

Marina Coast Water District FY25 Proposed Budget

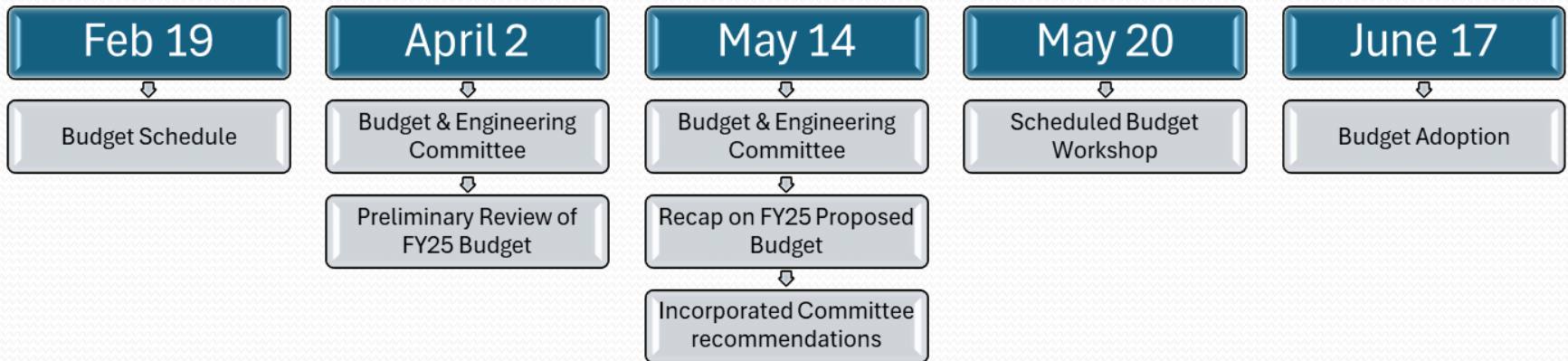


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Timeline



Difference In Assumptions – Proposed Budget vs Financial Plan

Rate Study Fiscal Plan (5-10 Yrs)	FY25 Proposed Budget
Base of Financial Plan is the FY23 Actual Numbers	Base of the FY25 Proposed Budget is the FY24 Budget
Escalation Factors are more general and spread through 5 years <ul style="list-style-type: none">• Interest Revenue – 0.75% (Historical return)• PG&E Costs – 10% increase	Escalation Factors used are those we anticipate for next fiscal year <ul style="list-style-type: none">• Interest Revenue – 3% to 4%• PG&E Costs – 32% increase
5 New Positions	No new positions budgeted

Revenue Budget Assumptions

- (1,2 & 3) Proposed revenue for Water, Sewer and Recycled Water are based on the 2024 Five-Year Rate Study

	Marina	Ord
Growth Rate	0.8%	5%
Water Increase	20%	10%
Sewer Increase	15%	4%
Recycled Water Increase	N/A	5%

- (5) Water Source Fees - MCWD Groundwater Sustainability Agency (GSA) revenues are generated from its customers – MCWD Marina & Ord Communities
 - MCWD GSA is charging \$300/AF and is indexed to increase annually by the Engineering News Record Construction Cost Index (ENR CCI)

Revenue Budget Assumptions

- (4 & 7) Developer Revenue & Capacity Fees – based on the expected activity in the area:

FY24 Anticipated Development

Ord	Units	Constructed	Did Not Start
Enclave	40	40	
Sea Haven	120	120	
Lightfighter Village	71		71
Dunes Apartments	142	96	46
East Garrison Apartments	70	70	
Dunes Promenade	12		12
Dunes 2 West	68		68
Campus Town	40		40
Home2 Suites	105	105	
Total	668	431	237
		65%	
Marina			
Abdy Way	18	18	35
Marina Station	35	12	
ADU's	12		
Total	65	30	35
		46%	

FY25 Anticipated Development

Ord	Units
Enclave 3	30
Sea Haven 4	100
Sea Haven Townhomes	24
Lightfighter Village	64
Dunes 1B Rooftops	97
Dunes 1B Commercial	6
Dunes 2 West	68
ADU's	15
Campus Town	12
Total	416

Revenue Budget Assumptions

- (8) Interest Revenue – expect interest rates to remain high but budgeting conservatively for FY25 at 3-4% interest rates
- (13) Grant Revenue – GSA Grant received for \$6.4M, \$2.6M of which is for MCWD GSA; District also applied for Water Smart Grant to fund our AMI Project

Revenue Budget Summary

	FY24 Budget	FY24 Est Actual	% FY24 Actual to Budget	FY25 Proposed Budget	% Change FY25 Bud to FY24 Bud
Revenues					
1 Water Sales	15,658,313.00	12,148,779.00	78%	15,363,500.00	-2%
2 Sewer Sales	5,450,086.00	4,807,520.00	88%	6,047,000.00	11%
3 Recycled Water Sales	1,363,059.00	1,406,022.00	103%	1,732,327.00	27%
4 Developer Revenue	850,000.00	911,566.00	107%	770,000.00	-9%
5 Water Source Fee	874,969.00	874,969.00	100%	1,073,659.00	23%
6 Other Fees and Charges	1,045,937.00	975,394.00	93%	990,000.00	-5%
7 Capacity Fee/Capital Surcharge	9,811,413.00	3,912,222.00	40%	4,631,000.00	-53%
8 Interest Revenue	870,210.00	1,292,923.00	149%	930,400.00	7%
9 Other Revenue	650,099.00	940,090.00	145%	939,234.00	44%
10 SRF Loan Proceeds	1,000,000.00	1,211,544.00	121%		-100%
11 2019 COP Proceeds	4,770,829.00	4,770,829.00	100%		-100%
12 Bldg Removal Fund	978,000.00		0%	916,000.00	-6%
13 Future Grant	16,200,000.00	484,007.00	3%	17,787,000.00	10%
14 FY25 Bond Proceeds (\$20M)	11,428,171.00		0%	7,398,000.00	-35%
Total Revenue	70,951,086.00	33,735,865.00	48%	58,578,120.00	-17%

Although FY24 Actual to Budget shows 48% collected, \$28.6M (#12-14) of the budgeted revenue is due to future grants and bond that the District did not pursue. Less that amount, % collected would be 80%

Expense Budget Assumptions – Salaries & Benefits

- FY25 Cola – 10% per MOU
- Calpers Normal Cost slight increase
 - Classic Plan – up by 0.47%
 - PEPRA Plan – up by 2.47%
- Calpers Unfunded Liability (UAL)
 - Classic Plan - \$389,710 payment, up by 24% (\$313,235 PY)
 - PEPRA Plan - \$5,618 payment, up by 267% (\$1,529 PY)
- Healthcare costs up by 12% (PY down by 10%)
- Dental, vision rates remain constant
- FY25 Proposed Budget – no increase in FTE's

Expense Budget Assumptions – Department Expense

Department Expense	23/24 Budget (\$)	23/24 Est Actuals (\$)	24/25 Proposed (\$)	Bud vs Bud % Change
Administration	8,911,887	9,849,822	9,504,747	7%
Operations & Maintenance	3,175,130	2,676,699	3,312,172	4%
Laboratory	101,424	88,380	103,650	2%
Conservation	232,250	155,066	239,500	3%
Engineering	1,716,651	1,294,566	1,972,293	15%
Water Resources	988,000	583,369	2,043,800	107%
Total Department Expense	15,125,342	14,647,902	17,176,162	14%

Key Changes

- Admin Department
 - Increase in insurance cost by 68%
 - Paying for modular rental for Ord office \$94K (not budgeted in FY24)
 - Increase in legal fees
 - Savings of \$140K in bank and admin fees due
- Operations & Maintenance
 - Increase in PG&E Costs by 32%
 - Eliminated emergency repair line item (FY24 - \$400K)
- Water Resources
 - Budget includes \$1M in GSA Grant already awarded

Expense Budget Summary

Expenses	23/24 Budget (\$)	23/24 Est Actuals (\$)	24/25 Proposed (\$)	Bud vs Bud % Change
15 Salaries & Benefits	9,234,764	7,577,952	10,085,056	9%
16 Department Expense	13,034,193	12,569,852	15,211,474	17%
17 Interest Expense	2,041,150	2,024,909	1,964,688	-4%
18 Franchise & Admin Fees	50,000	53,141	-	-100%
19 Capital Improvement Projects	38,369,000	6,256,406	38,864,000	1%
20 Capital Equipment	554,400	507,900	812,594	47%
21 Principal Debt Service	1,937,500	1,948,892	1,999,470	3%
22 Transfer To Capital Replacement Reserve	3,640,000	3,640,000	1,820,000	-50%
23 Transfer To/ (From) Reserves, Net	2,090,079	(843,187)	(12,179,162)	-683%
Total Expenses	70,951,086	33,735,865	58,578,120	-17%

Other Expenses

- Debt Service Principal Payments - \$2M per our debt service schedules
- Capital Equipment

Equipment	Total
Brush Hog attachment for skid steer	12,000.00
New Loader	165,000.00
250K in vehicles	200,000.00
Rollover of F-250 not delivered in FY24	76,594.00
Mag Meter for F Booster	10,000.00
Mag Meter for Marina Booster	10,000.00
Shoring	50,000.00
Temporary MCC for Sewer Lift Stations	45,000.00
Alarm System (3 Blds)	100,000.00
SCADA Room Mini Split AC system	15,000.00
Trailer for Skid Steer	20,000.00
VFD/Soft Start Well 30	50,000.00
VFD/Soft Start Well 31	59,000.00
Total	812,594.00

Capital Improvement Project

- FY25 Capital Improvement Budget - \$38,864,000
- Summary by Funding Source

Funding Source	FY25 CIP Budget
Capacity Fee	10,894,000
Capital Replacement	2,594,000
Building Removal Fund	916,000
2024 Bond (\$20M)	7,398,000
Future Grant	16,461,000
GSA Fund Balance	601,000
Total	38,864,000

Reserves – FY2024

FY24 Estimated Reserve Balance			
Capacity Fee Reserves			
Beginning Balance 6/30/23	16,404,277.00		
Transfers for D/S Pmt & Buy In Portion	(716,043.00)	}	916,819.00
FY24 Revenue - Capacity Fee/Cap Surcharge	3,912,222.00		
FY24 CIP - Capacity Fee Funded	(2,279,360.00)		
Projected Ending Balance 6/30/24	17,321,096.00		
Capital Replacement Reserve			
Beginning Balance 6/30/23	3,415,651.00		
Transfer from Operations	3,640,000.00	}	1,992,023.00
FY24 CIP & Capital Equipment	(1,647,977.00)		
Projected Ending Balance 6/30/24	5,407,674.00		
Operating Reserve			
Beginning Balance 6/30/23	11,751,003.00		
FY24 Operating Revenue	24,737,494.00	}	538,035.00
FY24 Operating Expense	(22,760,854.00)		
FY24 Debt Service	(1,380,200.00)		
FY24 CIP	(58,405.00)	}	w/ transfer
Transfer to fund Capital Replacement	(3,640,000.00)		
Projected Ending Balance 6/30/24	8,649,038.00		(3,101,965.00)

Reserves – FY2025

FY25 Estimated Reserve Balances			
Capacity Fee Reserves			
Beginning Balance 6/30/24	17,321,096.00		
Transfers for D/S Pmt & Buy In Portion	(3,259,291.00)	}	(9,522,291.00)
FY25 Revenue - Capacity Fee/Cap Surcharge	4,631,000.00		
FY25 CIP - Capacity Fee Funded	(10,894,000.00)		
Projected Ending Balance 6/30/25	7,798,805.00		
Capital Replacement Reserve			
Beginning Balance 6/30/24	5,407,674.00		
Transfer from Operations	1,820,000.00	}	(2,502,594.00)
FY24 CIP & Capital Equipment	(4,322,594.00)		
Projected Ending Balance 6/30/25	2,905,080.00		
Operating Reserve			
Beginning Balance 6/30/24	8,649,038.00		
FY25 Operating Revenue	28,872,420.00	}	(516,543.00) w/o transfer
FY25 Operating Expense	(27,072,723.00)		
FY25 Debt Service	(1,715,240.00)		
FY25 CIP	(601,000.00)	}	w/ transfer } 450,055.00
Transfers	966,598.00		
Projected Ending Balance 6/30/25	9,099,093.00		

Long Term Water Supply

- Staff recommends the waiver of Section 6.08.070 of the District Code
 - Section provides that 25% of all fixed 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

Thank You



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