TODAY'S ACTION

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

FY26 Recommended Budget

Revenue Considerations :

Revenue growth is not keeping pace with expenses needed for increased O&M cost, needed staffing and major repair and replacement projects

- Annual COLA : 2.7% CPI
  - Flood Assessments & Special Assessments
  - Recycle Water Project Water Service Charge
- New Revenue Stream
  - Groundwater Monitoring Program Fee
- Revenue adjusted for operational needs
  - Recycle Water Project Water Delivery Fee at $85.00
- Other Revenues:
  - Grants, Boat Dock, Groundwater Monitoring Program Fee
  - Grants, FEMA
  - SLO County Reimbursements (San Antonio expenses)
  - Hydro-Electric Revenue & Ad Valorem Taxes

FY26 Budget – Position Changes

Position Considerations:

- Total 57 FTE Authorized
  - 13 FTE unfunded
  - 44 Positions Funded
    - 6 Positions currently vacant to fill

- Focus in FY26
  - Current staffing for ongoing operations & maintenance activities
  - Minimal repair and replacement projects, primarily grant funded projects
  - Utilizing grants to fund staff salaries and benefits

FY26 Recommended Budget

Total Appropriations :

- **$43,485,541** Expense
  - **10.8 % *decrease*** from FY25 $48,524,974

Total Revenue :

- **$39,235,673** Revenue
  - ***6.9 % decrease*** from FY24 43,058,808
  - **Adopting 2.7% CPI released on March 12, 2025**

Fund Balance Use:

- Statutorily balanced by using $4,249,868 fund balance to cover funding gaps

Revised on 3/12/2025

FY26 Budget – Position Changes

Position Considerations:

- Total 57 FTE Authorized
  - 13 FTE unfunded
  - 44 Positions Funded
    - 6 Positions currently vacant to fill

- Focus in FY26
  - Current staffing for ongoing operations & maintenance activities
  - Minimal repair and replacement projects, primarily grant funded projects
  - Utilizing grants to fund staff salaries and benefits

FY26 Recommended Budget

Expense Considerations:

- Expenses will exceed an annual COLA
  - County's labor union negotiation outcomes
  - Cost of services and supplies
  - GL and pollution insurance cost increased by $277,280 (17%)
- Limiting use of fund balances
- County's Cost Plan decreased by $281,479
  - Estimate of $500,000 to add as a carry-forward to FY28 Cost Plan Allocation
- Budget amendments will be needed for projects & staff to be funded by unbudgeted grants

FY26 Recommended Budget

Revenue Considerations :

Revenue growth is not keeping pace with expenses needed for increased O&M cost, needed staffing and major repair and replacement projects

- Annual COLA : 2.7% CPI
  - Flood Assessments & Special Assessments
  - Recycle Water Project Water Service Charge
- New Revenue Stream
  - Groundwater Monitoring Program Fee $800,000
- Revenue adjusted for operational needs
  - Recycle Water Project Water Delivery Fee at $**85.24**
- Other Revenues:
  - Grants, Boat Dock, Groundwater Monitoring Program Fee
  - Grants, FEMA
  - SLO County Reimbursements (San Antonio expenses)
  - Hydro-Electric Revenue & Ad Valorem Taxes

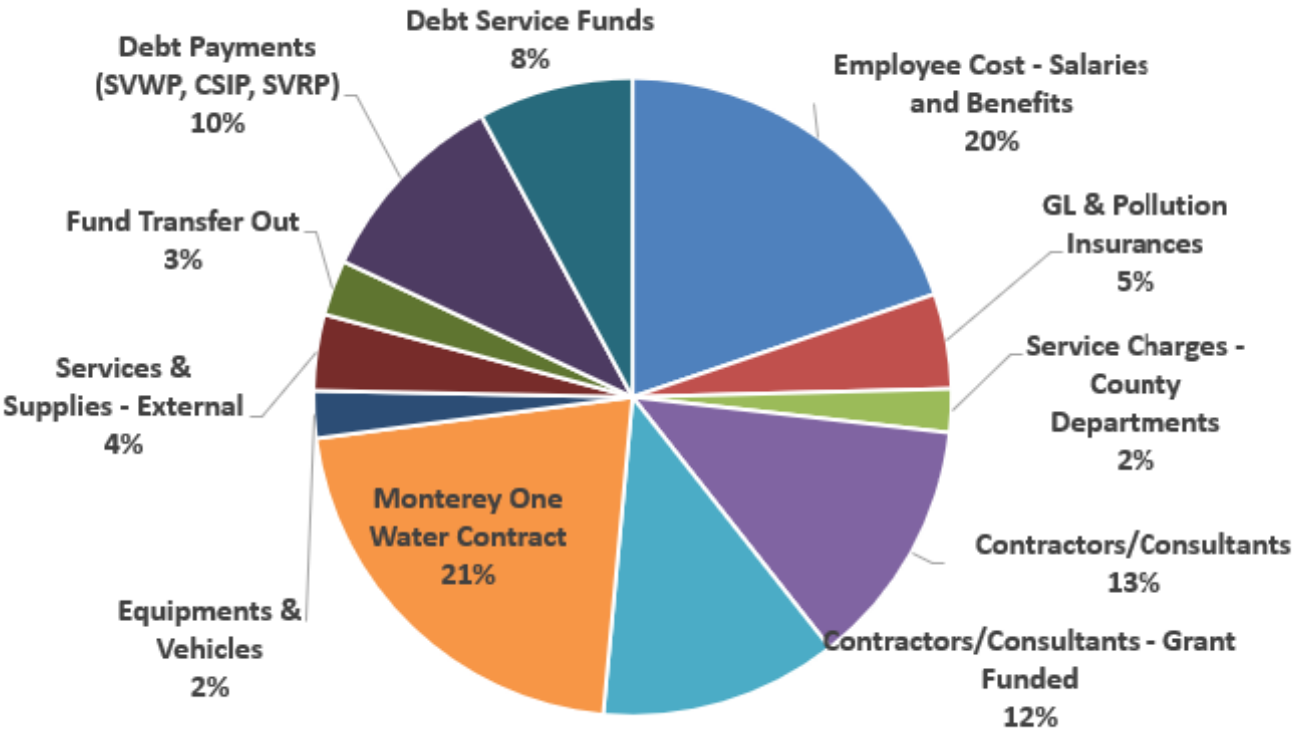
FY26 Recommended Budget

Expense

Expense & Revenue Category	2023 Actual	2024 Actual	2025 Adopted	2025 CYE	2026 Requested	% Change
Employee Cost - Salaries and Benefits	6,209,859	6,213,703	8,752,585	7,485,502	8,591,997	-1.8%
GL & Pollution Insurances	939,570	1,346,512	1,781,691	1,814,508	2,091,788	17.4%
Service Charges - County Departments	1,037,875	2,384,285	1,420,577	1,129,581	954,768	-32.8%
Contractors/Consultants	3,954,916	3,279,641	7,054,556	4,521,471	5,475,414	-22.4%
Contractors/Consultants - Grant Funded	1,183,350	2,345,042	8,980,000	709,344	5,250,000	-41.5%
Monterey One Water Contract	8,019,596	9,557,314	9,163,033	9,163,033	9,357,370	2.1%
Equipments & Vehicles	1,117,613	1,055,061	936,790	1,473,840	1,041,506	11.2%
Services & Supplies - External	3,401,330	3,856,243	1,761,885	2,294,841	1,674,726	-4.9%
Fund Transfer Out	636,162	3,162,069	1,044,252	596,511	1,218,544	16.7%
Debt Payments (SVWP, CSIP, SVRP)	4,308,952	4,271,886	4,440,213	4,440,213	4,419,714	-0.5%
Debt Service Funds	3,316,393	3,292,467	3,424,213	3,424,213	3,409,714	-0.4%
TOTAL EXPENDITURES:	34,125,616	40,764,223	48,759,795	37,053,057	43,485,541	-10.8%

FY26 Recommended Budget

Expense Distribution



FY26 Recommended Budget

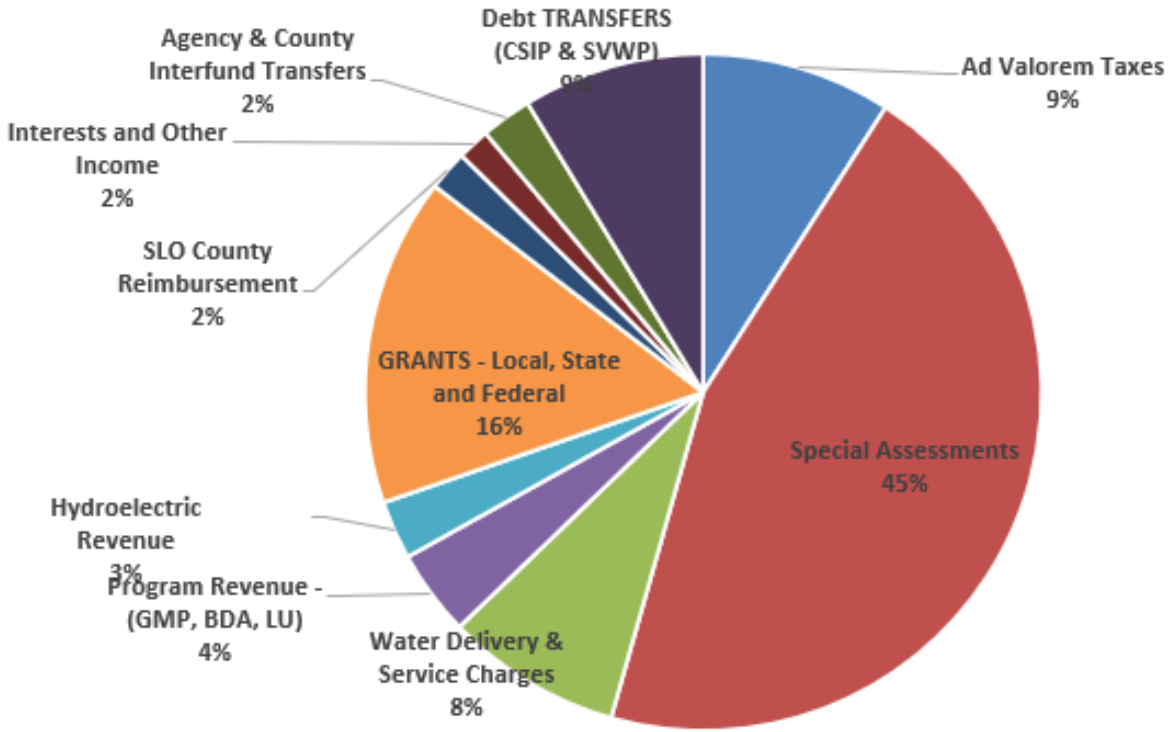
Revenue

Expense & Revenue Category	2023 Actual	2024 Actual	2025 Adopted	2025 CYE	2026 Requested	% Change
Ad Valorem Taxes	3,360,656	3,516,520	3,447,294	3,447,294	3,558,675	3.2%
Special Assessments	16,338,356	16,992,670	17,535,649	17,517,226	17,782,840	1.4%
Water Delivery & Service Charges	1,276,896	2,449,764	2,629,626	2,562,951	3,302,362	25.6%
Program Revenue - (GMP, BDA, LU)	653,715	996,967	1,042,184	749,472	1,610,998	54.6%
Hydroelectric Revenue	634,394	1,345,925	1,140,961	1,158,319	1,100,000	-3.6%
GRANTS - Local, State and Federal	2,158,290	4,710,087	9,869,900	4,603,546	6,161,372	-37.6%
SLO County Reimbursement	582,468	614,071	614,070	786,699	750,000	22.1%
Interests and Other Income	544,790	680,730	786,479	926,177	607,212	-22.8%
Agency & County Interfund Transfers	8,586,162	1,923,148	1,664,474	850,000	952,500	-42.8%
Debt TRANSFERS (CSIP & SVWP)	3,316,392	3,292,467	3,424,213	3,424,213	3,409,714	-0.4%
TOTAL REVENUEs	37,452,119	36,522,349	42,154,850	36,025,897	39,235,673	-6.9%

CPI 2.7%

FY26 Recommended Budget

Revenue Distribution



FY26 Recommended Budget

Fund Balances ***ESTIMATES***

Expense & Revenue Category	2023 Actual	2024 Actual	2025 Adopted	2025 CYE	2026 Requested	% Change
TOTAL EXPENDITURES:	34,125,616	40,764,223	48,759,795	37,053,057	43,485,541	-10.8%
TOTAL REVENUEs	37,452,119	36,522,349	42,154,850	36,025,897	39,235,673	-6.9%
Beginning Fund Balance	21,931,812	25,163,601	20,816,727	20,816,727	19,789,567	
FY24 Use of Fund Balance (Draw)	3,231,789	(4,346,874)	(6,604,945)	(1,027,160)	(4,249,868)	
Estimate Ending Fund Balance *^~	25,163,601	20,816,727	14,211,782	19,789,567	15,539,699	

* includes unspent strategic reserve from the County for 2023 winterstorm event (estimated at $1.18 M)

^ Ending Fund Balance for FY22, F23 & F24 is actual

~ Ending Fund Balance for FY25 & FY26 is estimated

Fund Balance Summary

MCWRA Unassigned Fund Balance Summary									
Fund	Fund Name	Zone	FY25 Actual Beginning Balance	FY25 Estimated Changes	FY25 Ending Balance Estimates	FY26 Expense Budget	FY 26 Revenue Budget	FY26 Requested Use	FY26 Ending Balance Estimates
111	Administration Fund		4,241,073	252,281	4,493,354	5,591,321	5,363,908	(227,413)	4,265,941
112	Pajaro Levee - Zones	1/1A	963,440	381,365	1,344,805	891,499	687,003	(204,496)	1,140,309
116	Dam Operations	2C	1,700,408	(119,215)	1,581,193	11,835,605	11,209,013	(626,592)	954,601
121	Soledad Storm Drain	8	303,708	9,464	313,172	109,379	112,180	2,801	315,973
122	Reclamation Ditch	9	1,301,112	(14,932)	1,286,180	2,176,631	1,843,282	(333,349)	952,831
124	San Lorenzo Creek	12	36,598	459	37,057	56,033	49,898	(6,135)	30,922
127	Moro Cojo Slough	17	411,270	(27,703)	383,567	686,838	365,508	(321,330)	62,237
130	Hydro-Electric Ops		2,077,882	73,014	2,150,896	1,817,087	1,172,726	(644,361)	1,506,535
131	CSIP Operations	2B/2Y	2,439,324	(881,069)	1,558,255	6,664,214	6,423,278	(240,936)	1,317,319
132	SVRP Operations	2B/2Z	2,655,386	(257,966)	2,397,420	6,891,960	6,161,150	(730,810)	1,666,610
134	SRDF Operations		2,669,679	(388,424)	2,281,255	3,233,462	2,432,777	(800,685)	1,480,570
303	CSIP Debt Service		770,672	-	770,672	1,650,000	1,650,000	-	770,672
313	SVWP Debt Service		1,036,745	6,543	1,043,288	1,759,714	1,759,714	-	1,043,288
426	Interlake Tunnel		209,431	(60,977)	148,454	121,798	5,236	(116,562)	31,892
		Total:	**20,816,728**	**(1,027,160)**	**19,789,568**	**43,485,541**	**39,235,673**	**(4,249,868)**	**15,539,700**

Assigned Fund Balances

MCWRA Assigned Fund Balance Summary						
Fund	Fund Name	BSA	Description	FY25 Estimated Ending Balance	Change in FY26	FY26 Estimated Ending Balance
111	Administration Fund	3066	Canyon Del Rey Improvement	12,200	0	**12,200**
116	Dam Operations	3115	Cloud Seeding Reserve	125,000	0	**125,000**
116	Dam Operations	3123	Capital Project	840,000	0	**840,000**
122	Reclamation Ditch	3115	Markeley Swamp Reserve	245,158	0	**245,158**
131	CSIP Operations	2569	USBR Loan Reserve	254,187	0	**254,187**

FY26 Recommended Budget

FY26 Budget Book details programs & activities budgeted for FY26

FUND 111: ADMINISTRATION & COUNTYWIDE SERVICES

Zones: Countywide (CW), Nacimiento and San Antonio Non-O&M (2- 2A), Lower Salinas River (3), Merritt Lake (5), N. Monterey County (7), Carmel Valley (11), Arroyo Seco (14), Alisal-Spence Road Drainage (15), Blanco Storm Drain (S2), Gonzales Slough (GS)

Fund 111 supports the Agency's organizational structure and functions as well as to provide Countywide services related to water resources management. In 2024, the Agency adopted a groundwater monitoring program, through Ordinance Number 5426, to investigate and produce the data necessary to perform a thorough review, or audit, of the hydrologic budget within the monitored area. The ordinance authorizes Agency's collection of a regulatory fee, which is set effective July 1, 2025, by resolution of the Agency Board of Supervisors and is included in the recommended budget.

The range of activities, within this Fund, include:

- Administration covers the planning, organizing, directing, coordinating, and controlling of the Agency's operations, including: 2.4 FTE + $837,000 services and supplies + vehicles and equipment costs
  - Governance related items
  - Strategic Planning Process
  - Funding Strategy Development
  - Public engagement, coordination and advocacy
  - Training, safety, policies and procedures
- Operations and Maintenance of facilities including: 4.3 FTE + $475,000 services and supplies + vehicles and equipment costs
  - Upper and Merritt Pump Stations
  - Merritt Channel & Tembladero Slough
  - Potrero Tide Gates
  - Blanco Storm Drain
  - Old Salinas River
  - Gonzales Slough Pump Station
- Groundwater Monitoring Program Administration 3.47 FTE + $120,000 services and supplies + vehicles and equipment costs
  - Well Registration
  - Groundwater Extraction Monitoring
  - Groundwater Level Monitoring
  - Groundwater Quality Monitoring
- Countywide flood monitoring and flood response 0.3 FTE + $68,000 services and supplies
  - Real-time storm monitoring
  - ALERT equipment
  - Flood fight training and supply of materials
  - Emergency Operations Center participation
  - General flood inquiries

FY26 Recommended Budget

Table 2. Fund 111 Revenues & Expense

REVENUES	AMOUNT
AD VALOREM TAXES	3,175,642
SPECIAL ASSESSMENTS	1,122,045
PROGRAM REVENUE - (GMP, BDA, LU)	856,421
GRANTS - LOCAL, STATE AND FEDERAL	75,000
INTERESTS AND OTHER INCOME	134,800
TOTAL REVENUES	5,363,908

EXPENSES	AMOUNT
EMPLOYEE COST - SALARIES AND BENEFITS	1,860,493
GL & POLLUTION INSURANCES	182,562
SERVICE CHARGES - COUNTY DEPARTMENTS	265,799
CONTRACTORS/CONSULTANTS	929,100
CONTRACTORS/CONSULTANTS - GRANT FUNDED	50,000
EQUIPMENT & VEHICLES	189,094
SERVICES & SUPPLIES - EXTERNAL	354,559
FUND TRANSFER OUT	-
DEBT PAYMENTS (SVWP, CSIP, SVRP)	1,759,714
TOTAL EXPENDITURES	5,591,321

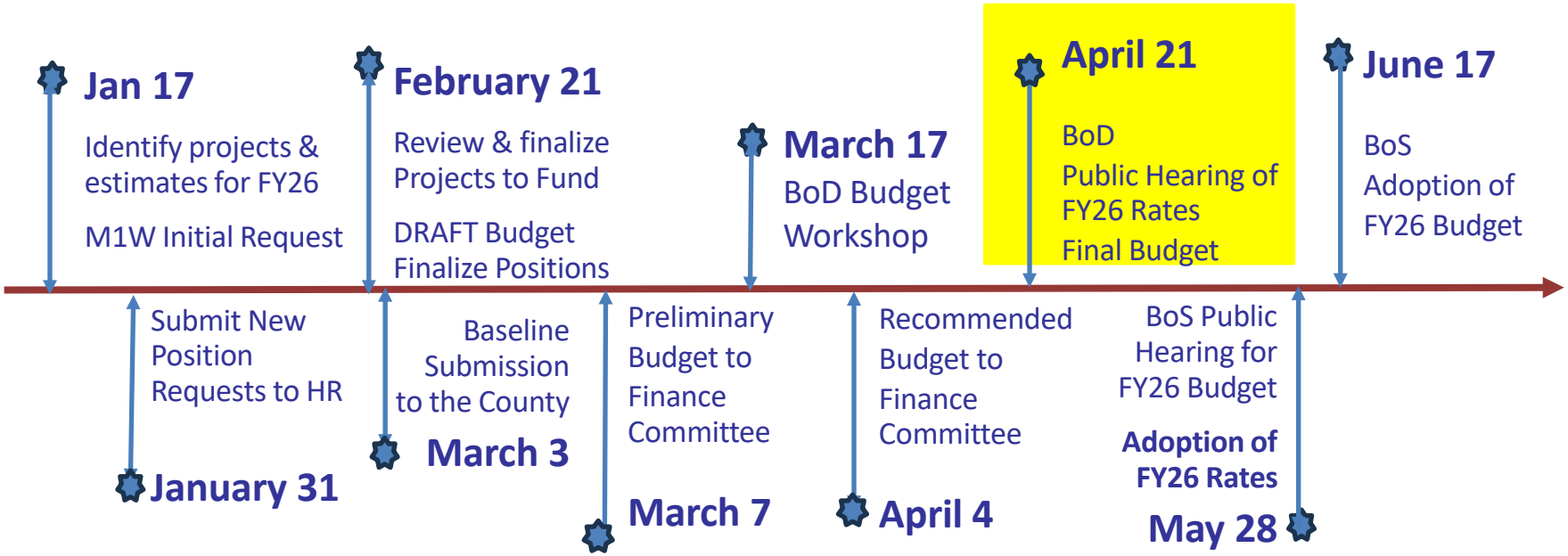
IMPACT TO FUND BALANCE	(227,413)

ESTIMATED BEGINNING FUND BALANCE	4,493,354
ESTIMATED ENDING FUND BALANCE	4,265,941

Budget Book :

- Summary of projected revenue types and total per fund
- Summary of proposed expense types and total per fund
- Use of Fund Balance
- Estimated Ending Fund Balance

FY25-26 Budget Schedules



TODAY'S ACTION

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