# County of Monterey

## Board Report

**Legistar File Number: WRAFIN 25-034**

**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:

a. Approve and adopt the Fiscal Year (FY) 2026 cost-of-living adjustment (COLA) increase of 2.7% to the assessment charges of Zones 1, 1A, 2B, 2C, 2Y, 2Z, 8, 9, 12, and 17; and
b. Approve and adopt a FY26 COLA increase of 2.7% to the Zone 2B water service charge for the Salinas River Diversion Facility Project; and
c. Set and hold a public hearing on May 28, 2025, at 9:00 a.m. to consider approving and adopting the assessment rate charges; and
d. Direct the Clerk of the Board of Supervisors to publish a hearing notice once a week for two consecutive weeks prior to the date set for the hearing.

RECOMMENDATION:
It is recommended that the Finance Committee recommend that the Monterey County Water Resources Agency Board of Directors recommend the Monterey County Water Resources Agency Board of Supervisors::

a. Approve and adopt the Fiscal Year (FY) 2026 cost-of-living adjustment (COLA) increase of 2.7% to the assessment charges of Zones 1, 1A, 2B, 2C, 2Y, 2Z, 8, 9, 12, and 17; and
b. Approve and adopt a FY26 COLA increase of 2.7% to the Zone 2B water service charge for the Salinas River Diversion Facility Project; and
c. Set and hold a public hearing on May 28, 2025, at 9:00 a.m. to consider approving and adopting the assessment rate charges; and
d. Direct the Clerk of the Board of Supervisors to publish a hearing notice once a week for two consecutive weeks prior to the date set for the hearing.

SUMMARY/DISCUSSION:
**Assessments of Flood Zones**: The Monterey County Water Resource Agency ("Agency") ordinances governing Agency flood zones - Ordinance Nos. 2626, 2974, 3878, and 3881 were adopted to protect life and property and to minimize the impacts of flooding in Zones 1, 1A, 8, 9, 12 and 17. These ordinances specify that assessment rates for these zones are subject to an annual cost-of-living adjustment (COLA), based on the Consumer Price Index (CPI) for the San Francisco Bay Area, measured February- February of the next year.

**Assessments & Water Service Charges of Zones 2B, 2Y & 2Z:** Zones 2B, 2Y, and 2Z were established to fund the construction, operation, and maintenance of the Castroville Seawater Intrusion

Project (CSIP) and the Salinas Valley Reclamation Project (SVRP), which includes loan payments to the U.S. Bureau of Reclamation that funded the construction of the projects. Ordinances Nos. 3635 and 3636, as well as the MCWRA Agency Act (California Water Code, Appendix § 52) require the Agency Board of Supervisors to adopt annual resolutions to continue the assessments for the CSIP and SVRP. Additionally, Resolution 10-188 established the Water Services Charge to support operations and maintenance of the Salinas River Diversion Facility SRDF. These ordinances and the resolution also require annual COLA adjustment to assessment rates of Zones 2B, 2Y and Water Service Charge, based February CPI for the San Francisco Bay Area measured February- February of the next year.

**Assessments of Zone 2C:** Ordinance No. 4203 governs Zone 2C assessments to support the Salinas Valley Water Project (SVWP). In part, the assessments provide funding of operations and maintenance at Nacimiento Dam and San Antonio Dam. Ordinance 4203 stipulates that Operation & Maintenance & Administrative components of the SVWP assessments are also subject to annual COLA adjustments, based on the February CPI for the San Francisco, Oakland and San Jose urban area.

The CPI of the San Francisco Bay Area measured February 2024 through February 2025 indicates a 2.7% increase. Accordingly, MCWRA requests a 2.7% COLA adjustment for FY26 to flood control assessments, special benefit zones, and water service charges for the following:

- Zones 1 & 1A - Pajaro River Fund 112
- Zone 8 - Soledad Storm Drain Fund 121
- Zone 9 - Reclamation Ditch Fund 122
- Zone 12 - San Lorenzo Creek Fund 124
- Zone 17 - Moro Cojo Slough Fund 127
- Zone 2B - CSIP Fund 131 & SVRP Fund 132
- Zone 2Y - CSIP Fund 131
- Zone 2Z - SVRP Fund 132
- Water Service Charge - SRDF Fund 134
- Zone 2C - Dam Operations Fund 116 (Operation & Maintenance & Administrative components of the SVWP assessments only)

The attached summary chart details Agency's FY26 assessment rates comparing to those of FY25.

It is requested that the Monterey County Water Resources Agency Board of Supervisors set and hold a public hearing at 9:00 a.m. on May 28, 2025 to consider approving and adopting the rates as set forth in the Notice of Public Hearing relating to rate changes of Agency's Zones, the water delivery charge, and water service charge/fee in Fiscal Year 2025-26, all identified in the Public Notice. Notices will be published once a week for two consecutive weeks prior to the date set for this hearing.

OTHER AGENCY INVOLVEMENT:
None

FINANCING:

The Agency held a workshop on March 17, 2025, to review FY 2025-26 budget requests. Total assessment revenue and water service charge revenue with 2.7% COLA increase are estimated at $17,782,840 and $1,682,801, respectively in FY 2025-26.

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Attachments:
Summary - FY26 WRA Assessment charges & Fees
Notices of Public Hearing for Flood Zones
Notices of Public Hearing for Zone 2C
Notices of Public Hearing for Zone 2B, 2Y, 2Z, Water Delivery Fee & Water Service Charge