



County of Monterey

Board Report

Legistar File Number: WRAG 24-065

Item No.15

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

April 15, 2024

Introduced: 4/9/2024

Current Status: Agenda Ready

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Matter Type: WR General Agenda

Consider recommending that the Monterey County Water Resources Agency Board of Supervisors to:

- a. Approve and adopt a Fiscal Year (FY) 2024-25 cost of living adjustment (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); and
- b. Approve and adopt a FY 2024-25 COLA increase of 2.4% to the Zone 2B water service charge for the Salinas River Diversion Facility Project (SRDF); and
- c. Notice and hold a public hearing at 10:30 a.m. on May 29, 2024, to consider approving and adopting 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 Monterey County Water Resources Agency Board of Supervisors to:

- a. Approve and adopt a Fiscal Year (FY) 2024-25 cost of living adjustment (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); and
- b. Approve and adopt a FY 2024-25 COLA increase of 2.4% to the Zone 2B water service charge for the Salinas River Diversion Facility Project (SRDF); and
- c. Notice and hold a public hearing at 10:30 a.m. on May 29, 2024, to consider approving and adopting 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:

Zones 2B, 2Y, and 2Z were established to provide revenue to construct, operate and maintain the CSIP and the SVRP, which includes debt service for the municipal bonds, a State Revolving Fund loan, and a Small Reclamation Projects loan 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. The project is designed to 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 services charge to support operations and maintenance of the 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 annual change of Consumer Price Index (CPI) of the San Francisco Bay Area measured February- February of the next year, which is 2.4% from February 2023 thru February 2024.

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 of Zone 2B (operations and maintenance of SRDF).

The special assessments of 2Y are assigned to Fund 131 for CSIP, the special assessments of Zone 2Z are assigned to Fund 132 for the SVRP. The special assessments of Zone 2B is split between Fund 131 and Fund 132 at 77% and 23%, respectively. The special assessments from the water service charge are assigned to Fund 134 for SRDF operations. The attached Summary Chart details the assessment rates of Fiscal Year 2024-25 with 2.4% COLA increase from Fiscal Year 2023-24 charges.

In addition, it is requested that the MCWRA Board of Directors recommend that the MCWRA Board of Supervisors set and hold a public hearing at 10:30 a.m. on May 29, 2024 to consider approving and adopting assessment rates as set forth in the Notice of Public Hearing relating to rate changes of Zone 2B, 2Y, and 2Z and the Zone 2B water service charge in Fiscal Year 2024-25, 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 18, 2024 to review FY 2024-25 budget requests with assumption of 3% COLA increase. Assessment revenues for FY 2024-25 Recommended Budget for FY 2024-25 has been reduced to reflect the 2.4% CPI as the annual COLA.

Estimated revenue with 2.4% COLA adjustment to Zone 2B, Zone 2Y, Zone 2Z is as below:

- Zone 2B : \$4,321,601 (77% to fund CSIP and 23% to fund SVRP)
- Zone 2Y : \$1,400,027 (100% to fund CSIP)
- Zone 2Z : \$3,996,119 (100% to fund SVRP)
- Water Service Charge : \$1,724,826 (100% to fund SRDF)

Agency's Fiscal Year 2024-25 Recommended Budgets is as follows:

Fund 131 CSIP:

Expenditure \$7,933,033; Revenue \$6,663,072; and Use to Fund Balances \$1,269,961

Fund 132 SVRP:

Expenditure \$6,187,071; Revenue \$6,113,771; and Use of Fund Balances \$73,300

Fund 134 SRDF:

Expenditure \$3,717,282; Revenue \$3,595,965; and Use of Fund Balances \$121,317

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Attachments:

1. Summary of rates and charges of Zone 2B, 2Y and 2Z
2. BoS Resolution
3. Notice of Public Hearing
4. Board Order