



County of Monterey

Item No.

Board Report

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

Legistar File Number: WRAG 26-140

May 18, 2026

Introduced: 4/23/2026

Current Status: Draft

Version: 1

Matter Type: WR General Agenda

Hold a public hearing to

- a. Consider approving and adopting Fiscal Year 2026-27 (FY27) rates with a cost-of-living adjustment (COLA) increase of 2.5% for Zones 2B, 2Y and 2Z assessments, and Water Delivery Charge and Water Service Charge in FY27; and
- b. Consider adopting a resolution to:
 1. Approve the FY27 COLA increase of 2.5% to assessments of Zones 2B, 2Y and 2Z for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP);
 2. Approve the FY27 Zone 2B Water Delivery charge of \$100.24 per acre-foot of water delivered for CSIP and SVRP; and
 3. Approve the FY27 Zone 2B Water Service Charge of \$113.57 per acre-foot of water delivered for the Salinas River Diversion Facility (SRDF).

RECOMMENDATION:

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

Hold a public hearing to

- a. Consider approving and adopting Fiscal Year 2026-27 (FY27) rates with a cost-of-living adjustment (COLA) increase of 2.5% for Zones 2B, 2Y and 2Z assessments, and Water Delivery Charge and Water Service Charge in FY27; and
- b. Consider adopting a resolution to:
 1. Approve the FY27 COLA increase of 2.5% to assessments of Zones 2B, 2Y and 2Z for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP);
 2. Approve the FY27 Zone 2B Water Delivery charge of \$100.24 per acre-foot of water delivered for CSIP and SVRP; and
 3. Approve the FY27 Zone 2B Water Service Charge of \$113.57 per acre-foot of water delivered for the Salinas River Diversion Facility (SRDF).

SUMMARY/DISCUSSION:

Zones 2B, 2Y, and 2Z were established to provide revenue to construct, operate, and maintain the CSIP, SVRP, and SRDF. These zones support debt service of two Small Reclamation Projects loans from the U.S. Bureau of Reclamation that funded project construction. Operation

of the CSIP and SVRP helps reduce seawater intrusion in the Salinas Valley groundwater aquifers by supplying recycled water as an alternative irrigation source, thereby decreasing reliance on groundwater pumping in the northern Salinas Valley.

The MCWRA Agency Act (California Water Code, Appendix § 52) and Ordinances Nos. 3635 and 3636 require annual resolutions by the MCWRA Board of Supervisors (Board) to continue the CSIP and SVRP assessments. The ordinances stipulate that assessment rates be increased annually by a cost-of-living adjustment (COLA) based on the Consumer Price Index (CPI) for the San Francisco Bay Area measured from February to February of the following year. The CPI increase measured from March 1, 2025, to March 1, 2026, is 2.5 percent. MCWRA requests a 2.5 percent COLA for FY27 for the assessment charges of Zone 2B (CSIP and SVRP operations and maintenance), Zone 2Y (CSIP operations and maintenance), and Zone 2Z (SVRP operations and maintenance).

The Board enacted Ordinance No. 3789 establishing the Water Delivery Charge for Zone 2B to fund the operations and maintenance of the CSIP and SRDF, with annual adjustments based on operational financial needs. For FY27, it is requested that the Zone 2B Water Delivery Charge be set at \$100.24 per acre-foot of water delivered—an increase of \$15.00 from the Fiscal Year 2025-26 rate of \$85.24. This increase supports rising operations and maintenance costs, including funding a program manager position for CSIP and SVRP operations.

MCWRA Resolution 10-188 established the Water Service Charge special assessment to support operations and maintenance of the Salinas River Diversion Facility (SRDF). The charge was subject to annual CPI-based COLAs for the first five years and thereafter adjusted based on MCWRA evaluation. For FY27, the Water Service Charge is proposed at \$113.57 per acre-foot of water delivered to support increased operations, maintenance, and repair needs at the SRDF.

Revenues from the special assessments of Zones 2B, 2Y, and 2Z, along with the Zone 2B Water Delivery and Water Service Charges, are assigned as follows: Fund 1509 (CGI Fund 131) for CSIP, Fund 1510 (CGI Fund 132) for SVRP, and Fund 1511 (CGI 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 for FY27, all identified in the Public Notice. Notices of the public hearing have been published for two consecutive weeks in the Monterey County Weekly prior to the hearing date.

OTHER AGENCY INVOLVEMENT:

The MCWRA Board of Directors held a public hearing on April 20, 2026 regarding above and recommended the MCWRA Board of Supervisors approve the rate changes.

FINANCING:

Revenues from current assessment and charge rates are no longer sufficient to support increased operational costs, deferred maintenance, and required capital improvement projects. Therefore, approval of the COLA increases and proposed Water Delivery and Water Service Charges is essential.

Financial impacts of the proposed FY27 Water Delivery & Service Charges were reviewed at the Agency Board of Directors' Budget Workshop on March 16, 2026

The estimated FY27 net revenue from applying a 2.5 percent COLA to the Zone 2B, 2Y, and 2Z assessments is approximately \$245,666, with total assessment revenues for the three zones estimated at \$9,920,151.

Revenue from the Water Delivery Charge of \$100.24 per acre-foot is estimated at \$879,891 for CSIP Fund 1509 (Fund 131 in CGI) and \$1,024,670 for SVRP Fund 1510 (Fund 132 in CGI). Revenue from the Water Service Charge of \$113.57 is \$2,157,801 for SRDF Fund 1511 (Fund 134 in CGI). These estimates are based on an average annual delivery of 19,000 acre-feet.

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

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

Attachments:

Resolution - FY27 Zone 2B Rates
Presentation