



MONTEREY COUNTY WATER RESOURCES AGENCY

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SALINAS, CA 93901
(831) 755.4860
(831) 424.7935 FAX

BOARD OF DIRECTORS

BOARD OF DIRECTORS:

David Hart, Chair
Richard Ortiz, Vice Chair
Ken Ekelund
Mark Gonzalez
Claude Hoover
John Huerta
Mike Scattini
Deidre Sullivan
Abby Taylor-Silva

STAFF:

David E. Chardavoyne, General Manager
Robert Johnson, Deputy General Manager
Brent Buche, Deputy General Manager
Cathy Paladini, Finance Manager
Wini Chambliss, Clerk to the Board
Jesse Avila, Deputy County Counsel

Monday, February 29, 2016 @ 12:00 P.M.

SPECIAL BOARD OF DIRECTORS MEETING

MINUTES

Items in red, emboldened, italicized and double-underscored were added via Revised Agenda.

- 1. CALL TO ORDER/ESTABLISH QUORUM @ 12:01 PM by Director Hart, and a quorum was established.**
Directors Present: Hart, Ortiz, Ekelund, Hoover (@ 12:55 PM), Huerta, Scattini (@ 12:15 PM), Sullivan, Taylor-Silva (@ 12:04 PM)
Directors Absent: Gonzalez
- 2. PLEDGE OF ALLEGIANCE**
- 3. ADJOURN TO CLOSED SESSION @ 12:03 PM**
- 4. RECONVENE MEETING/RE-ESTABLISH QUORUM @ 1:03 PM** – Deputy County Counsel Jesse Avila stated there were no reportable actions taken in Closed Session.
- 5. PLEDGE OF ALLEGIANCE**
- 6. PUBLIC COMMENTS:** None.

7. PRESENTATIONS:

- A. Deep Aquifer – Mr. Howard Franklin reviewed a PowerPoint presentation, which will be placed on the Agency’s website.

Public Comments: Rich Boyer, North County resident.

(Director Taylor Silva left the dais at 1:28 PM and returned at 1:29 PM)

- B. Interlake Tunnel Project and Spillway Modification Projects Update re: PLA Negotiations - Mr. David Chardavoyne reviewed a PowerPoint presentation.

Public Comments: Ron Chesshire, Monterey/Santa Cruz Trades Building Council; Nancy Isakson, Salinas Valley Water Coalition; Steve Shimek, Monterey Coastkeeper/The Otter Project; Norm Groot, Monterey County Farm Bureau

(Director Ortiz left the dais at 1:52 PM and returned at 1:54 PM)

8. CONSENT CALENDAR

- A. Approve the Action Minutes of the Regular Board of Directors meeting on January 25, 2015.
- B. Approve purchase orders/contracts in excess of \$500 and credit card purchases over \$500.
- C. Ratify approval and recommend that the Monterey County Water Resources Agency Board of Supervisors ratify approval of the Subordination request of the Successor Agency to the Community Development Agency of the City of King.
- D. Accept the Monterey County Water Resources Agency Second Quarter Financial Status report through December 31, 2015.
- E. Approve the purchase of a Ford F250 Pickup Truck in accordance with the approved Light Vehicle Replacement Plan for FY 15/16 at a cost of \$30,250; and, authorize the General Manager to execute any and all documents required for the purchase.
- F. Receive the Annual Report for the Salinas River Stream Maintenance Program, Phase 1.

ACTION: On Motion and Second of Directors Huerta and Ortiz respectively, approved the Consent Calendar.

VOTE: The motion was carried unanimously by those Directors present.

9. ACTION ITEMS

- A. Consider approving the appointment of an ad hoc By Laws committee.

Jesse Avila, Deputy County Counsel, presented this item to the Board for consideration.

Public Comments: Nancy Isakson; John Baillie, Jack T. Baillie Company.

ACTION: The Chair appointed an ad hoc By Laws committee consisting of Directors David Hart, Ken Ekelund and Richard Ortiz.

- B. Consider approving and recommending that the Monterey County Water Resources Agency Board of Supervisors:**
- i) Approve a Professional Services Agreement with Raftelis Financial Consultants, Inc., in the amount of \$110,360, to conduct a cost of service analysis and prepare a five-year financial plan in conjunction with a review of the Agency’s current assessments and water rate structure, subject to County Counsel approval of the Agreement;**
 - ii) Request that Monterey County reimburse the Agency for the Professional Services**

Agreement with Raftelis Financial Consultants, Inc.; iii) Authorize the General Manager to execute the Agreement, substantially in the form of Agreement attached and subject to approval by County Counsel; and, iv) Authorize the Auditor-Controller to amend the Monterey County Resource Agency's FY 2015-16 Adopted Budget by increasing appropriations by \$13,795 financed by unassigned fund balance in the following Funds: 112-Pajaro Appropriations Unit WRA002; 116-2CAdmin Appropriations Unit WRA 006; 121 Soledad Storm Drain Appropriations Unit WRA011; 122-Reclamation Ditch Appropriations Unit WRA 012; 124-San Lorenzo Creek Appropriations Unit WRA014; 127-Moro Cojo Slough Appropriations Unit WRA 017; 131-CSIP Appropriations Unit WRA 020; and, 132-SVRP Appropriations Unit WRA021 (4/5th vote required).

Cathy Paladini, Finance Manager, presented this item for consideration by the Board.

Public Comments: Tom Virsik, Law Offices of Patrick J. Maloney.

ACTION: On Motion and Second of Directors Hoover and Huerta respectively, approved and recommended that the Monterey County Water Resources Agency Board of Supervisors: i) Approve a Professional Services Agreement with Raftelis Financial Consultants, Inc., in the amount of \$110,360, to conduct a cost of service analysis and prepare a five-year financial plan in conjunction with a review of the Agency's current assessments and water rate structure, subject to County Counsel approval of the Agreement; ii) Request that Monterey County reimburse the Agency for the Professional Services Agreement with Raftelis Financial Consultants, Inc.; iii) Authorize the General Manager to execute the Agreement, substantially in the form of Agreement attached and subject to approval by County Counsel; and, iv) Authorize the Auditor-Controller to amend the Monterey County Resource Agency's FY 2015-16 Adopted Budget by increasing appropriations by \$13,795 financed by unassigned fund balance in the following Funds: 112-Pajaro Appropriations Unit WRA002; 116-2CAdmin Appropriations Unit WRA 006; 121 Soledad Storm Drain Appropriations Unit WRA011; 122-Reclamation Ditch Appropriations Unit WRA 012; 124-San Lorenzo Creek Appropriations Unit WRA014; 127-Moro Cojo Slough Appropriations Unit WRA 017; 131-CSIP Appropriations Unit WRA 020; and, 132-SVRP Appropriations Unit WRA021 (4/5th vote required).

VOTE: Motion carried unanimously by those Directors present.

- C. Consider recommendations to the Board of Supervisors of the Monterey County Water Resources Agency relating to Tri-Counties Club, Inc. and real property at Lake Nacimiento (San Luis Obispo County) to: i) authorize negotiations for either the sale, lease, or lot line adjustment relating to real property (Cullen site) between the Agency and Tri-Counties; ii) authorize negotiations for either the license or lease or sublease of a 72 acre portion of property under leases 3A and 3B, among the Agency, Tri-Counties, and lessees of leases 3A and 3B; and, iii) accept or reject the invitation to negotiate an agreement between the Agency and Tri-Counties for the furnishing of water to lessees of the Agency.

Brent Buche, Deputy General Manager, presented this item for consideration by the Board.

(Director Scattini left the dais @ 2:46 PM and returned at 2:48 PM)

Public Comments: Randall Tognazzini, Tri-Counties Club, Inc.; Christine Cullen, property owner; Rick Cullen, property owner.

ACTION: On Motion and Second of Directors Ortiz and Hoover respectively, directed General Manager and County Counsel to present to the Board of Supervisors of the Monterey County Water Resources Agency the matter relating to negotiations for either the sale, lease or lot line adjustment relating to real property (Cullen Site) between the Agency and Tri Counties to the Board of Supervisors in Closed Session for a decision in this matter.

VOTE: Unanimous by those Directors present.

ACTION: On Motion and Second of Directors Ortiz and Huerta respectively, authorized negotiations for either the license or lease of sublease of a 72-acre portion of property under leases 3A and 3B, among the Agency, Tri-Counties and lessees of leases 3A and 3B..

VOTE: Unanimous by those Directors present.

ACTION: On Motion and Second of Directors Ortiz and Ekelund respectively, accepted the invitation to negotiate an Agreement between the Monterey County Water Resources Agency and Tri-Counties Club, Inc. for the furnishing of water to Lease 3B lessee.

VOTE: Unanimous by those Directors present .

The Board took a break from 3:43 PM until 4:02 PM. Director Taylor-Silva returned @ 4:05 PM. Director Huerta returned to the dais at 4:07 PM. Director Scattini left the dais @ 4:07 PM but returned at a time unrecorded. The quorum was maintained.

D. Consider approving and recommending that the Monterey County Water Resources Agency Board of Supervisors approve Amendment No. 1 to the Third Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency, in the amount of \$630,585, for further services on the Interlake Tunnel and Spillway Modification Projects, substantially in the form attached and subject to approval by County Counsel; and, authorizing the General Manager to execute the Amendment.

David Chardavoyne, General Manager, presented this item for consideration by the Board.

Public Comments: Bill Stevens, NOAA Fisheries; Nancy Isakson; Steve Shimek.

ACTION: On Motion and Second of Directors Ekelund and Ortiz respectively, approved and recommended that the Monterey County Water Resources Agency Board of Supervisors approve Amendment No. 1 to the Third Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency, in the amount of \$630,585, for further services on the Interlake Tunnel and Spillway Modification Projects, substantially in the form attached and subject to approval by County Counsel; and, authorized the General Manager to execute the Amendment.

VOTE: Unanimous by those Directors present (Scattini absent.)

E. Consider approving and recommending that the Monterey County Water Resources Agency Board of Supervisors approve Amendment No. 1 in the amount of \$154,400 for a Specialized Advisory and Transactional Attorney Services Agreement with Burke, Williams & Sorensen, LLP to perform tasks and assignments relating to the Interlake Tunnel and Spillway Modification Projects, and Tunnel-related matters; and, authorizing the General Manager to execute the Amendment to the Agreement.

David Chardavoyne, General Manager, presented this item for consideration by the Board.

Public Comments: Ron Chesshire; Tom Virsik; Norm Groot (Agreement should include reimbursement for this amount in the event AB 1585 fails).

ACTION: On Motion and Second of Directors Taylor-Silva and Hoover respectively, approved and recommended that the Monterey County Water Resources Agency Board of Supervisors approve Amendment No. 1 in the amount of \$154,400 for a Specialized Advisory and Transactional Attorney Services Agreement with Burke, Williams & Sorensen, LLP to perform tasks and assignments relating to the Interlake Tunnel and Spillway Modification Projects, and Tunnel-related matters; and, authorized the General Manager to execute the Amendment to the Agreement conditional on Water Resources Agency Board of Supervisors approving Amendment No. 1 to the Third Reimbursement and Funding Agreement.

VOTE: Unanimous by those Directors present.

F. Consider receiving a report on the Salinas River Lagoon, including necessary tasks to pursue permits for sandbar management activities for 2016-2021; and, providing direction to Staff regarding funding those activities.

Elizabeth Krafft, Senior Hydrologist, presented this item for consideration by the Board.

Public Comments: Bill Stevens, NOAA Fisheries.

ACTION: On Motion and Second of Directors Ekelund and Taylor-Silva respectively, received a report on the Salinas River Lagoon, including necessary tasks to pursue permits for sandbar management activities for 2016-2021; and, directed Staff to prioritize this matter, authorizing Staff to move forward with identified budget line items.

VOTE: Unanimous by those Directors present.

G. Consider receiving an update on the Sustainable Groundwater Management Act Basin Boundary adjustment requests; and, providing direction to Staff.

Robert Johnson, Deputy General Manager, presented this item for consideration by the Board.

Public Comments: Nancy Isakson; Norm Groot; Steve Shimek; Tom Virsik.

Director Huerta left the meeting @ 5:26 PM. The quorum was maintained.

ACTION: On Motion and Second of Directors Ekelund and Hoover respectively, received an update on the Sustainable Groundwater Management Act Basin Boundary adjustment requests; and, directed Staff to continue in the process.

VOTE: Unanimous by those Directors present. (Director Huerta has left)

H. Consider recommending that the Monterey County Board of Supervisors reinsert language in the Monterey County Legislative Program supporting a robust state-wide vessel tracking system to assist with preventing Dreissenid Mussels from infesting Lakes Nacimiento and San Antonio; and, providing direction to Staff.

Elizabeth Krafft, Senior Hydrologist, presented this item for consideration by the Board.

Public Comments: None.

ACTION: On Motion and Second of Directors Ortiz and Taylor-Silva respectively, recommended that the Monterey County Board of Supervisors reinsert language in the Monterey County Legislative Program supporting a robust state-wide vessel tracking system to assist with preventing Dreissenid Mussels from infesting Lakes Nacimiento and San Antonio.

VOTE: Unanimous by those Directors present.

- I. Consider receiving an update on the completion of the Strategic Planning Session process; and, providing direction to Staff.

ACTION: On Motion and Second of Directors Ekelund and Ortiz respectively, this item was continued to the March 2016 Board of Directors meeting.

VOTE: Unanimous by those Directors present.

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- J. Consider receiving an update on the Water Right Permit #11043 extension request.

Robert Johnson, Deputy General Manager, presented this item for consideration by the Board.

Public Comments: Norm Groot; Nancy Isakson (submitted letter dated December 23, 2015 from Downey Brand to SWRCB – attached); Steve Shimek.

ACTION: On Motion and Second of Directors Hoover and Ortiz respectively, received an update on the Water Right Permit #11043 extension request.

VOTE: Unanimous by those Directors present.

10. KEY INFORMATION AND CALENDAR OF EVENTS

11. GENERAL MANAGER'S REPORT

David Chardavoyne provided updates on the following activities: (See Dave's notes)

- a) Meeting with Water Management District Staff re: Conditions Precedent to the Amended and Restated Water Recycling Agreement;
- b) Execution of the Memorandum of Understanding re: Moro Cojo Tidal Gate Repairs;
- c) Executive Management Team reorganizational meeting; and,
- d) Future discussions regarding the Return Water Term Sheet rate calculation for avoided costs.

Public Comments: None.

12. COMMITTEE REPORTS – Committee Chairs had nothing new to report.

13. INFORMATION ITEMS – No Comments received.

14. BOARD OF DIRECTORS' COMMENTS – Chair Hart voiced his support for re-establishing the RAC Committee. Director Ekelund reported Monterey County's acceptance as a new member of the IRWMP for Greater Monterey County.

15. ADJOURNMENT @ 6:09 PM

SUBMITTED BY: Wini Chambliss

APPROVED ON: March 28, 2016

Wini Chambliss

DOWNEY BRAND

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December 23, 2015

VIA HAND DELIVERY AND ELECTRONIC MAIL
Justine.Herrig@waterboards.ca.gov

Ms. Justine Herrig
State Water Resources Control Board
Division of Water Rights
P.O Box 2000
Sacramento, California 95812-2000

Re: Petition for Extension of Time -- Water Right Permit No. 11043 (Application Nos. 13225 and 13226) (reference JH:A013225)

Dear Ms. Herrig:

The Monterey County Water Resources Agency (Agency) is in receipt of Matt McCarthy's letter of October 21, 2015, regarding the Agency's May 18, 2015 petition for extension of time for Permit 11043. In that letter, Mr. McCarthy reported that the Division of Water Rights has determined that the May 18 petition is not necessary, and requested, among other things, that the Agency submit a letter per term 14 of Permit 11043 addressing compliance with the milestones set forth in the Permit and requesting to extend the time for full beneficial use per the October 3, 2013 Petition for Extension of Time. This letter is in response to that request.

While the Agency has not been able to achieve the milestones set forth in the Settlement Agreement and the Permit due to the pressures related to the current drought and the recently implemented Sustainable Groundwater Management Act (SGMA) requirements, the implementation of SGMA has provided an opportunity for the Agency to develop and begin to implement a suite of projects that, collectively, comprise the Comprehensive Salinas Valley Basin Sustainability Program (Program). Identification of the elements of the Program, as well as the performance metrics, is anticipated to be finalized by the Agency in early 2016.

The Program is the product of intensive work by the Agency with regional stakeholders representing a wide range of interests, including agricultural, municipal, and environmental groups. It has virtually unprecedented support from the various stakeholder groups, as it is intended to provide numerous and significant benefits to the region's valuable agricultural economy, flood protection efforts, the groundwater basin, and aquatic species. The Program is precisely the type of integrated watershed management program that the Agency discussed with

STATE WATER RESOURCES CONTROL BOARD
DIVISION OF WATER RIGHTS
SACRAMENTO
2015 DEC 23 PM 2:21

REC'D 12-23-2015
CHECK # 0000301604
\$6,153.00 (GC)

Chair Marcus in November 2014 and with Chair Marcus and Member D'Adamo in February 2015. The Program is intended to be the blueprint for water management and ecosystem restoration in the Salinas Valley for the foreseeable future.

Permit 11043 is a vital component of the Program, but the Agency needs more time to complete work under Permit 11043 in order to integrate the water rights established by the Permit into the Program's many elements, thereby maximizing the beneficial use of water in the region and facilitating the Agency's efforts to repel seawater intrusion and provide water supply reliability. If the Agency is forced to focus on meeting the current 11043 milestones, it would be unable to accomplish the other components of the Program in a thoughtful and logical sequence. Of particular import to the State Water Resources Control Board, accelerating the implementation of Permit 11043 would disrupt the balance of the program between seeking ecosystem improvements and water supply reliability. In order to continue the balanced approach that has, to date, generated widespread stakeholder support, the Agency requests an extension of the timeline for implementing Permit 11043 as described in the May 18, 2015 petition.

The progress the Agency has made with respect to specific components of the Program is set forth below. The enclosed chart depicts the timeline for completion of various components of the Program, including completion of work under Permit 11043.

Basin Investigation (modeling)

Monterey County has been in litigation for a number of years over its 2010 General Plan update. That litigation ended through a Settlement Agreement, wherein the County agreed to perform a five-year study of groundwater and surface water resources for the Salinas Valley (Basin Investigation). That study has already begun and involves the development of a sophisticated integrated ground and surface water model that will be able to analyze the current and future status of the Salinas Valley Basin. This model is intended to allow Agency and stakeholders to evaluate different strategies to halt seawater intrusion, provide water for both urban and agriculture, and reach sustainability on or before the schedule set forth in SGMA. The United States Geological Survey (USGS) is working with the County to develop, calibrate, and run the resulting model. Training for County and Agency staff is part of the agreement with the USGS.

The Basin Investigation is represented by the blue lines on the enclosed chart. The first part depicts the Basin Investigation itself; the second part is the possible timeline for implementation of recommendations that would come from the investigation, if needed.

waterSMART Grant

The Agency has recently been awarded a USBR waterSMART grant that will allow the Agency to examine how climate change will affect water supplies for the Salinas Valley into the future. The Agency and USBR staff will begin working on this effort early next year, and the climate change / climate variability findings will be integrated into the Basin Investigation water model

to refine the model outputs and resulting scenarios. This is a collaborative effort with the Monterey Peninsula Water Management District and San Luis Obispo County, and will enable the partners to better manage the region's water supplies in response to the changing climate. (This project is not represented on the enclosed chart.)

Sustainable Groundwater Management Act

Ever since the Governor signed SGMA in September 2014, the Agency has been actively working with other stakeholders to use the law to better manage the region's water resources. In early 2015, it became clear that other local governments and stakeholders (from both the agricultural and environmental communities) wished to be part of the development of a groundwater sustainability plan (GSP) and participate as part of a Groundwater Sustainability Agency ("GSA"). As a result, the Agency and other interested parties began a facilitated process for the creation of a single GSA for the Salinas Basin, and development and implementation of a GSP in the Salinas Valley, retaining Gina Bartlett of the Consensus Building Institute to guide the facilitation process. Since the Agency has collected groundwater data since the 1950's, it will be a critical player in the development of the resulting GSA. The first public meeting for stakeholders in the Salinas Valley is scheduled for January 21, 2016. The water rights established by Permit 11043 will be an important component of groundwater management under SGMA, as the water will be used in large part to repel seawater intrusion, thus protecting local groundwater supplies for long-term, sustainable use.

SGMA work is represented by the red line on the enclosed chart.

Pure Water Monterey Project

The Pure Water Monterey Project (PureWater) would provide a clean, safe and sustainable source of water for Monterey County. It emphasizes advanced water recycling technology, replenishment of the groundwater supply and protection of the environment.

PureWater provides both purified potable water for domestic use, as well as additional supply for irrigating one of the state's most fertile agricultural areas. The project would be the first of its kind to utilize not just wastewater, but stormwater, food-industry processing water, and impaired surface waters of the State. It is an environmentally sustainable solution for the area's water supply problems.

The development of this project has taken over 15 months of planning and technical work. The Monterey Regional Water Pollution Control Agency, working with the Agency, prepared the necessary environmental impact report and has approved the project. Further, the Board of Directors of the Agency and the Board of Supervisors of the County have approved the *Amended and Restated Water Recycling Agreement Between Monterey Regional Water Pollution Control Agency and Monterey County Water Resources Agency* for the construction and operation of the project. Associated agreements with California American Water, Monterey Regional Water

Pollution Control Agency, Monterey Peninsula Water Management District, and Marina Coast Water District are in the process of being finalized. For more on Pure Water, see <http://purewatermonterey.org>.

Pure Water Monterey is represented as the “SWA or Source Water Agreement” orange line on the enclosed chart. Note that this line morphs into CSIP Expansion. That project is described below.

Expansion of the Agency’s Recycled Water Facilities

A complementary project to the Pure Water Monterey Project is the expansion of the Agency’s recycled water distribution facilities (Castroville Seawater Intrusion Project or CSIP), consistent with the State Board’s recycled water policy. Expansion of CSIP will occur over time, in two ways. First, there would be an expansion (or addition) of the amount of water available to CSIP from the aforementioned project. Infrastructure refurbishments will be necessary to accept and effectively treat and distribute this additional water. Second, there would be the expansion of acreage eligible to receive recycled water. There is a waiting list of land owners that want to be included in CSIP; the Agency intends to include these owners and related acreage as part of the overall project footprint. The resulting increase in recycled water use would reduce the dependence on and use of wells in the Monterey County Water Recycling Projects’ project area, thereby reducing a major driver of seawater intrusion.

Expansion of the Agency’s recycled water distribution facilities is represented as the “CSIP Expansion” purple line on the enclosed chart. Note that this line continues the Pure Water Monterey Project orange line.

Salinas River Stream Maintenance Program (SRSMP)

This program is the result of working with The Nature Conservancy and other partners to manage how the Salinas River Channel would be maintained, and has received extensive interest from stakeholders. Continued stream maintenance work has occurred in the Demonstration Project area over the past several months. In addition, the Agency has worked to group the remaining sections of the River into new River Management Units (RMUs) and is working to secure the necessary permits to conduct work in the RMUs.

The SRSMP is represented as the dark grey line on the enclosed chart, which continues as the Salinas River Management Program (discussed below).

Salinas River Management Program (SRMP)

This program would build upon the progress of the SRSMP and develop a more holistic approach to river management. The SRMP moves from stream maintenance (SRSMP) to river management. This program will include work at the Salinas River Lagoon as well as along the River. The Salinas River Lagoon Working Group has reinitiated meetings to develop solutions

for the Lagoon. The Working Group regularly consists of the Agency, NOAA Fisheries, US Fish and Wildlife Service, Corps of Engineers, CA Coastal Commission, CA Fish and Wildlife, CA State Parks, and other interested parties such as: Monterey Dunes Colony, The Nature Conservancy, and the Central Coast Wetlands Group, and local landowners. Other participants include Monterey Coastkeeper/The Otter Project and Trout Unlimited. Staff has reached out to the Monterey County Resource Management Agency (RMA) for assistance identifying needed permits, environmental documents and costs due to RMA's experience with the Carmel Lagoon and their work with regulatory agencies.

The SRMP is represented as the light grey line on the enclosed chart, and continues from the SRSMP.

Interlake Tunnel and San Antonio Spillway Modification Project (Project)

This Project became the Agency's highest priority in 2014, supplanting Permit 11043, because of the fact that it would provide substantially increased water supply reliability during droughts (it is expected to result in an additional 59,000 acre-feet of storage in Lake San Antonio) and the associated flood control benefits of additional reservoir storage. In addition, the Interlake Tunnel Project would give the Agency much greater control over releases from Nacimiento and San Antonio Reservoirs into the Salinas River, thereby making it possible for the Agency to manage water more effectively and provide water on a more targeted basis for multiple benefits. A tremendous amount of work has been accomplished related to this project, including:

- Study and identification of the ecological benefits of the Project, including reduction of flood damages, food safety improvement, increased potential for groundwater recharge, increased ability to manage water quality, including salinity, and more flexibility to manage water supplies for the benefit of fishery resources.
- Investigation into White Bass containment solutions and the development of an intake system to prevent the movement of white bass from Lake Nacimiento to Lake San Antonio.
- Conceptual engineering has been completed, including hydraulic modeling. Flood spills are expected to be reduced by 60% and up to an average of 20,000 acre-ft of water annually can be available, in addition to the Lake San Antonio additional storage noted above.
- The Agency has selected an environmental consultant and plans to execute an agreement with the environmental consultant in January 2016; the Agency is in the process of selecting an engineering consultant.

The Interlake Tunnel Project is represented as the green line on the enclosed chart.

In sum, the Agency has, with extensive stakeholder support – of the type and magnitude unprecedented in the region – expended considerable efforts to develop the Program and keep the various aspects of the Program moving forward as quickly as possible. Permit 11043 is an absolutely vital component of the Program, but in order to comprehensively integrate the 11043 water rights into the Program, the Agency needs more time than the Permit currently provides. An extension of time for Permit 11043 deliverables, as described in the May 18, 2015 petition and the October 3, 2013 petition, will allow the Agency to fully integrate the Permit 11043 water rights into the Program and use those water supplies in the most effective and beneficial manner possible.

Please feel free to contact David Chardavoine, the General Manager of the Agency, at (831) 755-4860, or to contact me if you have any questions. The Agency would be glad to meet with you or your colleagues to elaborate on any of the matters discussed in this letter or to discuss the next steps for the State Water Resources Control Board's processing of Permit 11043.

Very truly yours,



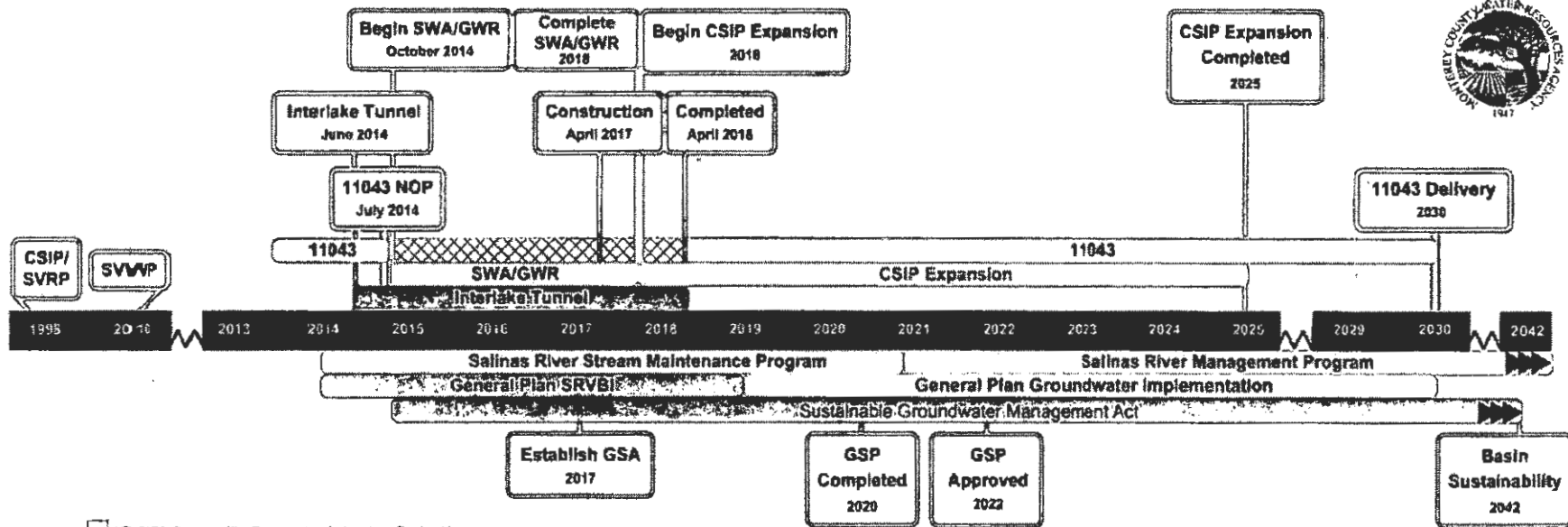
David R.E. Aladjem

cc: David Chardavoine, Monterey County Water Resources Agency
Charles McKee/Les Girard, Office of the County Counsel

Enclosures

Chart showing Program component
Check No. 0000301604

Comprehensive Salinas Valley Basin Sustainability Approach



- (CSIP) Castroville Seawater Intrusion Project/
(SVRP) Salinas Valley Reclamation Project
(SWP) Salinas Valley Water Project
- (SWA/GWR) Source Water Agreement/Ground Water Replenishment
- General Plan (SRVBI) Salinas River Valley Basin Investigation
- General Plan Groundwater Implementation
(address seawater intrusion and falling groundwater levels by 2030)