



Board Report

File #: WRAG 24-074, **Version:** 1

- a. Hold a public hearing to consider approving and adopting Fiscal Year (FY) 2024-25 assessment charges with cost-of-living adjustment (COLA) increase of 2.4% for Zone 2C Administration and Operations and Maintenance of Nacimiento and San Antonio Dams; and
- b. Adopt a resolution approving the FY 2024-25 COLA increase of 2.4% to assessment charges of Zone 2C Administration and Operations and Maintenance of Nacimiento and San Antonio Dams.

RECOMMENDATION:

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

- a. Hold a public hearing to consider approving and adopting Fiscal Year (FY) 2024-25 assessment charges with cost-of-living adjustment (COLA) increase of 2.4% for Zone 2C Administration and Operations and Maintenance of Nacimiento and San Antonio Dams; and
- b. Adopt a resolution approving the FY 2024-25 COLA increase of 2.4% to assessment charges of Zone 2C Administration and Operations and Maintenance of Nacimiento and San Antonio Dams.

SUMMARY/DISCUSSION:

Monterey County Water Resources Agency (MCWRA) Ordinance No. 4203 (Ordinance) governs Zone 2C assessments which the electorate of the Agency's Zone 2C approved for the Salinas Valley Water Project (SVWP) to fund certain operations and maintenance at Nacimiento Dam and San Antonio Dam. The Ordinance stipulates the SVWP assessments be subjective to COLA increases based on the February Consumer Price Index (CPI) of the San Francisco, Oakland and San Jose urban area.

The Ordinance states that the target of ending/beginning fund balances for SVWP operation and maintenance expenses be approximately 50% of the total estimated SVWP operation and maintenance expenses for the succeeding fiscal year, and if the ending fund balance for SVWP operation and maintenance expenses for the previous fiscal year is less than or equal to 50% of the total estimated SVWP operation and maintenance expenses for the succeeding fiscal year, then the Board shall increase the Operation & Maintenance and the Administrative components of the SVWP assessments by the CPI.

MCWRA requests, as the COLA increase in FY 2024-25, to adopt the CPI of 2.4% increase to assessment charges of Zone 2C Operations and Maintenance (O&M) component and Administration component for FY 2024-25. The attached Summary Chart details the assessment rates of FY 2024-25 with 2.4% COLA increase from FY 2023-24.

It is requested that the Water Resources Board of Supervisors approve and adopt assessment rates as set forth in the Notice of Public Hearing relating to Zone 2C for FY 2024-25, all identified in the Public Notice. Notices of the public hearing have been published for two consecutive weeks in the Monterey County Weekly on May 9, 2024 and May 16, 2024.

OTHER AGENCY INVOLVEMENT:

At the April 15, 2024 meeting, the Monterey County Water Resources Agency Board of Directors recommended that the Monterey County Water Resources Agency Board of Supervisors approve and adopt a

FY 2024-25 COLA increase of 2.4% to assessments of Zone 2C.

FINANCING:

The MCWRA FY 2024-25 Recommended Budget includes total appropriations of \$15,877,607 and total revenue of \$12,984,201 of Fund 116 Dam Operations. Its revenue includes estimated amount of \$4,485,633 assessments collected from Zone 2C. The Recommended Budget estimates use of \$2,893,406 from Fund 116 fund balances to cover funding gap in FY 2024-25.

Financial Impacts of the requested 2.4% COLA increase in FY 2024-25 to Zone 2C is estimated as follows:

Assessment revenue of Zone 2C O&M and Admin components: \$4,485,633

Assessment revenue of Zone 2C Spillway and Diversion facility component: \$1,145,102.

The COLA increase will not apply to assessment charges of Zone 2C Spillway and Diversion facility components.

Prepared by: Nan Kyung Kim, Finance Manager III (831) 755-4860

Approved by: _____
Ara Azhderian, General Manager (831) 755-4860

Attachments:

1. Summary - Fiscal Year 2024-25 Assessment charges
2. FY25 WRA Zone 2C Assessments PPT
3. Board Resolution