



County of Monterey

Item No.4

Board Report

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

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April 03, 2026

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

- a. Approve and adopt the Fiscal Year 2026-27 (FY27) cost-of-living adjustment (COLA) increase of 2.5% to the assessment charges of Zones 1, 1A, 2B, 2C, 2Z, 8, 9, 12, and 17; and
- b. Adopt a resolution approving the FY27 Zone 2B Water Delivery charge of \$100.24 per acre-foot of water delivered for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP); and
- c. Adopt a resolution approving the FY27 Zone 2B Water Service Charge of \$113.57 per acre-foot of water delivered for the Salinas River Diversion Facility (SRDF); and
- d. Set and hold a public hearing at 10:30 AM on May 19, 2026, to consider approving and adopting the assessment rate and charges; and
- e. 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 consider recommending that the Monterey County Water Resources Agency Board of Directors recommend that the Board of Supervisors of the Monterey County:

- a. Approve and adopt the Fiscal Year 2026-27 (FY27) cost-of-living adjustment (COLA) increase of 2.5% to the assessment charges of Zones 1, 1A, 2B, 2C, 2Z, 8, 9, 12, and 17; and
- b. Adopt a resolution approving the FY27 Zone 2B Water Delivery charge of \$100.24 per acre-foot of water delivered for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP); and
- c. Adopt a resolution approving the FY27 Zone 2B Water Service Charge of \$113.57 per acre-foot of water delivered for the Salinas River Diversion Facility (SRDF); and
- d. Set and hold a public hearing at 10:30 AM on May 19, 2026, to consider approving and adopting the assessment rate and charges; and
- e. 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 CSIP and 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 CSIP and SVRP.

Water Delivery Charge of SVRP and CSIP: Agency Act (California Water Code, Appendix § 52) and Ordinance No. 3789 require a public hearing by the Agency Board of Directors to consider a recommendation on a proposed Water delivery Charge for each new fiscal year. Following the public hearing the Board of Directors will make recommendations to the Agency Board of Supervisors concerning the adoption of resolutions to establish the Water Delivery Charge of Zone 2B. Agency Ordinance No. 3798 and Resolution 00-172 establish that the Water Delivery Charge may vary according to the financial needs of CSIP and SVRP.

The Agency recommends that the FY27 Water Delivery Charge of Zone 2B be \$105.24/AF, increased from \$85.24 AF in FY26. The increase is to pay for Recycled Water Projects' Program Manager position, who will provide oversight of the projects and serve as a liaison between the Agency, contractors, CSIP customers and other stakeholders.

Water Service Charge of SRDF: Resolution 10-188 established the Water Services Charge to support operations and maintenance of the Salinas River Diversion Facility SRDF. The resolution indicates that the Water Service Charge be evaluated by the Agency after first five years of annual COLA adjustments by based February CPI for the San Francisco Bay Area measured February- February of the next year.

The Agency recommends that the FY27 Water Service Charge of Zone 2B be \$113.57/AF, increased from \$88.57/AF in FY26. The increase is to fund deferred maintenance and repair projects while still using Fund Balances to cover existing funding gap of SRDF operations in FY27.

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 2025 through February 2026 indicates a 2.5% increase. Accordingly, MCWRA requests a 2.5% COLA adjustment for FY27 to flood control assessments and special benefit zones for the following:

- Zones 1 & 1A - Pajaro River Fund 1502 (Fund 112 in CGI)
- Zone 8 - Soledad Storm Drain Fund 1504 (Fund 121 in CGI)

- Zone 9 - Reclamation Ditch Fund 1505 (Fund 122 in CGI)
- Zone 12 - San Lorenzo Creek Fund 1506 (Fund 124 in CGI)
- Zone 17 - Moro Cojo Slough Fund 1507 (Fund 127 in CGI)
- Zone 2B - CSIP Fund 1509 (Fund 131 in CGI) and SVRP Fund 1510 (Fund 132 in CGI)
- Zone 2Y - CSIP Fund 1509 (Fund 131 in CGI)
- Zone 2Z - SVRP Fund 1510 (Fund 132 in CGI)
- Zone 2C - Dam Operations Fund 1503 (Fund 116 in CGI)
Operation & Maintenance & Administrative components only
- Water Delivery Charge to \$105.24/AF
CSIP Fund 1509 (Fund 131 in CGI) and SVRP Fund 1510 (Fund 132 in CGI)
- Water Service Charge to \$113.57/AF
SRDF Fund 1511 (Fund 134 in CGI)

The attached summary chart details Agency's FY27 assessment rates, water delivery and service charges compared to those of FY26.

It is requested that the Monterey County Water Resources Agency Board of Supervisors set and hold a public hearing at 10:30 a.m. on May 19, 2026 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 in FY27, 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:

As revenues from current rates of assessments and charges are no longer sufficient to fund increased operational costs, deferred maintenance, and the required capital improvement projects, it is critical to have the COLA increases and the proposed water delivery rate being approved.

Financial impacts of the requested increases to the FY27 Water Delivery & Service Charges was reviewed during the Agency Board of Directors' Budget Workshop, held on March 16, 2026.

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

Attachments:

Summary - FY27 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 Charge & Water Service Charge