



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: WRAG 24-070**

April 30, 2024

**Introduced:** 4/16/2024

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** WR General Agenda

- a. Set and hold a public hearing at 10:30 a.m. on May 29, 2024 to consider approving and adopting Fiscal Year (FY) 2024-25 rates with a cost-of-living adjustment (COLA) increase of 2.4% for Zones 2B, 2Y and 2Z assessments and the water service charge assessment; and
- b. Set and hold a public hearing at 10:30 a.m. on May 29, 2024 to consider approving and adopting the Fiscal Year (FY) 2024-25 Zone 2B water delivery charge of \$45.24 per acre-foot of water delivered for Zone 2B for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Plant (SVRP); and
- c. Direct the Clerk of the Board of Supervisors to publish a hearing notice once a week for two consecutive weeks prior to the date set for the hearing.

### RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Supervisors:

- a. Set and hold a public hearing at 10:30 a.m. on May 29, 2024 to consider approving and adopting Fiscal Year (FY) 2024-25 rates with a cost-of-living adjustment (COLA) increase of 2.4% for Zones 2B, 2Y and 2Z assessments and the water service charge assessment; and
- b. Set and hold a public hearing at 10:30 a.m. on May 29, 2024 to consider approving and adopting the Fiscal Year (FY) 2024-25 Zone 2B water delivery charge of \$45.24 per acre-foot of water delivered for Zone 2B for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Plant (SVRP); and
- c. Direct the Clerk of the Board of Supervisors to publish a hearing notice once a week for two consecutive weeks prior to the date set for the hearing.

### SUMMARY/DISCUSSION:

#### Zones 2B, 2Y, 2Z, and Water Service Charge Assessments

Zones 2B, 2Y, and 2Z special assessments were established to provide revenue to construct, operate and maintain the CSIP and the SVRP, which includes debt service for the municipal bonds, a State Revolving Fund loan, and a Small Reclamation Projects loan from the U.S. Bureau of Reclamation that funded the construction of the projects. The operation of the CSIP and SVRP assists in the reduction of seawater intrusion in the groundwater aquifers in the Salinas Valley by providing an alternative source of irrigation water in the form of recycled water. The project is designed to reduce the reliance on groundwater pumping in the northern portion of the Salinas Valley.

The MCWRA Agency Act (California Water Code, Appendix § 52) and Ordinances Nos. 3635 and

3636 require the adoption of annual resolutions by the MCWRA Board of Supervisors to continue the assessments for the CSIP and SVRP. MCWRA Resolution 10-188 established the water service charge special assessment to support operations and maintenance of the Salinas River Diversion Facility (SRDF).

Ordinance Nos. 3635 and 3636, and Resolution 10-188 stipulate the assessment rates be increased annually as a cost-of-living adjustment (COLA) by the Consumer Price Index (CPI) of the San Francisco Bay Area measured from March 1 of each year to March 1 of the next year. The CPI % measured from March 1, 2023 thru March 1, 2024 is 2.4%. The MCWRA requests a 2.4% COLA in FY2024-25, to assessment charges of Zone 2B (operations and maintenance of CSIP and SVRP), Zone 2Y (operations and maintenance of CSIP), Zone 2Z (operations and maintenance of the SVRP), and the water service charge assessment of Zone 2B (operations and maintenance of SRDF).

#### Water Delivery Charge

The MCWRA Agency Act and Ordinance No. 3789 require a public hearing by the MCWRA Board of Directors to consider a recommendation on a proposed water delivery charge of a new fiscal year. The water delivery charge is established by Ordinance No. 3789 and is a fee charged to water users within Zone 2B for water delivered. MCWRA Ordinance No. 3798 and Resolution 00-172 establish there is no limit on the increase that can be applied to the water delivery charge, so long as revenues do not exceed the reasonable cost of providing recycled water, including payment of debt. The MCWRA Board of Director held a public hearing on April 15, 2024 and made a recommendation that the MCWRA Board of Supervisors approve and adopt \$45.24 per acre-feet water delivered for FY 2024-25 water delivery charge of Zone 2B.

The requested water delivery charge of Zone 2B of \$45.24 per acre-feet of water delivered is an increase of \$8.00 per acre-feet from \$37.24 acre-feet in FY 2023-24. Utility and chemical costs of CSIP and SVRP operations has average annual increase of 17% and 33%, respectively since FY 2019. The amount requested for the FY25 budget accounts for an increase of 24% for utilities and an increase of 35% for chemicals needed for the operations. The requested water delivery charge of \$45.24 is to pay for increased chemicals and utility costs only, while still using Fund Balances to cover funding gap of CSIP and SVRP operations in FY 25.

It is requested that the Water Resources Agency Board of Supervisors set and hold a public hearing at 10:30 a.m. on May 29, 2024 to consider approving and adopting the rates as set forth in the Notice of Public Hearing relating to rate changes of Zones 2B, 2Y and 2Z assessments, the water delivery charge, and water service charge/fee of Zone 2B in Fiscal Year 2024-25, all identified in the Public Notice. Notices will be published once a week for two consecutive weeks prior to the date set for this hearing.

#### OTHER AGENCY INVOLVEMENT:

The MCWRA Board of Directors held a public hearing on April 15, 2024 regarding above and recommended the MCWRA Board of Supervisors approve the rate changes.

#### FINANCING:

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Financial Impacts of the requested 2.4% COLA increase in FY2024-25 to Zone 2B, Zone 2Y, Zone 2Z and requested increases to the water delivery charge and water service charge as follows:

- Zone 2B : \$4,321,601 (77% to fund CSIP and 23% to fund SVRP)
- Zone 2Y : \$1,400,027 to fund CSIP
- Zone 2Z : \$3,996,119 to fund SVRP
- Water Delivery Charge: \$224,800 to fund CSIP & \$680,000 to fund SVRP
- Water Service Charge : \$1,724,826 to fund SRDF

Agency's Fiscal Year 2024-25 Recommended Budgets is as follows:

Fund 131 CSIP:

Expenditure \$7,133,033; Revenue \$6,163,072; and Use to Fund Balances \$969,961


Fund 132 SVRP:

Expenditure \$6,187,071; Revenue \$5,726,571; and Use of Fund Balances \$460,500

Fund 134 SRDF:

Expenditure \$3,717,282; Revenue \$3,595,965; and Use of Fund Balances \$121,317

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Attachments:

1. Summary - Fiscal Year 2024-25 Assessment charges
2. Notice of Public Hearing