



RECOMENDATION

The Board of Directors Adopt a Resolution Amending the Bylaws of the Monterey County Water Resources Agency Board of Directors.





Bylaw Provisions that Need Fixing:

- Under the Monterey County Water Resources Agency Act, only Directors may serve and vote on standing committees.
- The Basin Management Plan (BMP) and Reservoir Operations (Res Ops) standing committees both have non-Director members.
- The Agency's bylaws purport to authorize non-Director appointments to standing committees.





Ad Hoc Bylaw Committee:

- February 29, 2016— Chair David Hart, Vice Chair Ortiz and Director Ekelund ad hoc bylaws committee
- March 28, 2016— Counsel and ad hoc bylaws committee reported to Board.



March 28, 2016 Bylaw Proposal

- Board considered proposed revisions to the bylaws.
 - Proposal: convert the Reservoir Operations Committee into advisory Committee; create an advisory Basin Management Plan Committee.
- Board referred matter back to the bylaws committee.
- Ad hoc committee has met, consulted Counsel, and revised the proposed bylaws



Amended Bylaws: Key Points

- Res Ops and BMP standing committees converted into advisory committees
- Res Ops and BMP committees to have representation from each basin subarea, a Salinas Valley city, and three public at large members who are non-directors
- As Ex-officio member of committees, Chair has right to vote at committee meetings
- Nominating committee appointed each year
- Directors must be authorized if they are to speak for the Board of Directors or the Agency in any public forum.



REQUESTED ACTION

That the Board of Directors Adopt a Resolution Amending the Bylaws of the Monterey County Water Resources Agency Board of Directors.







TODAY'S ACTION

Consider Selecting Another Day/Time for Monthly Regular Board of Directors Meetings to Comply with the Monterey County Water Resources Agency Board of Supervisors' Directive to Videotape and Livestream Board of Directors Meetings.





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Select Another Day/Time for Monthly Regular Board of Directors Meetings to Comply with the Monterey County Water Resources Agency Board of Supervisors' Directive to Videotape and Livestream Board of Directors Meetings.







TODAY'S ACTION

Consider Approving and Recommending that the Monterey County Water Resources Agency Board of Supervisors:

- i. Approve Budget Amendment No. 7 for the Monterey County Water Resources Agency, a Necessary Transaction to Match the FY 2015-16 Budgeted Labor Allocations in Fund 111 – Administration Account for the Remainder of the Fiscal Year;
- ii. Authorize the Auditor-controller to Amend the Monterey County Water Resources Agency's FY 2015-16 Adopted Budget for the Following Agency Funds and Their Appropriation Units: 112 – Pajaro WRA002; 113 – County Wide WRA 003; 114 – Nacimiento Non Operations & Maintenance WRA004; 116 – Dam Operations WRA006; 117 – Lower Salinas River WRA007; 118 – Merritt Lake WRA008; 119 – CSIP WRA009; 120 – North Monterey County WRA010; 121 – Soledad Storm Drain WRA011; 122 – Reclamation Ditch WRA012; 124 – San Lorenzo Creek WRA014; 126 – Carnation Subdivision Wra016; 127 – Moro Cojo Slough WRA017; 128 – Storm Drain WRA018; 129 – Gonzales Slough WRA019; 130 – Nacimiento Hydro WRA022; 131 – CSIP Operations & Maintenance WRA020; 134 – Salinas River Diversion Facility WRA028; for a Total Increase in Appropriations in the Amount of \$759,707, Financed by Each Fund's Individual Fund Balance – See Attachment 1 (4/5th Vote Required); and,
- iii. Authorize the Auditor-controller to Amend the Monterey County Water Resources Agency's FY 2015-16 Adopted Budget for Fund 115 San Antonio Non-operations & Maintenance, Appropriation Unit WRA005, to Increase Revenue by \$275,260 and Appropriations By \$165,658 (4/5th Vote Required).





Committee Action

- No prior Committee Action was taken on this report.



Prior BOD/BOS Action

- No prior Board action has been taken on this report



Financial Impact

- This transaction is needed to ensure that there are sufficient appropriations in each of the Funds that receive an allocation from Fund 111 Administration during the remainder of FY 2015-16.



Discussion

- The Agency's FY 2015-16 Adopted Fund 111-Administration Budget is \$7.9 million. This Fund receives no revenue. Instead, it charges all other Agency funds' salaries, benefits, and an allocation of the total budgeted amount of \$7.9 million.
 - The internal calculation that allocates the total budgeted amount in Fund 111 to the other Agency Funds was set at the prior year FY 2014-15 budgeted total of \$7.3 million.
 - This transaction increases appropriations in all funds to mirror the correct budgeted amount of \$7.9 million in Fund 111 for the remaining fiscal year.



TODAY'S ACTION

Approve and Recommend that the Monterey County Water Resources Agency Board of Supervisors:

- i. Approve Budget Amendment No. 7 for the Monterey County Water Resources Agency, a Necessary Transaction to Match the FY 2015-16 Budgeted Labor Allocations in Fund 111 – Administration Account for the Remainder of the Fiscal Year;
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TODAY'S ACTION

Consider Approving and Recommending that the Monterey County Water Resources Agency Board of Supervisors Approve the Monterey County Water Resources Agency's Fiscal Year 2016-2017 Requested Budget Including the Following Staff Recommendations:

- i. Request the County Of Monterey to Appropriate and Transfer \$929,000 From the County's FY 2016-17 Requested Budget General Fund to Agency Fund 116 Dam Operations for the Interlake Tunnel and Spillway Modification Projects Approved on December 9, 2014.
- ii. Direct Agency Staff to Find a Revenue Stream for Agency Regulatory Requirements;
- iii. In the Event Further Cutbacks Are Required, Request Agency Staff to Prioritize Projects in Fund 116;
- iv. Approve Annual COLA Increase on Flood Zone & Zone 2C Assessments; and Direct Agency Staff to Complete an Updated Water Service/Delivery Fee Policy Expeditiously; and,
- v. Direct Agency Staff to Obtain a Source of Revenue Before Working on Unfunded Projects.





Committee Action

- No Committee action was taken on this report



Prior BOD/BOS Action

- On March 28th the Agency held a FY 2016-17 budget workshop and the Agency's Requested Budget was approved by the BOD. However, the Requested Budget did not include:
 - i. Request the County of Monterey to appropriate and transfer \$929,000 from the County's FY 2016-17 Requested Budget General Fund to Agency Fund 116 Dam Operations for the Interlake Tunnel and Spillway Modification Projects approved on December 9, 2014.
- This was added at the request of the County CAO's office due to no available funds in their FY 2015-16 Adopted Budget



Financial Impact

- By adding the \$929,000 to the Agency's FY 2016-17 Requested Budget it will enable the Agency to:
 - Continue working on deferred ILT activities such as Hydrologic Modeling, LIDAR Survey, DRAFT EIR, Contract Legal Service, and Program Management,
 - Funds ILT project activities after June 30, 2016



Discussion

- The Agency met with the CAO on March 29th to discuss ILT funding due to the unavailability of GFC funds in their FY 2015-16 Adopted Budget.
 - The CAO advised the Agency to request the remaining amount of \$929,000 from the originally approved \$3,000,000 in the FY 2016-17 County Budget Process
 - The addition of this appropriation into the Agency's FY 2016-17 Requested Budget will be heard for approval from the County at the May 25, 2016 County Budget Committee prior to the County Budget Hearings on June 1-2, 2016



Summary

- The Agency's requested appropriation of \$929,000 from the Monterey County's FY 2016-17 Requested Budget General Fund will be the final request from the Agency to fund ILT project activities up to and including preparation of the process for creating an assessment district or other financing mechanism.



TODAY'S ACTION

Approve and Recommend that the Monterey County Water Resources Agency Board of Supervisors Approve the Monterey County Water Resources Agency's Fiscal Year 2016-2017 Requested Budget Including the Following Staff Recommendations:

- i. Request the County Of Monterey to Appropriate and Transfer \$929,000 From the County's FY 2016-17 Requested Budget General Fund to Agency Fund 116 Dam Operations for the Interlake Tunnel and Spillway Modification Projects Approved on December 9, 2014.
- ii. Direct Agency Staff to Find a Revenue Stream for Agency Regulatory Requirements;
- iii. In the Event Further Cutbacks Are Required, Request Agency Staff to Prioritize Projects in Fund 116;
- iv. Approve Annual COLA Increase on Flood Zone & Zone 2C Assessments; and Direct Agency Staff to Complete an Updated Water Service/Delivery Fee Policy Expeditiously; and,
- v. Direct Agency Staff to Obtain a Source of Revenue Before Working on Unfunded Projects.







TODAY'S ACTION

Consider Approving and Recommending that the Monterey County Water Resources Agency Board of Supervisors Approve a Second Amendment to the Third Reimbursement and Funding Agreement in Substantially the Form Attached and Subject to Review by County Counsel; and, Authorizing the General Manager to Execute the Second Amendment to the Third Reimbursement and Funding Agreement.





Committee Action

- No Committee action was taken on this report.



Prior BOD/BOS Action

- At the April 12, 2016 joint board meeting, the First Amendment to the Third Reimbursement & Funding Agreement with the County was approved.
 - It added the reimbursement of an additional \$134,400 for PLA negotiations, as directed by the WRA BOS on March 22, 2016, and required the Agency to retain an experienced law firm for PLA negotiations – Burke, Williams, & Sorensen, LLP
 - It did not add any additional money to the Third Reimbursement & Funding Agreement which kept the total amount at \$2,071,000 with an ending date of June 30, 2016.



Discussion

Current Tunnel Project Activities

- Notice of Preparation of EIR scheduled to be released on April 12th
 - Scoping meeting in Salinas on May 16th
 - Scoping meeting in Bradley on May 17th

- Request for Proposal for LIDAR Survey to support environmental consultant has been prepared

- AB 1585 Legislation
 - Passed 12-1 by Water, Parks, and Wildlife Committee
 - Will meet the Appropriation Committee in the next couple of weeks
 - Assemblyman Alejo and Labor representatives have met with the Governor's Office



Discussion (cont.)

- Reservoir Modeling Proposal received
 - Supports Environmental Consultant
 - Will provide information required to continue negotiations with NOAA
- Project Labor Agreement
 - Awaiting Building Trades signatures
 - Building Trades has asked for an acceptable change to Paragraph 13.3 language
 - Required by National Building Trades Council
 - An Amendment No.1 will be presented at the May 23rd BOD and June 4th BOS meetings



Financial Impact

- The Second Amendment to the Third Reimbursement & Funding Agreement with the County does the following:
 - Increases the Agreement by \$929,000 and extends the term date to October 31, 2016.
 - Includes the following deferred activities:
 - Hydrologic Modeling
 - LIDAR Survey
 - Preparation for a Draft EIR
 - Program Management
- The County could not reimburse these activities due to no remaining General Fund Contributions in their FY 2015-16 Adopted Budget.



Summary

- The Second Amendment to the Third Reimbursement & Funding Agreement is required to continue work on the Interlake Tunnel and Spillway Modification Project
 - Funds project activities after June 30, 2016 until AB 155 grant funding is projected to become available.



TODAY'S ACTION

Approve and Recommend that the Monterey County Water Resources Agency Board of Supervisors Approve a Second Amendment to the Third Reimbursement and Funding Agreement in Substantially the Form Attached and Subject to Review by County Counsel; and, Authorize the General Manager to Execute the Second Amendment to the Third Reimbursement and Funding Agreement.







TODAY'S ACTION (1)

Consider Approving and Recommending that the Monterey County Water Resources Agency (Agency) Board of Supervisors Approve the Settlement Agreement on Monterey Peninsula Water Supply Project (MPWSP) Desalination Plant Return Water; and Authorizing the General Manager to Execute the Settlement Agreement on MPWSP Desalination Plant Return Water, Substantially in the Form Attached, Subject to County Counsel Approval





TODAY'S ACTION (2)

Consider Approving and Recommending that the Monterey County Water Resources Agency (Agency) Board of Supervisors Approve a Return Water Purchase Agreement; and Authorizing the General Manager to Execute the Return Water Purchase Agreement, Substantially in the Form Attached, Subject to County Counsel Approval





Committee Action

- None



Prior BOD/BOS Action

- Return Water Planning Term Sheet approved:
 - BOD – January 25, 2016
 - WRABOS – February 2, 2016



Financial Impact

- No Financial Impact from approving and recommending agreement(s)
- When water is available and delivered, financial impact will vary, based on amount of water received



Discussion

- MPWSP is latest iteration of a desalination plant project for the Monterey Peninsula
 - MPWSP plans on using slant wells in the Salinas Basin for source water
 - Portion of water extracted will be Basin water, which cannot be exported
 - Basin water portion needs to be returned to Basin



Discussion (cont.)

- Basin water to be returned will be calculated

- From the Term Sheet, two companion agreements have been created:
 - “Settlement Agreement on Monterey Peninsula Water Supply Project (MPWSP) Desalination Plant Return Water”

 - “Return Water Purchase Agreement”



Discussion (cont.)

- The Settlement Agreement includes the following:
 - Annual Return Water deliveries by Cal-Am to CCSD not to exceed 690 acre-feet/year, at CCSD's avoided marginal cost of pumping (currently \$110/acre-foot). Additional water at \$580/acre-foot.
 - Annual Return Water deliveries by Cal-Am to CSIP for an amount equal to Cal-Am's Return Water obligation less 690 acre-feet at CSIP's marginal cost of pumping (currently \$102/acre-foot).
 - Cal-Am's obligations for calculation of the Annual Return Water delivery amounts.
 - Setting of Purchased Water Agreement Terms of 30 years.
 - Cal-Am and CCSD responsibilities for water transmission facilities.



Discussion (cont.)

- The RWPA between Cal-AM and Agency includes the following:
 - Requirement for Cal-Am to comply with the Agency Act.
 - Annual Return Water deliveries by Cal-Am to CSIP for an amount equal to Cal-Am's Return Water obligation less 690 acre-feet/year that will be provided to CCSD. The anticipated amount of Return Water to be delivered is 110 – 390 acre-feet/year.
 - The Agency will pay Cal-Am an equivalent of the CSIP customers' marginal cost for groundwater produced for Return Water deliveries. Current avoided cost is \$102/acre-foot.
 - A 30-year term for the Return Water Purchase Agreement.
 - Cal-Am will finance, design, construct and install all facilities up to and including the Delivery Point adjacent to CSIP facilities.



Discussion (cont.)

- Return water is proposed to be provided to CCSD, then CSIP
- Return water will
 - Be used in-lieu of pumping groundwater
 - Benefit a disadvantaged community
 - Help with the SWI solution



Summary

- BOD and WRABOS approved “Term Sheet”
- “Term Sheet developed into companion documents
- Basin Water pumped as part of MPWSP will be returned to the Basin
- Return water to CCSD, then CSIP
- Return water option is a win-win-win



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TODAY'S ACTION (2)

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