County of Monterey

Board Report

Legistar File Number: WRAFIN 25-035

Item No.

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

April 04, 2025

Introduced: 3/28/2025
Version: 1

Current Status: Agenda Ready
Matter Type: WRA FInance Item

Consider recommending that the Monterey County Water Resources Agency Board of Directors recommend the Monterey County Water Resources Agency Board of Supervisors approve the Monterey County Water Resources Agency Fiscal Year (FY) 2025-26 Recommended Budget.

RECOMMENDATION:
It is recommended that the Finance Committee:

Consider recommending that the Monterey County Water Resources Agency Board of Directors recommend the Monterey County Water Resources Agency Board of Supervisors approve the Monterey County Water Resources Agency Fiscal Year (FY) 2025-26 Recommended Budget.

SUMMARY/DISCUSSION:
The Monterey County Water Resources Agency (Agency) FY 2025-2026 (FY26) Recommended Budget totals $43,485,541 in expenses and $39,235,673 in revenue. It represents an 11% decrease in expenditures and a 7% decrease in revenue compared to the Adopted Budget for Fiscal Year 2024-25 (FY25).

The FY26 Budget allocates $8.59 million for salaries and benefits, accounting for 20% of the total budget. Although the Agency is authorized for 57 full-time equivalent (FTE) positions, the budget provides funding for 44 FTE positions, leaving 13 FTE positions unfunded, resulting in salary savings of $2.45 million.

The total budgeted amount for consultant services is $20,082,704, marking a $5.11 million (20%) decrease from the FY25 Adopted Budget. The Monterey One Water contract amount increases by 2% to $9,357,370, while grant-funded consultant costs decrease by 42% to $5.25 million, and other consultant expenses decrease by 22% to $5.48 million.

The Recommended Budget does not allocate $105,000 from Fund 116 fund balance to Fund 116 Dam Operations' capital project reserve, limiting use of Fund 116 fund balance.
The FY26 Recommended Budget estimates total revenue at $39.24 million, a 7% decrease from the FY25 Adopted Budget revenue of $42.15 million. Ad-Valorem tax revenue in FY26 is estimated at $3.56 million and total assessment revenue is budgeted at $17.78 million, adopting 2.7% cost-of-living adjustment (COLA) increase to FY25's assessment charges and the Water Services Charge. The Agency recommends that the Water Delivery Fee in FY26 be $85.24 per acre-foot of water delivered. Estimated combined revenue from Water Delivery Fee and Water Services Charge is

$3.30 million.
Grant revenue is estimated at $6.16 million from sources such as the Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA) subgrant, the Nacimiento Project with the California Department of Water Resources (DWR), the SB 104 Dam Safety Project with DWR, Section 6 HCP grants with the California Department of Fish and Wildlife (CDFW), the Integrated Regional Water Management (IRWM) grant with DWR, and the Prop 1 Well Destruction grant. IRWM, HCP, and Prop 1 Well Destruction grants will conclude in FY26. The budget also includes $900,000 in federal assistance for the Castroville Seawater Intrusion Project and revenue from two grants awarded in FY25.
FY26 marks the first year of the Groundwater Monitoring Program (GMP) Fee, authorized by Agency Ordinance 5426. The Recommended Budget includes $800,000 of the GMP Fee in Fund 111. It also accounts for $700,000 in revenue transfers from Fund 130 to Fund 116 to cover regulatory costs and $252,500 in transfers from the County's Public Works Department for tide-gate construction in Fund 127 Moro Cojo. Additionally, FY26's total debt service fund transfer is $3.41 million, hydroelectric revenue is estimated at $1.1 million, and payments from San Luis Obispo County are estimated at $0.75 million.

The FY26 Recommended Budget reflects use of $4.25 million of fund balances of fund balances and achieve a structurally balanced budget.

OTHER AGENCY INVOLVEMENT:
Staff worked with Monterey One Water for Fund 131 CSIP Operations, Fund 132 SVRP Operations, and Fund 134 SRDF Operations. The Monterey County Water Resources Agency Board of Directors reviewed the Budget at the budget workshop on March 17, 2025.

FINANCING:
The Water Resources Agency FY26 Recommended Budget represents a statutorily balanced budget and meets all requirements for adoption.

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Attachments:
1. MCWRA FY2025-26 Recommended Budget Book
2. Resolution