



County of Monterey

Item No.11

Board Report

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

Legistar File Number: WRAG 26-116

April 20, 2026

Introduced: 4/6/2026

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Matter Type: WR General Agenda

Public hearing to consider recommending the Monterey County Water Resources Agency Board of Supervisors:

- a. Adopt a resolution approving the Fiscal Year 2026-27 (FY27) Zone 2B Water Delivery charge of \$100.24 per acre-foot (AF) of water delivered for Zone 2B for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP); and
- b. Adopt a resolution approving the Fiscal Year 2026-27 (FY27) Zone 2B Water Service charge of \$113.57 per acre-foot (AF) of water delivered for Zone 2B for the Salinas River Diversion Facility (SRDF); and
- c. Notice and hold a public hearing on May 19, 2026, at 10:30 a.m. to consider approving and adopting the rate change; 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 public hearing by Board of Supervisors.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Directors hold a public hearing to consider recommending the Monterey County Water Resources Agency Board of Supervisors:

- a. Adopt a resolution approving the Fiscal Year 2026-27 (FY27) Zone 2B Water Delivery charge of \$100.24 per acre-foot (AF) of water delivered for Zone 2B for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP); and
- b. Adopt a resolution approving the Fiscal Year 2026-27 (FY27) Zone 2B Water Service charge of \$113.57 per acre-foot (AF) of water delivered for Zone 2B for the Salinas River Diversion Facility (SRDF); and
- c. Notice and hold a public hearing on May 19, 2026, at 10:30 a.m. to consider approving and adopting the rate change; 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 public hearing by Board of Supervisors.

SUMMARY/DISCUSSION:

The Castroville Seawater Intrusion Project (CSIP) is part of a conjunctive use system that delivers a combination of recycled water, surface water, and groundwater to growers to reduce groundwater extraction within seawater intruded areas of the 180/400-Foot Aquifer Subbasin. Monterey One Water owns and operates the Regional Treatment Plant that provides treated effluent to the Salinas Valley Reclamation Project (SVRP), which treats the water for use in the CSIP distribution area. The water delivery charge for Zone 2B was established to help support operations and maintenance of the CSIP and SVRP by charging growers for each acre-foot of

water delivered to parcels. This charge is in addition to assessments, grants and water service charges that are also collected for the system.

Water Delivery Charge of SVRP and CSIP: The Agency Act 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 would 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.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

As revenues from current rates of Water Delivery Charge and Water Service Charge charges are no longer sufficient to fund increased operational costs, deferred maintenance, and the required capital improvement projects, it is critical to have the proposed rates being approved.

Revenues from Water Delivery and Service Charges are estimated at \$879,891 for CSIP, \$1,024,670 for SVRP and \$2,157,801 for SRDF.

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

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

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

Attachments:

BoS Notice of Public Hearing for Zone 2B, 2Y, 2Z, WDS