budget Summary - District Wide

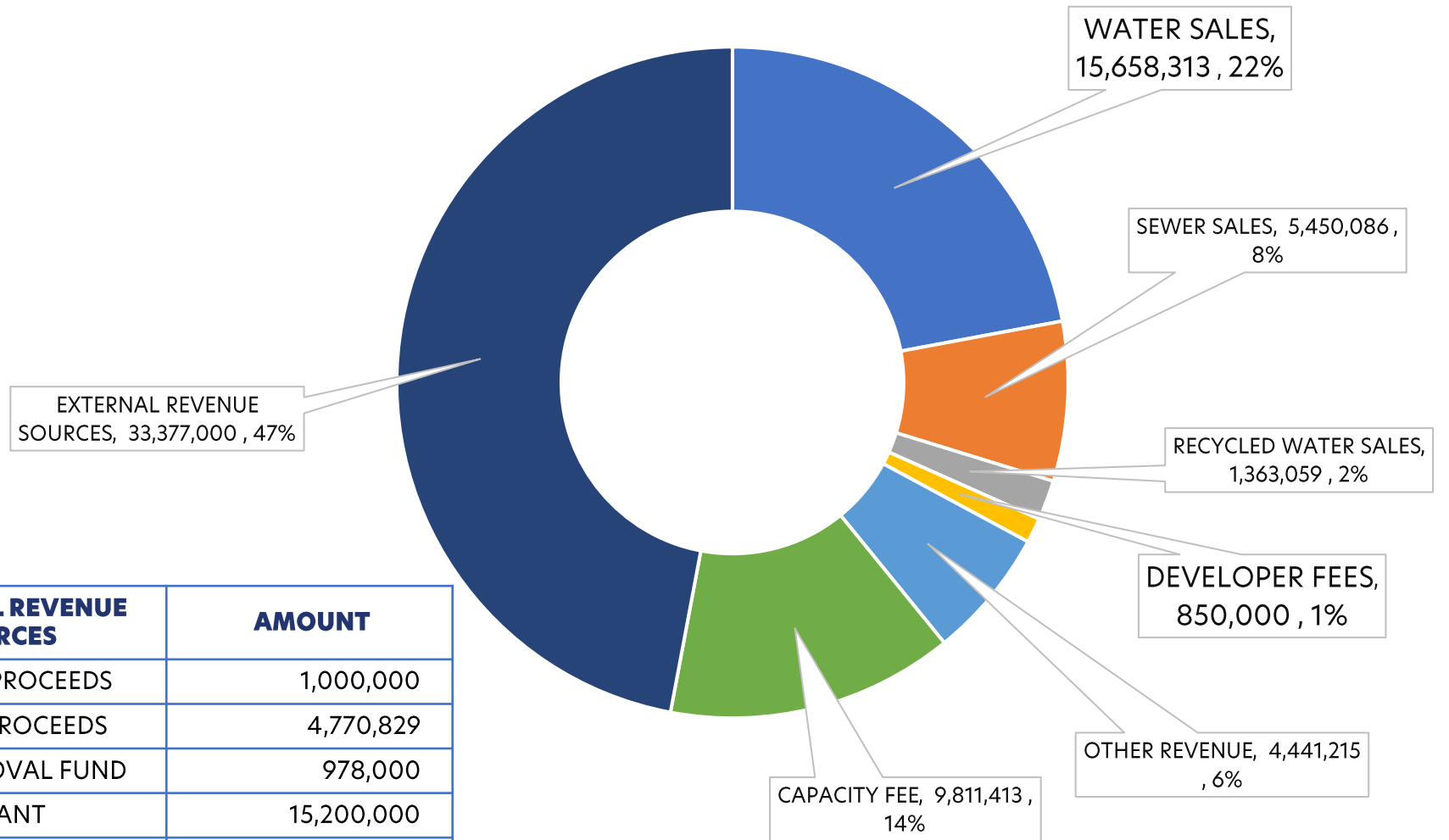
FY24 Proposed Budget Summary	Amount	% of Exp
Revenues	70,951,086	
Expenses:		
Salaries & Benefits	(9,234,764)	14%
Department Expense	(13,034,191)	20%
Other Expenses (Interest & Franchise Fees)	(2,045,702)	3%
Capital Improvement Projects	(38,369,000)	59%
Capital Equipment	(554,400)	1%
Principal Debt Service	(1,958,000)	3%
Total Expenses	(65,196,057)	100%
Net Revenue before Transfers	5,755,029	
Transfer to Capital Replacement Reserve	(3,640,000)	
Net Revenue	2,115,029	

Historical Budget Comparison

	FY22 ACTUALS	FY23 BUDGET	FY23 EST. ACT.	FY24 PROPOSED	BUD vs BUD % Change
Revenue	35,601,041	47,529,033	47,607,577	70,951,086	49%
Expenses:					
Salaries & Benefits	6,505,843	8,342,385	7,113,476	9,234,764	11%
Department Expense	8,944,800	12,452,246	8,709,937	13,034,191	5%
Other Expense (Interest & Franchise)	2,163,799	2,256,434	2,318,391	2,045,702	-9%
CIP	16,556,252	15,350,283	7,826,434	38,369,000	150%
Capital Equipment	212,971	1,396,000	689,084	554,400	-60%
Principal Debt Svc	1,512,217	1,749,963	7,622,387	1,958,000	12%
Total Expense	35,895,882	41,547,311	34,279,709	65,196,057	57%
Net Revenue/(Loss) before Transfers	(294,841)	5,981,722	13,327,868	5,755,029	-4%
Transfer to Capital Replacement Res	600,000	600,000	600,000	3,640,000	507%
Net Revenue/(Loss)	(894,841)	5,381,722	12,727,868	2,115,029	-61%



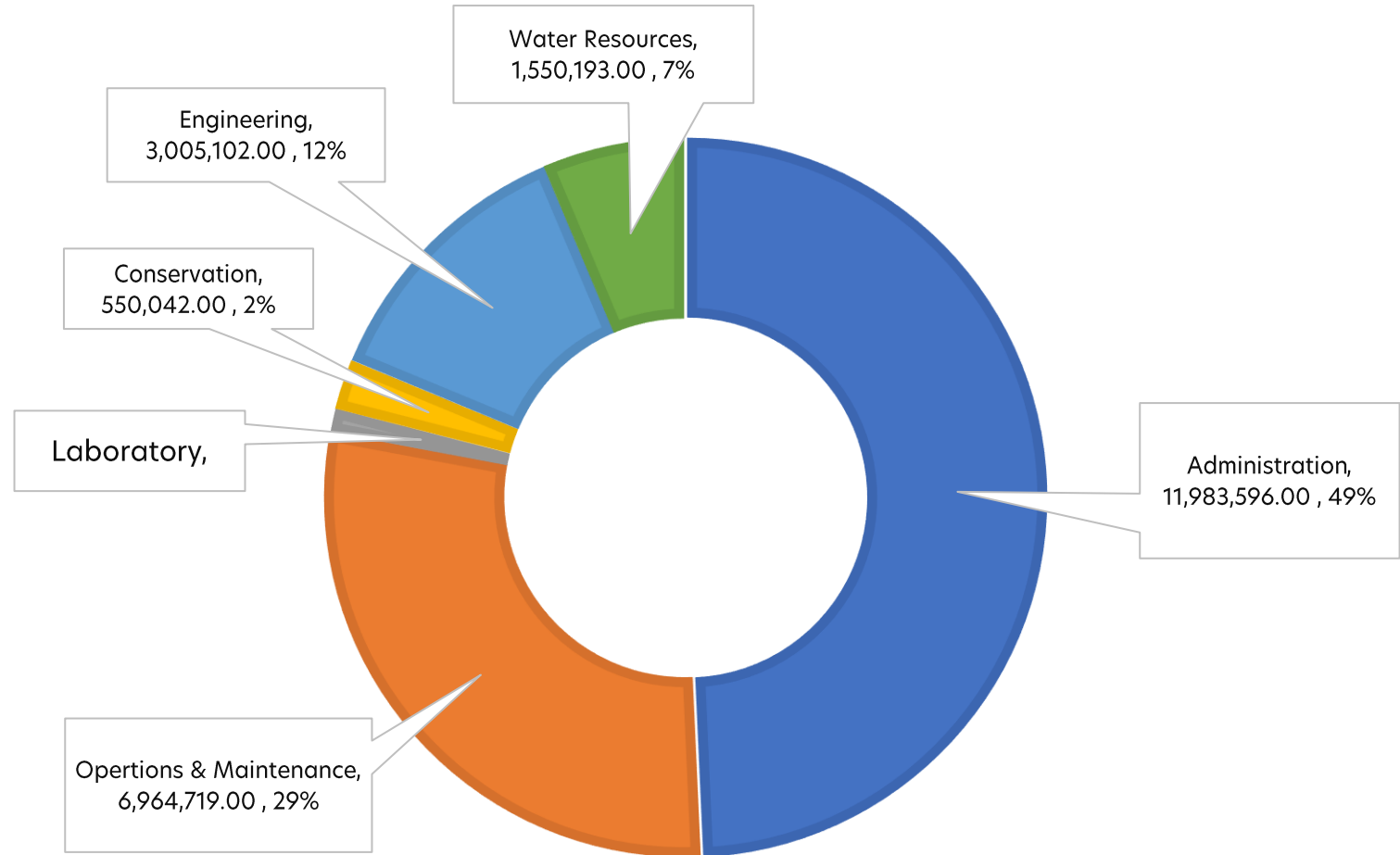
FY24 Revenue Breakdown by Source - \$70.9M



EXTERNAL REVENUE SOURCES	AMOUNT
SRF LOAN PROCEEDS	1,000,000
2019 COP PROCEEDS	4,770,829
BLDG REMOVAL FUND	978,000
FUTURE GRANT	15,200,000
FUTURE BOND	11,428,171
TOTAL	33,377,000



FY24 Expense Breakdown by Department - \$24.3M



FY24 Debt Service Obligations



Loan/Bond	Principal Payment
RUWAP - 110 Debt Service	249,500
RUWAP - 120 Debt Service	55,000
2017 BLM Installment Loan	108,889
2015 Refunding Revenue Bond	1,190,000
2019 COP Bond	355,000
Total Loan/Bond	1,958,389



FY24 Capital Equipment

Description	Amount
Vehicles	
Ford Ranger - ordered in FY23 but not received	46,500
Fleet Truck Replacement	200,000
O&M Equipment	
Safety Trailer	12,500
Tow Behind Arrowboard	8,500
Spare 300 HP Motor	40,000
4/1 Bucket Clam Bucket for Skid Steer	8,900
Electric Forklift	53,000
Shoring	10,000
Sewer CCTV Van Retrofit	175,000
Total Capital Equipment	554,400

FY24 PROPOSED CIP BUDGET BY FUNDING SOURCE - \$38.4M

Capital Replacement			
1	WD-2403	PLC Replacement Project	225,000
2	WD-2308.1	SCADA Improvements Project (Phase 1)	224,000
3	WD-2308.2	SCADA Improvements Project (Phase 2)	201,000
4	WD-2309	Water/Sewer Pipeline Renew/Replacement Program FY23/24	275,000
5	GW-2406	Fire Hydrant Replacement Program FY23/24	50,000
6	GW-2401	Inter-Garrison Rd pipeline upsizing Schoonover to East Garrison	200,000
7	GW-2402	Booster Pumping Station Improvements Program FY23/24 (E Booster Station)	150,000
8	GW-2405	Well Rehabilitation Program FY23/24 (Well 12)	225,000
9	OW-0306	D-Zone Booster Pump Replacemet	100,000
10	OW-0201	Gigling Road Water Pipeline Replacement	100,000
11	GS-2401	Lift Station Wetwell Lining Program (Lift Station #2)	100,000
12	GS-2402	Lift Station Improvements Program FY23/24 (Reservation Road Lift Station)	400,000
13	OS-0210	1st Avenue Gravity Main	350,000
14	OS-2305	Manhole Rehab and Lining Lightfighter 21 Manholes	150,000
Total - Capital Replacement			2,750,000



FY24 PROPOSED CIP BUDGET BY FUNDING SOURCE - \$38.4M

Capacity Fee			
1	WD-2404	Security and Access Improvements Project	300,000
2	GW-2403	RDP - Comprehensive Desal Improvements	100,000
3	GW-2404	RDP - Reservation Road Desal Plant Renovation	500,000
4	GW-0123	Zone B Tank 2	150,000
5	OW-0341	Coe Ave Water Pipeline Upsizing for Seaside Resort	350,000
6	OW-0340	Water Pipeline in Seaside Resort McClure Road to Coe	300,000
7	MS-2401	Tate Park Lift Station	550,000
8	OS-0348	Odor Control Program (Imjin Lift Station)	200,000
9	RW-2401	ATW Irrigation Connection at Armstrong Ranch	50,000
Total - Capacity Fee			2,500,000



FY24 PROPOSED CIP BUDGET BY FUNDING SOURCE - \$38.4M

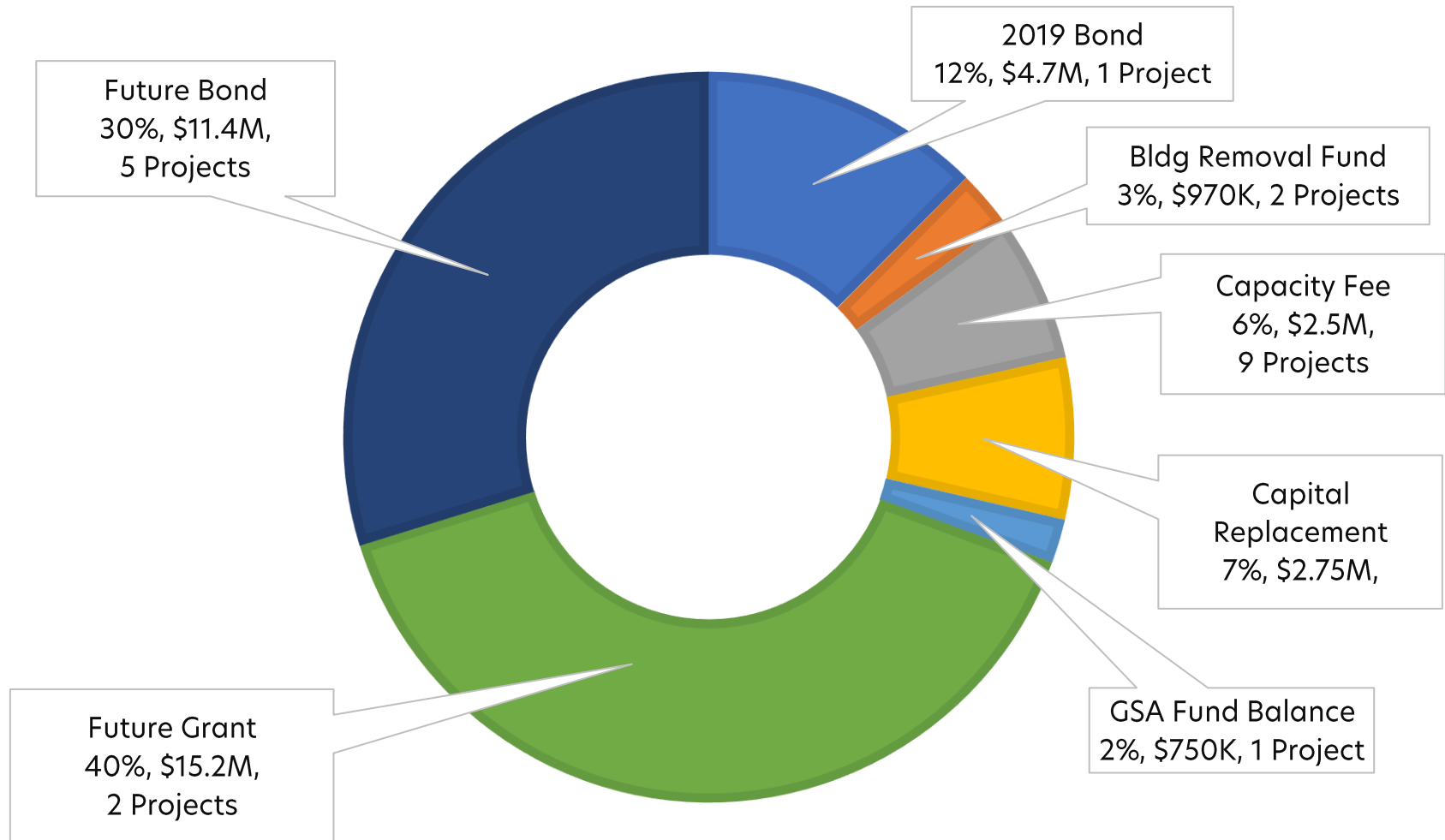
2019 Bond			
1	GW-0112	Zone A Tank and Improvements	4,770,829
	Total - 2019 Bond		4,770,829
Building Removal Fund			
1	OW-2401	Corp Yard Demo and Rehabilitation	500,000
2	OW-2402	Ord Wastewater Treatment Plant Blight Removal	470,000
	Total - Building Removal Fund		970,000
GSA Fund Balance			
1	GA-2402	Install Monitoring Wells	750,000
	Total -GSA Fund Balance		750,000



FY24 PROPOSED CIP BUDGET BY FUNDING SOURCE - \$38.4M

Future Bond			
1	WD-2401	IOP B Side Improvements Project	1,000,000
2	WD-2402	New Corp Yard	5,400,000
3	WD-2308.2	SCADA Improvements Project (Phase 2)	449,000
4	WD-2405	Solar Array	4,000,000
5	GW-0112	Zone A Tank and Improvements	579,171
Total - Future Bond			11,428,171
Future Grant			
1	GW-2310	Castroville Water Pipeline Intertie	7,800,000
2	GA-2401	Indirect Potable Reuse Program - Sand Tank	7,400,000
Total - Future Grant			15,200,000
Total FY24 Proposed CIP Budget			38,369,000

FY24 PROPOSED CIP BUDGET BY FUNDING SOURCE - \$38.4M





FY24 PROPOSED CIP BUDGET BY FUNDING SOURCE - \$38.4M

Pay Go Money	16%
GSA Fund Balance	750,000
Capacity Fee Reserve	2,500,000
Capital Replacement Reserve	2,750,000
Total Pay Go Money	6,000,000

Other Funding Source	84%
2019 Bond	4,770,829
Building Removal Fund	970,000
Future Bond	11,428,171
Future Grant	15,200,000
Total Other Funding Source	32,369,000

Reserves - Restricted



	Restricted Reserves	Per Policy
1	RUWAP Debt Service	Amount determined by Bond/Debt
2	Capital Reserve	Funds from contributions from other agencies for CIP or from unspent CIP funds; No min/max
3	Capacity Fee	Collected from developers to pay for new facilities; No min/max established

	Restricted Reserve	6/30/23	6/30/24	Target	Min	Max
1	RUWAP Debt Service	304,500	304,500	304,500	304,500	304,500
2	Capital Reserve	Not Funded	Not Funded	N/A	N/A	N/A
3	Capacity Fee	21,892,758	29,204,171	29,204,171	29,204,171	29,204,171
	Total Restricted	22,197,258	29,508,671	29,508,671	29,508,671	29,508,671

Reserves - Designated

	Designated Reserves	Per Policy
4	Capital Replacement	Set aside to replace capital when it reaches its useful life; Target level based on PY Acc. Dep. X 40% for Marina, x 20% for Ord
5	Admin & General Fund	Can be used for general & administrative overhead projects; Min - \$50K, Max - \$250K
6	Emergency Fund	Used to repair system after catastrophic event; Can be used for both operating & capital; Min - 0.5% of net capital assets, Max - 2% of net capital assets
7	Rate Stabilization Fund	To assist in smoothing rates to pay for D/S; Should serve as a buffer should rev. estimated not meet projections; can be drawn down to smooth rate increases; No min, max - 25% of annual debt
8	Operating Reserve	To be used for unanticipated operating expense; designed for current operations; Min-25% of operating exp, Max - 50% of operating expense

	Designated Reserve	6/30/23	6/30/24	Target	Min	Max
4	Capital Replacement	8,306,983	3,456,154	14,000,000	14,000,000	14,000,000
5	Admin & General Fund	200,000	200,000	200,000	50,000	250,000
6	Emergency Fund	Not Funded	Not Funded	2,894,171	1,157,668	4,630,674
7	Rate Stabilization Fund	Not Funded	Not Funded	N/A	N/A	413,500
8	Operating Reserve	9,687,749	7,232,976	10,060,293	6,706,862	13,413,723
	Total Designated	18,194,749	10,889,130	27,154,464	21,914,530	32,707,897





Next Steps

- Prepare updates to the Proposed Budget based on Board Discussion, if needed
- Present Updated Budget to the Board for Adoption on June 19, 2023



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