



County of Monterey

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

Board Report

File #: WRAG 24-075, **Version:** 1

- a. Hold a public hearing 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. Adopt a resolution approving the FY 2024-25 COLA increase of 2.4% to assessments of Zones 2B, 2Y and 2Z for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP), to the water delivery charge for the CSIP and SVRP, and water service charge of Zone 2B for the Salinas River Diversion Facility (SRDF); and
- c. Adopt a resolution approving the FY 2024-25 Zone 2B water delivery charge of \$45.24 per acre-foot of water delivered.

RECOMMENDATION:

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

- a. Hold a public hearing 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. Adopt a resolution approving the FY 2024-25 COLA increase of 2.4% to assessments of Zones 2B, 2Y and 2Z for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP), to the water delivery charge for the CSIP and SVRP, and water service charge of Zone 2B for the Salinas River Diversion Facility (SRDF); and
- c. Adopt a resolution approving the FY 2024-25 Zone 2B water delivery charge of \$45.24 per acre-foot of water delivered.

SUMMARY/DISCUSSION:

Zones 2B, 2Y, and 2Z were established to provide revenue to construct, operate and maintain the CSIP, SVRP and SRDF, which includes debt service for the municipal bonds, and two Small Reclamation Projects loans 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. This will 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).

The MCWRA requests that FY2024-25 water delivery charges of Zone 2B be set at \$45.24 per acre-foot of water delivered, which is an increase of \$8.00 from \$37.24 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.

Revenues from the special assessments of Zones 2B, 2Y and 2Z and the water delivery and the service charges of Zone 2B are assigned to Fund 131 for CSIP Project, Fund 132 for SVRP Project and Fund 134 for SRDF operations.

It is requested that the Water Resources Board of Supervisors approve and adopt the assessment rates as set forth in the Notice of Public Hearing relating to rate changes of Zone 2B, 2Y and 2Z, Zone 2B's water delivery charge and water service charges in Fiscal Year 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:

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.

The MCWRA Board of Directors recommended approval of the 2.4% COLA increase to the rates and charges of Zone 2B, 2Y and 2Z and the adoption of \$45.24 per acre-foot of water delivered for the FY2024-25 Zone 2B water delivery charge.

FINANCING:

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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Approved by: _____
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Attachments:

1. Summary - Fiscal Year 2024-2025 Assessment charges
2. Executed MCWRA Board of Directors Board Order
3. FY25 WRA Zone 2BYZ & Water Delivery/Service Charges PPT
4. Resolution