



**MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF DIRECTORS**

BOARD OF DIRECTORS:

Ken Ekelund, Chair
Claude Hoover, Vice Chair
Silvio Bernardi
Mark Gonzalez
David Hart
Fred Ledesma
Richard Ortiz
Mike Scattini
Deidre Sullivan

STAFF:

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

January 27, 2014

REVISED MINUTES

1. CALL TO ORDER/ESTABLISH QUORUM

Chair Ken Ekelund convened the Regular Board of Directors Meeting @ 11:31 AM.

Directors Present: Ken Ekelund, Claude Hoover, Mark Gonzalez, David Hart, Richard Ortiz,
Mike Scattini and Deidre Sullivan

Directors Absent: Directors Silvio Bernardi and Fred Ledesma

A quorum was established.

PUBLIC COMMENTS ON CLOSED SESSION AGENDA - None

ADJOURN TO CLOSED SESSION @ 11:32 AM

RECONVENE MEETING @ 1:00 PM

Deputy County Counsel Patrick McGreal reported the Board made no reportable actions in closed session. No direction was given on any of the items listed on the agenda.

2. PLEDGE OF ALLEGIANCE (led by Director David Hart).

3. ELECTION OF OFFICERS

2013 Chair Ken Ekelund announced his withdrawal from consideration for a second term as Board Chair due to commitments related to his new business venture.

Directors Richard Ortiz and Claude Hoover were nominated as Chair and Vice Chair of the Board respectively.

ACTION:

Motion and Second by Directors David Hart and Mark Gonzalez to close nominations.

Motion carried unanimously by those members present.

ACTION:

Motion and Second by Directors Ken Ekelund and David Hart to elect Directors Richard Ortiz and Claude Hoover as Chair and Vice Chair, respectively, of the Monterey County Water Resources Agency.

Motion carried unanimously by those members present.

4. PUBLIC COMMENTS

Ron Chesshire, Monterey County resident, congratulated the new officers of the Board. Mr. Chesshire reminded Board members of Brown Act public meeting requirements in reference to a Joint Closed Session meeting of the Water Resources Agency Board of Supervisors and Board of Directors held November 5, 2013 wherein the Board of Supervisors conducted a Performance Evaluation of the Water Resources Agency's General Manager.

5. PRESENTATIONS

A. Water Delivery Options presentation was delivered by Howard Franklin and Chris Moss

Howard Franklin and Chris Moss discussed forecasted inflow in relation to operation of the Salinas River Diversion Facility (SRDF). Currently, only minimum releases can be made to comply with diversion requirements at the SRDF. As summer demands increase, more water is required than San Antonio reservoir is able to provide.

With little or no rainfall, pre-SRDF conditions will be reinstated whereby well and ground water will be utilized. It may also be necessary to connect wells that are not currently connected due to the anticipated high demand resulting from lack of rain.

A review of the 67 available standby wells yielded the following categorization of wells for possible connection:

- a) wells that are recommended for consideration (four may possibly be connected on a contingency basis;
- b) wells to be considered after the recommended wells; and,
- c) wells deemed too close to seawater intrusion for consideration.

This information was taken to the Monterey Regional Water Pollution Control Agency Water Quality and Operations Committee to determine what water would be needed to supplement the recycled water.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. How much water are we looking to make up? ***About 30,000 gallons per minute.***
2. We may need to go to scheduled system under peak demands. This is the response...look for Claude's question.
3. CSIP supplemental wells hit harder, what impact will that have on other landowners' wells or CSIP wells? They may get deeper.
4. How do you intend to turn these connections on? ***Manually.***
5. When will staff measure the seawater intrusion front? ***Monitoring was done last summer and staff currently is preparing seawater intrusion maps. They should be available early spring (April/May).***
6. It is disturbing that water in the dams is released for conservation purposes, but will not reach those who paid for the dams.
7. All potential water sources should be identified.
8. Connecting to wells will only exacerbate the problems we are attempting to fix.
9. The wells are not going to last, and this Board may need to spend money to drill wells that will last over time.
10. Just because the State requires specific releases, must we follow those guidelines? ***We are in conversation with NOAA Fisheries in an effort to reduce the amount. A meeting has been scheduled for February 20, 2014. The matter will be discussed further in Reservoir Operations committee.***

Public Comments:

Bob Abrams, Monterey resident, asked if there is a tradeoff to pumping relative to the benefit received. Staff responded there is no tradeoff, and that it is a matter of water supply. Priority is placed on maximizing recycled water use and the only other water source is ground water wells.

John Baillie, Monterey resident, asked whether use of industrial pond water is being considered. Staff responded this was discussed at the Water Quality and Operations committee meeting, and a two-month test is planned for April and May of this year. Water will be diverted to PCA plant. Additionally, Staff met with officials of the city of Salinas, and they support the concept of utilizing this water (approximately four million gallons per day).

Staff reported the following next steps:

- Contacting owners to determine their willingness to connect to CSIP system;
 - Collecting and analyzing water samples; and,
 - Proceeding with connections if water quality meets acceptable standards.
- B. The Nature Conservancy (TNC) presentation was presented by Ms. Jennifer Biringer. Ms. Biringer indicated the role of TNC's Demonstration Project is to build trust and show success through laying out a common framework that can be replicated including:
- A science-based approach – analysis leads to design;
 - Collaboration and cooperation; and,
 - Multiple benefits.

Ms. Biringer reviewed the process: Establish "River Management Unit (November 2013); understand existing conditions (Nov-Dec 2013); create River Management Unit design (Jan

2014); and engage permitting agencies and public (Jan – Sept 2014). Work would begin in October 2014.

This discussion was followed by an explanation of the goals: building a model that seeks five or 10 year permits; defines and evaluates cost and benefits for landowners and implementing agencies; establishes baseline information; relies on adaptive management; addresses multiple watershed objectives: water recharge, water quality improvements, and ecological conditions for wildlife and fish.

Paul Frank, civil engineer, provided an overview of the flood modeling and summary of results. The TNC felt the 2D modeling platform was required because of the nature of the Salinas River. The following outcomes of analysis were identified:

- With complete removal of all vegetation, the channel does not protect farmlands from flooding;
- Targeted vegetation removal may have limited benefits; and,
- The five-year floodplain terrace cannot be protected from flooding by removal of vegetation.

Roles and Estimated Costs were then delineated as follows:

- Project Planning & Design (TNC) – \$75,000 for 12 miles
- Permit Applications (MCWRA) – \$25,000
- CEQA/NEPA (MCWRA) – \$50,000
- Implementation & Monitoring (MCWRA/Growers/TNC) – Maintenance is not included in the costs provided above

Items to be considered by the Water Resources Agency include:

- CEQA/NEPA options for demonstrations
- EIR potential for multiple projects under common framework
- Mitigated Negative Declaration – limited to demonstrations with additional costs

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Is there any difference between a 20-year event with or without vegetation removal?
There is not much difference until you get to approximately 25+ year event.
2. It is important that the public understands what can or cannot be achieved.
3. A mining permit is required to take sediment offsite.
4. A science-based approach is imperative, and true experts should be engaged to evaluate the models.
5. We must determine whether the models can be scaled up to a long-term project.

Associate Water Resource Engineer Shaunna Juarez reported staff continues to move forward with TNC's project proposal, and that a report will be provided the Board of Directors in February that will compare the projects currently on the table.

Public Comments:

Bob Perkins, Salinas resident, cautioned Directors to be mindful of Federal Endangered Species Act regulations and the possibility of being exposed to liability with regard to processing the protection of species and property. Additionally, he discussed the mention of “adaptive management” in the TNC presentation. In his experience, this phrase generally resulted in additional regulations and costs (which, in his opinion, were only briefly mentioned in the presentation). Eventually, the Board will need to determine how this plan will be funded.

Mike Scattini left the dais at 2:45 PM and returned @ 2:47 PM.

- C. The Report on Salinas River Activities from the Agricultural Community was presented by Norm Groot, Executive Director of the Monterey County Farm Bureau. Mr. Groot discussed the need to find a mutually agreed upon pathway for River management with mutually agreed upon goals. A Task Force was developed to discuss issues and a proposal developed that incorporated elements from TNC’s demonstration Project, project models from single and/or multiple landowners; municipality interests, etc. Mr. Groot indicated a formal proposal would be submitted at the end of the week.

The Board recessed from 3:00 – 3:07 PM.

6. CONSENT CALENDAR

- A. Approve purchase orders/contracts in excess of \$500 and credit card purchases over \$500 in November/December 2013.
- B. Receive Report on Salinas Valley Water Conditions for the First Quarter of Water Year 2013-2014.
- C. Receive and accept the Monterey County Water Resources Agency Quarterly Financial Status Report through December 2013.
- D. Approve a *Drainage and Flood Control Systems Agreement*, by and among, the Monterey County Water Resources Agency, and the James E. Hansen Family Trust; recommend the Board of Supervisors approve the Agreement; and, authorize the Chairman of the Board of Supervisors to execute the Agreement.
- E. Approve Amendment No. 1 to the Employment Agreement between the Monterey County Water Resources Agency and David E. Chardavoyne.

Public Comment: None.

Director Gonzalez pulled Consent Item D for comment and separate approval brought a pervious concrete demonstration and wanted to bring this issue to the Board’s attention.

ACTION:

Motion and Second by Directors Ken Ekelund and Claude Hoover to approve Consent Calendar Items A, B, C, and E.

Motion carried unanimously by those members present.

Director Mark Gonzalez referred to a pervious concrete demonstration (set up in the Agency's courtyard) to encourage utilization of this type of product for water conservation purposes.

ACTION:

Motion and Second by Directors Mark Gonzalez and David Hart to approve Consent Calendar Item D.

Motion carried unanimously by those members present.

7. ACTION ITEMS

A. Consider approving the Minutes of the Special Board of Directors meeting held December 16, 2013.

Public Comment: None

ACTION:

Motion and Second by Directors Mark Gonzalez and Deidre Sullivan to approve the Minutes of the Special Board of Directors meeting held December 16, 2013.

Motion carried unanimously by those members present.

B. Consider approving a professional services agreement with Balance Hydrologics, Inc., in the amount of \$50,237, to analyze dry weather drainage and propose feasible alternatives to improve Carr Lake drainage; and, authorize the General Manager to execute the agreement.

Manuel Quezada, Senior Engineer, provided information about Carr Lake, which is designated as a FEMA floodway and provides critical flood storage. He reported Agency's primary responsibility is to maintain the conveyance systems that drain into the lake. Development of the upper watersheds has increased non-winter flows which collect at a low point referred to as the "four corners," negatively impacting farming operations. The study performed by Balance Hydrologics, Inc. will focus on improving drainage and detention time in the area.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Does the amount of this agreement represent only a portion of what will be required? Will we be looking to do the next point in a couple of months? ***Yes...that is correct.***
2. Will the City of Salinas be involved? ***Not directly.***
3. What is the number one solution for drainage in that area? ***Cleaning and a pump station would assist.***
4. We are spending \$50,000 to have someone look at this when we could spend \$50,000 to do a project.
5. At one point there was a facility at that location; but, it was removed. Now, we must secure a permit to demonstrate what must be done.
6. How long will the study take? ***Approximately three to four months.***
7. When might a project be implemented? ***Probably in the next fiscal year.***
8. Can anything be done now? ***Staff will visit the site to investigate.***

Deputy County Counsel Patrick McGreal reminded Staff that all agreements should be reviewed by County Counsel before presentation to the Board of Directors.

Public Comments:

Kent Haybino, Monterey County Farmer, asked if there will be other studies. ***It will depend upon findings...we are collecting data at this time. We will meet with all farmers to address concerns so they are addressed in the final analysis.***

ACTION:

Motion and Second by Directors David Hart and Deidre Sullivan to approve a professional services agreement with Balance Hydrologics, Inc., in the amount of \$50,237, to analyze dry weather drainage and propose feasible alternatives to improve Carr Lake drainage; and, authorize the General Manager to execute the agreement.

Motion carried unanimously by those members present.

Claude Hoover left the dais at 3:23 PM.

- C. Consider approving Amendment No. 1 to the professional services agreement with FISHBIO in the amount of \$237,000 to provide fisheries monitoring work in support of the Salinas Valley Water Project through June 20, 2014; and, authorizing the General Manager to execute the Amendment

Elizabeth Krafft, Senior Hydrologist, indicated this Amendment will align the contract with the fiscal year. It is anticipated a new contract will be brought back to the Board in July 2014.

Board Questions/Comments (***Staff responses are emboldened and italicized***):

1. If a great amount of rain occurs, will this amount cover the fish monitoring? ***Probably not. However, we have internal resources that can assist in this area.***
2. What is the benefit of this data collection? ***To better improve data collection techniques.***
3. Are any recommendations provided regarding management practices? ***No, recommendations apply to technique.***
4. If we are not monitoring, do we get a refund?
5. What is Fund 115? ***San Antonio Non Operations and Maintenance.***

Public Comments: None

Mark Gonzalez left the dais at 3:33 PM and returned at 3:37 PM.

ACTION:

Motion and Second by Directors Mike Scattini and Ken Ekelund to approve Amendment No. 1 to the professional services agreement with FISHBIO in the amount of \$237,000 to provide fisheries monitoring work in support of the Salinas Valley Water Project through June 20, 2014; and, authorizing the General Manager to execute the Amendment.

Motion carried unanimously. (Gonzalez was not present for the vote)

- D. Consider receiving a report regarding the Dreissenid Mussel Prevention Program at lakes Nacimiento and San Antonio; and, provide direction to Staff.

Elizabeth Krafft, Senior Hydrologist, provided an update on Quagga/Zebra mussel infestation throughout California. Ms. Krafft reported San Antonio and Nacimiento Reservoirs are high risk because the conditions are conducive to the spread of the invasive species. Ms. Krafft also reviewed Monterey County's Mussel prevention inspection program and requested direction from the Board.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Staff should come back with a contingency plan for mussel infestation. ***We cannot expect help from the State. We may need two separate plans for each reservoir. We have been communicating with Parks in development of a response plan.***
2. Does the Agency provide washers? ***No, because of the problem of disposal of the waste water.***
3. It is important to get aligned to receive funds which will become available.
4. It is a good time to lobby to make sure money is budgeted for invasive species.
5. Staff has considered decontamination stations to clean questionable boats; but, the cost is somewhat prohibitive.
6. Could the invasive species flow down to shallow domestic wells? ***Staff has no information regarding sub-surface transport of invasive species.***
7. The Supervisors should be briefed to make this a high legislative priority.
8. We need to look for additional grant opportunities.

General Manager David Chardavoyne indicated the Agency should investigate a range of options, with an emphasis on securing our hydroelectric facility. It may be necessary to make some hard decisions.

Public Comments: None

ACTION:

Motion and Second by Directors Ken Ekelund and David Hart regarding the Dreissenid Mussel Prevention Program at Lakes Nacimiento and San Antonio.

Motion carried unanimously.

- E. Consider approving a Power Purchase Agreement with the Northern California Power Agency for power generated at the Nacimiento Hydroelectric Plant; recommending approval by the Monterey County Water Resources Agency Board of Supervisors; and, authorizing the General Manager to sign the Definitive Agreement, and any necessary ancillary agreements.

Brent Buche, Assistant General Manager, provided historical information regarding a long-term power purchase agreement. NCPA has already approved the agreement.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Can we say publicly what kind of rate we are getting? ***We are going to begin at \$75/megawatt including REC credits. There is a 1.5% escalator.***
2. Would an upgrade to Unit #2 be included under this agreement? ***Yes. We are automatically a customer for power at the same rate. If we add another facility, they have first refusal right in purchasing power.***

Public Comments: None

ACTION:

Motion and Second by Directors Mike Scattini and Mark Gonzalez to approve a Power Purchase Agreement with the Northern California Power Agency for power generated at the Nacimiento Hydroelectric Plant; recommending approval by the Monterey County Water Resources Agency Board of Supervisors; and, authorizing the General Manager to sign the Definitive Agreement, and any necessary ancillary agreements.

Motion carried unanimously by those members present.

-
- F. Consider approving a professional services agreement with Power Systems Professionals, Inc. (dba "Power Pros") in the amount of ~~\$57,170~~ \$60,670, for engineering services and operations training at the Nacimiento Hydroelectric Plant; and, authorizing the General Manager to execute the Agreement.

Chris Moss, Senior Engineer, indicated this amount is being separated from the original contract to allow the general contract to be closed out and completed.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. It makes sense to close out the Site Contractor's contract.
2. Do we have personnel knowledgeable about the operations? What is the \$20,000 training for? ***Our staff member is new and we want him to be well trained in the operation of the facility. Training includes plan reading, safety and actual operations. Both the Hydroelectric Technician and backup staff will receive training over a five-day period.***

General Manager David Chardavoyne asked whether the ARC Flash test is required by FERC. Staff responded it is necessary to comply with OSHA safety standards although it is not required by FERC.

Public Comments: None

ACTION:

Motion and Second by Directors David Hart and Deidre Sullivan to approve a professional services agreement with Power Systems Professionals, Inc. (dba “Power Pros”) in the amount of \$57,170 \$60,670, for engineering services and operations training at the Nacimiento Hydroelectric Plant; and, authorizing the General Manager to execute the Agreement.

Motion carried unanimously by those members present.

Ken Ekelund recused himself from the Item G discussion due to his business being affected by the outcome of this matter, leaving the dais at 4:18 PM.

- G. Consider recommending that the Monterey County Water Resources Agency (MCWRA) Board of Directors approve an Amendment to Monterey County’s Master Fee Resolution to update land use fee descriptions; levy a new fee to reimburse MCWRA for technical review and evaluation of hydrogeologic reports; and, recommend that the MCWRA Board of Supervisors approve the Amendment.

Rob Johnson, Assistant General Manager, reported this work has been assigned to the Agency as a result of changes in the General Plan. The Master Fees have been subject to ongoing change since consideration by the Finance Committee, and include revision of some discretionary permit fees; updating of fee descriptions for subdivision and planning service area activities; addition of fees for Long-term sustainable water supply determination; and, deletion of NPDES stormwater fee. This item will be considered by the Board of Supervisors along with submissions of other County departments who are increasing their fees.

Public Comments: None

ACTION:

Motion and Second by Directors David Hart and Mark Gonzalez to recommend that the Monterey County Water Resources Agency (MCWRA) Board of Directors approve an Amendment to Monterey County’s Master Fee Resolution to update land use fee descriptions; levy a new fee to reimburse MCWRA for technical review and evaluation of hydrogeologic reports; and, recommend that the MCWRA Board of Supervisors approve the Amendment.

Motion carried unanimously by those members present. (Ken Ekelund not present)

Ken Ekelund returned to the dais after the vote on Item G @ 4:28 PM.

- H. Consider approving a legal services agreement with Downey Brand Attorneys, LLP, in an amount not-to-exceed \$200,000, for tasks related to the implementation of State Water Resources Control Board (SWRCB) Permit #11043, and compliance with conditions required to maintain Permit #11043; and, authorizing the General Manager to execute the Agreement.

Rob Johnson, Assistant General Manager, provided historical information about Water Rights Permit #11043. He also reviewed the milestones placed into effect via the Settlement Agreement, which avoided the revocation of the permit. The services of Downey Brand are required to develop a Notice of Preparation; financing plan; and, initial stages of a draft EIR.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Have Downey Brand begun work in this area yet? ***We have not started utilizing this \$200,000, and this should last to the end of the fiscal year.***
2. Would the production of a draft EIR be completed by the end of the fiscal year also? ***No...this would just be the beginning stages.***

Public Comments: None

ACTION:

Motion and Second by Directors Ken Ekelund and David Hart to approve a legal services agreement with Downey Brand Attorneys, LLP, in an amount not-to-exceed \$200,000, for tasks related to the implementation of State Water Resources Control Board (SWRCB) Permit #11043, and compliance with conditions required to maintain Permit #11043; and, authorizing the General Manager to execute the Agreement.

Motion carried unanimously by those members present.

-
- I. Consider reconfirmation of the Regional Advisory Committee to assist the Monterey County Water Resources Agency with the implementation of Water Rights Permit #11043; **and, provide direction to Staff.**

Rob Johnson, Assistant General Manager, reported the RAC passed a motion January 16, 2014, requesting the Board of Directors to “Reconfirm the purpose of the Regional Advisory Committee as the public process to develop a recommendation on Permit #11043 water use and project conception.”

The RAC meets again on January 30, 2014 to discuss project components in relation to impending milestones. Staff is seeking direction with regard to RAC efforts as part of a comprehensive solution to seawater intrusion.

Director Gonzalez requested local vendors be considered in performing any work required.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Appreciate time and efforts of members of public. Unfortunately, they did not represent all interests. The BMP Committee and Reservoir Operations Committee have public/private interests. Proposes the RAC Committee be dissolved once they submit their list of projects with regard to WR #11043. Maintaining this committee is now handicapping the Agency.
2. When another issue arises, another committee can be assembled.
3. The Committee has not yet completed the process.
4. The public wants to see the WR dealt with in an open arena.
5. The participants on the Committee are not representative of “the public.”

Public Comments:

Bob Perkins, Monterey County resident, stated this is the process for dealing with Water Right

Permit #11043...not secret meetings.

County Counsel Patrick McGreal also stated the Committee is advisory in nature. The original intent of the committee was to work against the revocation of #11043. The Committee is now being redefined to deal with implementation of WR #11043. The committee has completed two of the three items in the purpose statement.

ACTION:

Motion and Second by Directors David Hart and Mike Scattini to reconfirm the Regional Advisory Committee to assist the Monterey County Water Resources Agency with the Implementation of Water Rights Permit #11043.

Vote: Ayes: Directors Richard Ortiz, Claude Hoover, Mark Gonzalez, David Hart, Mike Scattini and Deidre Sullivan.

Noes: Director Ken Ekelund

Motion was carried.

8. KEY INFORMATION AND CALENDAR OF EVENTS – All meetings will maintain their regular schedule.

9. GENERAL MANAGER’S REPORT –
General Manager David Chardavoyne reported:

- a) He will attend the MRWPCA Board meeting later in the evening wherein the Ground Water Replenishment Project would be discussed;
- b) Meet and Confer meetings with MRWPCA continue with regard to recycled water entitlement;
- c) Judge Kingsley, recently assigned to the Coastkeeper litigation, demanded a trial date be set (now in September of 2014) or the case will be dismissed; and,
- d) The Power Purchase Agreement with NCPA was approved. The pricing is more than double that afforded by PG&E, and discussions now center on their provision of financial support for replacing Generator #2.

Public Comments:

Well done on power purchase agreement.

10. COMMITTEE REPORTS – Directors stated this Committee will become more functional.

11. INFORMATION ITEMS – Directors had no questions or comments on information items.

12. CORRESPONDENCE – Directors had no questions or comments on items of correspondence.

13. BOARD OF DIRECTORS’ COMMENTS

Director Ken Ekelund thanked the Directors for their support during his service as Board Chair. Chair Richard Ortiz commended Director Ekelund for his service. Chair Ortiz also requested Agency staff to consider amending any existing ordinance(s) to promote hiring of local vendors

for contracts. County Counsel Patrick McGreal responded he will prepare a draft ordinance.

General Manager David Chardavoyne requested that the design/build option be included in the ordinance as a method of procurement for cost saving and schedule timing purposes.

14. ADJOURNMENT

The meeting was adjourned @ 5:12 PM

SUBMITTED BY: Wini Chambliss
APPROVED ON: February 24, 2014

Wini Chambliss, Clerk to the Board

APPROVED