



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

BOARD MEMBERS:

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

STAFF:

David Chardavoine, 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

April 8, 2014

MINUTES

Joint Meeting of the Monterey County Water Resources Agency
Board of Supervisors and Board of Directors

1. CALL TO ORDER

Chair Richard Ortiz reconvened the meeting held in the Board Chambers at the Monterey County Government Center @ 11: 30 AM.

Directors Present: Richard Ortiz, Claude Hoover, Silvio Bernardi, Ken Ekelund, David Hart, John Huerta, Mike Scattini

Directors Absent: Silvio Bernardi, Mark Gonzalez and Deidre Sullivan

A quorum was established.

2. PLEDGE OF ALLEGIANCE (not recited).

3. PUBLIC COMMENTS

Mr. Bill Carrothers, Monterey County resident, discussed matters related to water sustainability utilizing a PowerPoint presentation.

4. ACTION ITEMS

A. Consider receiving a report on utilization of Performance Indicators as a management tool at the Monterey County Water Resources Agency

David Chardavoine, General Manager, reported the Agency has been engaged in the performance indicator process since 2012. Mr. Chardavoine outlined the features,

objectives, and attributes of the program, followed by a review of seven selected Performance Indicator graphs. He discussed key success factors related to the program, and stated the process will be ongoing.

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

Board of Supervisors:

1. Performance Evaluations were not included in the presentation. Is there a correlation between performance evaluations and performance indicators? ***If the process is tied to evaluations, the data can be swayed. The success of the program depends upon actual data - not data that has been massaged.***
2. Performance evaluations may be related to continuous ongoing performance improvement.
3. It is important to incorporate community input into determining performance. ***That is a good suggestion especially since one of our goals is developing a culture of customer service.***
4. Is there a way to determine which of internal measures contribute to strategic initiatives of the Board/Agency? ***That is the ultimate goal of the program.***

Board of Directors:

1. Directors complimented staff on the development of the Performance Indicator program.
2. This program is in its initial stage with the goal of identifying strategic initiatives that link to individual, team and organizational contributions to those initiatives.

Public Comments:

Steve Shimek, The Otter Project/Monterey Coastkeeper, stated the real metrics of success in the Monterey County Water Resources Agency include halting saltwater intrusion; flood control; reducing nitrates; and, managing the Agency's budget.

ACTION:

Motion and Second by Directors Claude Hoover and John Huerta to receive a report on utilization of Performance Indicators as a management tool at the Monterey County Water Resources Agency.

Motion carried unanimously by those Directors present.

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- B. Consider receiving an update on the Salinas River Stream Maintenance Program activities, and providing direction to Staff.

Robert Johnson, Assistant General Manager, provided an update on the Salinas River Stream Maintenance Program activities, stating this issue involves a paradigm shift at the Agency – from Channel maintenance to river management. Mr. Johnson noted it has taken over three years to reach this point in the EIR certification process. In response to

opposition to the Agency's attempt to certify the EIR in September 2013, stakeholders came together to develop a solution. That solution for the channel is composed of three facets: maintenance work; removal of trash; and, removal of invasive species.

Actions being performed include the following:

- Developing an umbrella EIR incorporating multiple project types;
- Working with The Nature Conservancy (TNC) to develop a collaborative process;
- TNC's work with willing landowners on two demonstration projects; and,
- Working toward developing a "long-term" River Management Program;

Due to regulatory restrictions, it will be difficult to accomplish any work before November.

Actions that need to be performed:

- Refine/revise current EIR;
- Certification of EIR by WRA Board of Supervisors and Board of Directors;
- Application to submitted to regulatory agencies;
- Initiation of lengthy Regulatory agency processes (which may require assistance from legislators); and,
- Continued collaboration with TNC regarding application for 404 and 401 permits (Federal and State, respectively) to initiate maintenance work.

The major challenge associated with this program is that of resources. The Agency's current and proposed budgets ***do not include*** resources for this program. The cost for the long-term program is estimated at \$1.5 million per year for five years (including channel maintenance efforts, long-term CEQA-related work; and a contracted person to manage the program).

Mr. Johnson concluded by stating the Agency has been working diligently to get channel maintenance efforts completed this season, with the realization that flooding in the near future could result in litigation. He acknowledged that short- and long-term strategies are in place; but, resources, sustainable funding and continued public support are all necessary for success of the program.

Public Comments:

Nancy Isakson, Salinas Valley Water Coalition, commended Agency Staff for slowing down the certification process. Ms. Isakson also applauded TNC for their work with some of the growers; but, cautioned all landowners should have the opportunity to participate in a program for work on their land. Ms. Isakson requested a copy of Mr. Carrothers' slide presentation.

Norm Groot, Monterey County Farm Bureau, stated the Agency has well identified the challenges that lie ahead. Funding is a real challenge, as the cost to landowners is overwhelming. Mr. Groot noted the importance of working together to identify a funding source to move this project forward. TNC has done good work in the unconstrained parts of the river. However, the constrained reaches currently remain untouched. A holistic maintenance approach must be undertaken.

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

Board of Supervisors:

1. In the short term, what can be done this year regarding trash removal and invasive species? *The Resource Conservation District has project that is supportable for invasive species. We are hoping to actually do some work in the river regarding invasive species and the removal of large trash items.*
2. Utilizing TNC's model, is it possible to get some work done in the river? *Because of the regulations, it will be challenging. We are communicating with the regulatory agencies to determine whether timelines can be shortened.*
3. Does TNC have strategy to determine whether their actions do not adversely affect parts of the river downstream? *That is the purpose of the 2-D modeling.*
4. We need to solicit assistance from multiple entities: Watershed Institute, CSUMB, etc.
5. What guidance/direction do you need from this Board? *Direction to continue moving forward. In addition, we will accept all funds toward accomplishing river maintenance and management.*

General Manager David Chardavoine expressed his intent to keep both Boards informed every step of the process, as well as his anticipation of returning to the WRA Board of Supervisors to request financial support. Mr. Chardavoine informed the Boards that various entities have provided support and taken the lead in trash and arundo removal programs.

Mr. Chardavoine warned the Boards of the seriousness of this matter that would negatively impact the economy should a major flood occur. He expressed his hope for receipt of State and Federal funds to assist with stream maintenance/management efforts, while also noting funding may necessitate Proposition 218 balloting. Mr. Chardavoine also discussed the possibility to approaching San Luis Obispo County to generate funds as enthusiasm appears lacking with regard to another Proposition 218 balloting.

Board of Directors:

1. The development of amicable relationships is important as we move forward.
2. What is the cost of 2-D modeling? *River Mile 2 to 95 – TNC estimates at \$150K.*
3. The Board of Supervisors, Board of Directors and Agency staff should begin soliciting State and Federal agencies to secure funding for the Environmental Impact Report as well as these programs.

Public Comments: None.

ACTION:

Motion and Second by Directors John Huerta and David Hart to receive an update on the Salinas River Stream Maintenance Program activities.

Motion carried unanimously by those Directors present.

The Water Resources Agency Board of Supervisors and Board of Directors recessed for lunch @ 1:05 PM, returning @ 1:30 PM.

A quorum of both Boards was re-established.

- C. Consider receiving an update on Water Rights Permit #11043 activities, and providing direction to Staff.

Robert Johnson, Assistant General Manager, provided an update on Water Rights Permit #11043 activities, including background information, current milestones and actions taken by the Regional Advisory Committee (RAC). Mr. Johnson described the initiation of the RAC, their purpose and their charge to identify feasible projects that put 11043 waters to beneficial use – the end product being a community-developed project suite. Currently storage is not part of the permit; however, it is an important component for future beneficial use that will allow the capture of water when available for future use on demand.

As with the previous item under consideration by the two Boards, there is no money in the Adopted or Recommended Budgets for this program. The estimated cost of the EIR is \$1 million.

Public Comments:

Nancy Isakson requested a copy of the day's slide presentation. Ms. Isakson voiced opposition to changes in the permit because of timing, emphasizing statements made that processing them could take up to five years. Additionally, she stated the risks to changing the permit are unknown. Ms. Isakson went on to state that storage is probably a necessary component of any selected project. She added her belief that if a feasible project is developed, the Salinas Valley will fund it; but, obtaining stakeholder support is essential.

Norm Groot emphasized the importance of this water right as a County asset. He discussed the importance of securing a funding mechanism to retain this water right, as well as working together to develop a feasible project.

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

Board of Supervisors:

1. Is the Agency on schedule to meet the July timeline? ***Yes, the NOP will be developed in-house. The RAC and BMP Committee will finalize development of a project suite in time to meet the July deadline.***
2. Will the NOP be developed without changes in the permit? ***Yes. In the past, projects were developed with changes submitted later in the process for consideration by the State. We plan to follow that same process.***
3. When will you discuss financing the EIR? ***As mentioned earlier, there is no money in our budget to fund development of the EIR. We plan to approach Monterey County for funding.***
4. How much money is required? ***Approximately \$1 million.***

5. What type of credibility does the Agency have with the SWRCB regarding 11043? *At this time our credibility is not good.*
6. It is difficult to participate in this discussion since materials were not provided in advance, especially with regard to the activities of the RAC.

Board of Directors:

1. What type of storage is being considered? *Older, existing storage facilities, i.e., Jerrett site (holds up to 140,000 acre feet) situated on army land; Matthews site (holds up to 16,000 acre feet; along with other sites above and below ground throughout the valley.*
2. Most of the projects being considered by the RAC emphasize the reduction/elimination of seawater intrusion.

Public Comments: None

ACTION:

Motion and Second by Directors David Hart and John Huerta to receive an update on the Salinas River Stream Maintenance Program activities.

Motion carried unanimously by those Directors present.

D. Consider receiving an update on the Castroville Seawater Intrusion Project.

Brent Buche, Assistant General Manager, reviewed the CSIP Project and its initial and current operations. Due to insufficient rainfall and water levels at Nacimiento and San Antonio Reservoirs, no water will be supplied by the SRDF this season. The CSIP system will rely mainly on recycled and ground water.

The City of Salinas is part of a produce wash water demonstration project that is available to replace a portion of the SRDF shortfall. The incremental cost to PCA of treating produce wash water is \$120 per acre-foot. Produce wash water is needed for CSIP to have a sufficient non-well water supply for the 2014 irrigation season and beyond. Continued use of this water requires an agreement between the Agency, PCA and the City of Salinas. Additionally, the Agency's cost for treated produce wash water should remain at the incremental cost of treatment--\$120/acre-foot.

The desire to expand the CSIP boundary (Zone 2B)—an additional 3,499 acres—results in an additional demand of approximately 7,000 acre-feet of water, also requiring the use of this water into the future.

Public Comments:

Steve Shimek, The Otter Project/Coastkeeper, voiced concerns that the Board has not seen this report previously. His belief is that the Joint Boards should focus on issues beneficial for the entire County by providing comprehensive, holistic solutions. Mr. Shimek added there are other demands for this water and more time should be taken to consider this and the next item on the agenda. He questioned whether the Boards really wanted a new

privately-owned treatment plant and if they wanted to contract with PERC to provide the services.

Nancy Isakson requested a copy of the slide presentation, stating her belief the staff report and slides are incongruent.

Gary Petersen, City of Salinas' Director of Public Works, reminded both Boards there are 3,000 jobs in the hospitality industry and water solutions are essential.

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

Board of Supervisors:

There is willingness to recognize the problems are actually mutual solutions. Incremental cost to PCA is \$120/acre foot. Does that mean they are already treating this water? *Currently the City of Salinas and PCA are performing a demonstration project using produce wash water. They determined the cost at their Recycled Water Committee.*

Board of Directors:

1. The Groundwater Replenishment Program is a good program; but, the source of water is still under consideration.
2. Utilizing Salinas Produce Wash Water makes good sense: we can discontinue pumping and continue toward the quest to halt seawater intrusion.
3. What do you expect the two boards to do today? *The action is to receive an update on the Castroville Seawater Intrusion Project.*
4. Will the \$120 incremental cost fall within the CSIP? *Right now PCA is funding the demonstration project. Agency Staff have spoken with PCA regarding budget issues.*
5. Seawater intrusion problems have not yet been solved. In that light, this Agency cannot begin to solve the problems of others.
6. The water needs in northern Monterey County are great.

ACTION:

Motion and Second by Directors John Huerta and Ken Ekelund to receive an update on the Castroville Seawater Intrusion Project.

Motion carried unanimously by those Directors present.

Mike Scattini left the dais @ 2:40 PM and returned at 2:43 PM.

- E. Consider: a) Authorizing the General Manager of the Monterey County Water Resources Agency to file with the State Water Resources Control Board for water rights to waters of the Blanco Drain for the purpose of providing additional waters for the Castroville Seawater Intrusion Project (CSIP) and for domestic supplies within the Salinas River Valley; and, b) authorizing the General Manager of the Monterey County Water Resources Agency to file with the State Water Resources Control Board for water rights to waters of

the Reclamation Ditch for the purpose of providing additional waters for CSIP and for domestic supplies within the Salinas River Valley.

David Chardavoyne, General Manager, indicated his discussion of both a&b simultaneously. Mr. Chardavoyne explained the reasons for requesting water rights to water from the Blanco Drain and Reclamation Ditch. He explained the process for applying for water rights, and reported the need to seek funding sources such as grants and/or request payment options. This process may take two to three years.

Public Comments:

Brian McCullough, Monterey Regional Water Pollution Control Agency, stated regional solutions are most economical. He stated introducing some of the existing resources into existing infrastructure is the most economical solution. Mr. McCullough voiced his belief there is enough water for Agricultural and urban uses.

David Stoldt, General Manager of the Monterey Peninsula Water Management District, stated the goal is to identify numerous sources and put them all to beneficial use. The efficacy of the program should be demonstrated.

Nancy Isakson stated many attempts have been made to work with the PCA, and that she is surprised that Monterey Peninsula approached the Valley to solve their problems. Ms. Isakson is of the opinion the Peninsula should solve their own problems, especially since the Salinas Valley continues to battle with seawater intrusion. Ms. Isakson also requested an explanation for the source of funding.

Steve Shimek stated the two Boards do not have enough information to approve this request even though the information presented today was known for some time. Information regarding the amount, point and season of diversion has not been provided. CSIP has two components: tertiary treatment from PCA and raw water from rubber dam. Mr. Shimek questioned if the water would be treated in advance. If water is treated to tertiary standards, that would be a positive step toward settling the Coastkeeper lawsuit. However, if the water is not treated the problem is only exacerbated. Again, Mr. Shimek urged the Boards not move ahead with approval at this time. He further suggested a meeting between Agency and PCA Staffs to develop a comprehensive solution.

Norm Groot urged support of water treatment for the two facilities for use in solving the problems in the Salinas Valley.

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

Board of Supervisors:

1. Monterey Peninsula has the responsibility to solve their problems and the recommendation being presented is acceptable.
2. Who possesses the water rights currently? ***No one...they are waters of the State.***
3. What is the goal of expanding the CSIP area?
4. Have we talked to the PCA about their ability to handle more water? ***Through the Salinas Industrial Pond water, the capacity is there in the amount of approximately***

19,500. Amendment No. 3 limits PCA's draw to that amount. For usage of water above that amount, an agreement would need to be reached. Their facility does not treat water to drinking water standards (advanced treatment). Right now it provides tertiary treatment, which is suitable for agricultural use. One proposal to raise water standard to drinking water level is utilizing PERC, a water treatment facility.

5. Water Management District and PCA have a request in for water rights to some portion of Reclamation Ditch and Blanco Drain. If WRA asks for entire water supply, what is the likely outcome as far as SWRCB is concerned? *No response provided.*

Board of Directors:

1. It is important to take care of the problems at home before assisting other neighbors and partners.
2. The critical element is funding.
3. There will be more joint meetings where issues such as this will be discussed openly.
4. How are we going to pay for this? Will there be a budget amendment? *We will attempt to get the fee waived, request time payments, etc. Agency Staff is also working with County Staff to expedite some reimbursements due the Agency related to the hydroelectric plant repairs and other areas. If the PERC project advances utilizing the water rights, we can roll the costs into that agreement.*
5. If the Salinas Valley had enough water for the present and the future, we could share resources. However, we are not there yet and this is just evidence of the Salinas Valley taking control of their future.

Public Comments: None

ACTION:

Motion and Second by Directors Mike Scattini and David Hart to: a) Authorize the General Manager of the Monterey County Water Resources Agency to file with the State Water Resources Control Board for water rights to waters of the Blanco Drain for the purpose of providing additional waters for the Castroville Seawater Intrusion Project (CSIP) and for domestic supplies within the Salinas River Valley; and, b) Authorize the General Manager of the Monterey County Water Resources Agency to file with the State Water Resources Control Board for water rights to waters of the Reclamation Ditch for the purpose of providing additional waters for CSIP and for domestic supplies within the Salinas River Valley.

Vote: Yeas – Directors Richard Ortiz, Claude Hoover, David Hart, John Huerta and Mike Scattini

Noes – Director Ken Ekelund

Absent: Directors Silvio Bernardi, Mark Gonzalez and Deidre Sullivan

Motion carried.

5. BOARD OF DIRECTORS COMMENTS – None.

6. ADJOURNMENT - The meeting was adjourned @ 3:32 PM.

SUBMITTED BY: Wini Chambliss
APPROVED ON: June 30, 2014

Wini Chambliss, Clerk to the Board

APPROVED