



**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
Jesse Avila, Deputy County Counsel

April 28, 2014

REVISED MINUTES

The meeting was Called to Order at 12:09 PM.

Directors Present: Directors Richard Ortiz, Claude Hoover, Ken Ekelund, David Hart, John Huerta (@ 1:26 PM), Mike Scattini and Deidre Sullivan

Directors Absent: Directors Silvio Bernardi and Mark Gonzalez

A quorum was established.

Public Comment on Closed Session Items:

Monterey County Counsel Charles McKee introduced Jesse Avila, the Agency's new Deputy County Counsel.

Directors adjourned to Closed Session @ 12:11 PM

1. RECONVENE MEETING/REPORT FROM CLOSED SESSION

Chair Richard Ortiz reconvened the meeting after lunch and Closed Session @ 1:24 PM

A quorum was again established.

Deputy County Counsel Jesse indicated there were no reportable actions taken in Closed Session.

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

3. PUBLIC COMMENTS

None.

4. CONSENT CALENDAR

- A. Approve purchase orders/contracts in excess of \$500 and credit card purchases over \$500 in February/March 2014.
- B. Receive Report on Salinas Valley Water Conditions for the Second Quarter of Water Year 2013-2014.
- C. Approve a Bridge/Road Easement to the City of Salinas for the Elvee Drive Bridge Project, and a temporary construction Easement, upon approval as to form by County Counsel, in return for an Access Easement to the Reclamation Ditch upon completion of the project. The easement exchanges are considered of equal value.

Public Comments: None

ACTION:

Motion and Second by Directors Ken Ekelund and Claude Hoover to approve the Consent Calendar.

Motion carried unanimously by those present.

5. ACTION ITEMS

- A. Approve the minutes of the Special Board of Directors Budget Workshop and Special Board of Directors meetings held on March 31, 2014.

ACTION:

Motion and Second by Directors David Hart and Ken Ekelund to approve the minutes of the Special Board of Directors Budget Workshop and Special Board of Directors meetings held on March 31, 2014.

Motion carried unanimously by those Directors present.

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- B. Consider receiving the *Salinas Valley Water Project Annual Fisheries Report for 2013*.

Elizabeth Krafft, Senior Hydrologist, stated the objectives of the report are to: effectively identify how the Salinas Valley Water Project (SVWP) enhances opportunity for steelhead use of the lower Salinas River system; and, identify the effects of the various actions implemented as part of the SVWP on steelhead populations. Index Reach Surveys were performed on four reaches of the Nacimiento River (no *O. mykiss* captured); and, four reaches of the Arroyo Seco River (13 *O. mykiss* found).

Highlights of findings:

- The most Adult steelhead migrating in Salinas River since 2010.

- *O. mykiss* are using the lagoon.
- Limited, but successful rearing occurred in the Nacimiento River.
- *O. mykiss* are rearing the upper reaches of Arroyo Seco River.
- Lagoon water quality was stable and temperature requirements were met.
- Impacts to *O. mykiss* were limited during the hydroelectric plant repair process.

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

1. Is there a threshold for steelhead whereby we can discontinue counting fish if the numbers are negligible? ***No. According to the Biological Opinion, we must count for ten years.***
2. There is much concern over the find of the endangered Tidewater Goby. ***As an accommodation, Staff has instituted the use of smaller nets.***
3. Is the Tidewater Goby a freshwater fish? ***They are more a lagoon estuary creature.***
4. Is NMFS receiving these reports? ***Yes. They are using the data in their decision-making processes.***

Public Comments: None.

ACTION:

Motion and Second by Directors Deidre Sullivan and Mike Scattini to receive the *Salinas Valley Water Project Annual Fisheries Report for 2013.*

Motion carried unanimously by those Directors present.

- C. Consider receiving the *Salinas Valley Water Project Annual Flow Monitoring Report for Operational Season 2013.*

Howard Franklin, Senior Hydrologist, reported the objective of this report is to document the Agency's ability to meet the prescribed flow conditions of NOAA's National Marine Fisheries Services Biological Opinion for the operation of the Salinas Valley Water Project - Salinas River Diversion Facility (SRDF). Data in this report covers the SRDF Operational Season 2013 (October 1, 2012 through November 30, 2013). Data in this report reflects Year Type Determination; Adult Steelhead Upstream Migration flows; and, Steelhead Smolt Outmigration Opportunities.

Additional information compiled for the report includes: flow releases and elevations of Nacimiento and San Antonio Reservoirs; USGS Stream flow monitoring data; time and duration for lagoon openings to ocean; lagoon maximum and minimum elevations; SRDF bypass flows; Fish ladder flows; hourly impoundment elevations; and, Blanco Drain discharge.

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

1. What is the definition of ~~low~~ block-flow? ***It has a prescribed number of days with a specific amount of flow at identified gages.***

Public Comments: None

ACTION:

Motion and Second by Directors John Huerta and Deidre Sullivan to receive the *Salinas Valley Water Project Annual Flow Monitoring Report for Operational Season 2013.*

Motion carried unanimously by those Directors present.

- D. Consider receiving an update on discussions with the National Marine Fisheries Service regarding reducing the minimum release criterion from Nacimiento Reservoir from 60 cubic feet per second (cfs) to 25 cfs; and, providing direction to Staff.

Director Mike Scattini left the dais at 2:00 PM and returned at 2:03 PM.

Howard Franklin, Senior Hydrologist, informed Directors the Agency received a response to its March 18, 2014 request to reduce minimum flow from 60 cfs to 25 cfs. NMFS responded that reducing the minimum flow as requested is likely to result in adverse impacts to the quality and quantity of S-CCC steelhead habitat, possibly resulting in a take. They added any take associated with the Agency's proposed action would not be exempted take, and the Agency could be in violation of Section 9 of the ESA.

NMFS offered the following measures if the Agency chooses to implement its proposed minimum release reduction:

- Ramping Rate – stage change not to exceed two inches per hour
- Temperature Monitoring – continuous stream temperature monitoring for as long as flows are at reduced level and provided to NMFS monthly
- Fish Monitoring – summer monitoring in addition to required sampling typically done annually in October. NMFS staff would be available to assist in summer monitoring efforts.
- Supplemental Flow Release – provide additional flow releases in the future to help facilitate successful steelhead passage; if sufficient water is available, supplemental flow releases could be used to augment existing flows to improve or extend the window for successful downstream migration of smolts and kelts or upstream migration of adults; supplemental flow releases a collaborative effort with decisions contingent on reservoir storage, existing flows in the river and weather forecasts.
- Implementation of these measures does not exempt the Agency from any take of listed species that may occur.
- NMFS recommends the Agency apply for an ESA Section 10(a)(1)(B) permit to NMFS and US Fish and Wildlife Service and develop a habitat conservation plan.

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

1. What is the definition of “take”? ***Harassing and/or damaging fish habitat.***
2. The letter is very encouraging as NMFS has provided various recommendations and states they will assist with summer monitoring efforts. ***This will provide an opportunity to develop a better relationship with the regulatory agency.***

3. Has the Agency considered the development of a habitat conservation plan? *We are not fully prepared to respond to this question; but, a habitat conservation plan does not appear to be in the best interest of the Agency for Nacimiento at this time. The cost appears to be prohibitive.*
4. The Agency should make every attempt to improve relationships with NMFS.
5. Can the NMFS opinion be challenged? *No response was provided.*
6. This is a very distressing letter, in that it appears all the risk is being pushed onto the Agency.
7. The Agency must investigate and understand the risks associated with NMFS' recommendations.
8. What are the implications of releasing the water now?
9. I don't think it's worth the risk. We should continue to work with NMFS.
10. Does the Agency possess data with respect to releasing 25 cfs?

Mr. Franklin restated Directors' recommendations:

1. Evaluation release options and associated risks.
2. Determine potential benefits of groundwater recharge.
3. Investigate a more graduated approach to minimum releases (impacts to habitats), more communication with NMFS, evaluate river.
4. Evaluate release options and risks associated with each NMFS recommendation.
5. Determine the action(s) NMFS would make should "take" occur.

Director Mike Scattini left the dais at 2:43 PM and returned at 2:50 PM.

Public Comments:

Norm Groot, Monterey County Farm Bureau, stated regulatory agencies are providing lip service without providing assistance. This issue points to the need for a Drought Contingency Plan.

Nancy Isakson, Salinas Valley Water Coalition, supported Mr. Groot's comments that a Drought Contingency Plan is necessary for appropriate planning purposes. Ms. Isakson stated the costs to implement the recommendations and the associated risks should be considered.

Bob Perkins, Salinas resident, stated the Agency should be cautious with next steps relating to compliance with the inflexible Endangered Species Act (ESA). The ESA requires everyone to protect listed species without restrictions on costs.

John Baillie, Monterey County property owner and member of the Reservoir Operations Committee, stated the goal is to save water...not water the willows in the River. Mr. Baillie stated regulations tend to hinder the best decisions from being made. Another option in this instance is to release water from Nacimiento as far as it will go, which will benefit everyone. In another three to four weeks there would be no more water and hence no more releases. Mr. Baillie recommended the Agency develop a plan with trigger points in drought and flood conditions since this will not be the last drought.

Darlene Din, Monterey County land use consultant, stated Habitat Conservancy Plans generally have regulatory-beneficial outcomes rather than science-based, holistic land use outcomes.

ACTION:

Motion and Second by Directors Ken Ekelund and David Hart to receive an update on discussions with the National Marine Fisheries Service regarding reducing the minimum release criterion from Nacimiento Reservoir from 60 cubic feet per second (cfs) to 25 cfs; and, direct staff to return with additional information.

Motion carried unanimously by those Directors present.

- E. Consider approving the General Manager to enter into a future professional services agreement with Tesco Controls, Inc., in the amount not to exceed \$110,000, for expediting the modifications and improvements to the Espinosa Booster Pump Station; and, authorize the General Manager to execute the Agreement, and all ancillary agreements related to the Espinosa Booster Pump Station.

Mark Foxworthy, Associate Water Resources Engineer, reminded Directors that assessment rates in Zone 2B were increased in FY 2013-2014 to include improvements to the Espinosa Booster Pump Station. These improvements are needed to increase system pressure at Turnout 231. This pre-authorization will expedite completion of the Espinosa Booster Pump Station modifications in an amount not to exceed \$110,000.

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

1. Is any training involved in this cost? ***No. PCA staff is knowledgeable about the operation of the equipment.***
2. Who performs the repairs on the infrastructure? ***Electricians at PCA.***
3. Do these go through the RFP process? ***Yes.***
4. These repairs have been promised for some time and the Board should move this forward.

Public Comments: None

ACTION:

Motion and Second by Directors David Hart and Mike Scattini to approve the General Manager to enter into a future professional services agreement with Tesco Controls, Inc., in the amount not to exceed \$110,000, for expediting the modifications and improvements to the Espinosa Booster Pump Station; and, authorize the General Manager to execute the Agreement, and all ancillary agreements related to the Espinosa Booster Pump Station.

Motion carried unanimously by those Directors present.

- F. Consider adopting the Owner's Dam Safety Program for Nacimiento Dam to comply with Federal Energy Regulatory Commission Requirements.

Chris Moss, Senior Engineer, stated this program addresses issues related to policy, objectives and expectations; designation of responsibilities for dam safety; dam safety training; communications and reporting; record keeping; succession planning; continuous improvement; and, internal assessments and external audits of the Dam Safety Program.

This program accomplishes the following:

- Establishes programs and procedures for dam safety and FERC compliance;
- Ensures that daily operating practices place public safety, personnel safety and regulatory compliance above all other performance goals; and,
- Provides that production or other business objectives shall not be allowed to compromise dam safety or regulatory compliance.

Public Comments: None

ACTION:

Motion and Second by Directors John Huerta and Mike Scattini to adopt the Owner's Dam Safety Program for Nacimiento Dam to comply with Federal Energy Regulatory Commission Requirements.

Motion carried unanimously by those Directors present.

- G. Consider approving a 2.4% COLA increase in benefit assessment charges for FY 2014-2015 for Zones 1, 1A, 8, 9, 12 and 17; and, recommending adoption to the Monterey County Water Resources Agency Board of Supervisors.

Cathy Paladini, Finance Manager, stated the Agency is requesting a 2.4% COLA increase in benefit assessment charges in the identified Zones.

Public Comments: None

ACTION:

Motion and Second by Directors Mike Scattini and Ken Ekelund to approve a 2.4% COLA increase in benefit assessment charges for FY 2014-2015 for Zones 1, 1A, 8, 9, 12 and 17; and, recommend adoption to the Monterey County Water Resources Agency Board of Supervisors.

Motion carried unanimously by those Directors present.

- H. Consider approving no changes in the FY 2014-2015 assessment rates and water delivery and service charges for Zones 2B, 2Y and 2Z for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP); and, recommending adoption of the foregoing to the Monterey County Water Resources Agency Board of Supervisors.

Director Claude Hoover is a property owner within these Zones, and recused himself from participating in discussion and vote.

Cathy Paladini, Finance Manager, stated Staff recommends no changes in assessment rates and water delivery and water service charges for these identified Zones. Ms. Paladini noted the methodology utilized to determine water delivery and services charges will be reviewed, and that review will most likely result in changes for the next fiscal year.

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

1. Can assessments be increased based on need? Or, are COLA increases the only method to increase assessments?

Public Comments:

Nancy Isakson stated the Clarifying Ordinances should be attached to these Zones, as well as Zone 2C, since they identify strategies related to how and when assessments are increased. The ordinances should be attached to these zones as well as Zone 2C. The resolutions for these zones, as well as the next Action Item, should include reference to the clarifying ordinances.

ACTION:

Motion and Second by Directors Ken Ekelund and John Huerta to approve no changes in the FY 2014-2015 assessment rates and water delivery and service charges for Zones 2B, 2Y and 2Z for the Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP); and, recommend adoption of the foregoing to the Monterey County Water Resources Agency Board of Supervisors.

Motion carried unanimously by those Directors present (Director Hoover recused himself and did not vote).

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- I. Consider approving a 2.4% COLA increase in Zone 2C assessment charges for FY 2014-2015; and, recommending adoption to the Monterey County Water Resources Agency Board of Supervisors.

Cathy Paladini, Finance Manager, explained Staff's recommendation for a 2.4% COLA increase in Zone 2C assessment charges for FY 2014-2015.

Public Comments:

Nancy Isakson reiterated her statements regarding including the Clarifying Ordinances.

ACTION:

Motion and Second by Directors Ken Ekelund and David Hart to approve a 2.4% COLA increase in Zone 2C assessment charges for FY 2014-2015; and, recommending adoption to the Monterey County Water Resources Agency Board of Supervisors.

**Vote: Ayes Directors Richard Ortiz, Claude Hoover, Ken Ekelund, David Hart, John Huerta and Deidre Sullivan
Noes Director Mike Scattini**

Motion carried

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- J. Consider receiving information regarding the Monterey Regional Water Pollution Control Agency's FY 2014-15 Approved Budget; and, advising Water Resources Agency Staff how to proceed with any additional budget reductions to the FY 2014-15 Requested Budget.

Cathy Paladini, Finance Manager, reviewed the Monterey Regional Water Pollution Control Agency's recommended targets for budget reductions in the Agency's Recommended Budget. The staffs of the Agency and PCA met to discuss the target reductions, and staff recommends the following: a) make no reductions to the approved MRWPCA Budget; b) request MRWPCA to contact the SWRCB to determine if reserves in the amount of \$323,000 can be utilized for capital projects; and, c) approve MRWPCA Indirect costs methodology at a subsequent meeting.

Director Ken Ekelund left the dais at 3:42 PM and returned at 3:45 PM.

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

1. We should make no reductions to the approved MRWPCA Budget.
2. It is important that we know who is paying for what.

Public Comments: None

ACTION:

Motion and Second by Directors John Huerta and David Hart to receive information regarding the Monterey Regional Water Pollution Control Agency's FY 2014-15 Approved Budget; and, accept Staff's recommendations: a) make no reductions to the approved MRWPCA Budget; request MRWPCA to contact the SWRCB to determine if reserves in the amount of \$343,000 can be utilized for capital projects; and, approve the MRWPCA Indirect costs methodology at a subsequent meeting.

Motion carried unanimously by those Directors present.

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- K. Consider approving and recommending that the Monterey County Water Resources Agency Board of Supervisors approve a Budget Amendment authorizing the Auditor-Controller to amend the Monterey County Water Resources Agency's Fiscal Year 2013-2014 Budget for an Application to the State Water Resources Control Board for rights to water in the Fund 122 Reclamation Ditch in the amount of \$375,000 and related legal costs in the amount of \$50,000.
- 1) Increase appropriation in Fund 122 (Reclamation Ditch), Dept. 9300, Unit 8267, Appropriation Unit WRA012, Account 6835 (Other Special Departmental Expenses) by \$375,000, financed by available unassigned Fund Balance Account 3101, (4/5th vote required);
 - 2) Increase appropriation in Fund 122 (Reclamation Ditch), Dept. 9300, Unit 8267, Appropriation Unit WRA 012, Account 6606 (Legal Service – External) by \$50,000 financed by available Unassigned Fund Balance Account 3101, (4/5th vote required); and,
 - 3) Authorize the Auditor-Controller's Office to incorporate approved Appropriation and estimated Revenue modifications to the FY 2013-14 Budget, and the County Administrative Office to reflect these approved changes in the FY 2014-15 Adopted Budget, (4/5th vote required).

Cathy Paladini, Finance Manager, explained that waters in addition to SVRP output and the City of Salinas produce wash water are needed to fully prevent the use of groundwater in the CSIP service area, especially during drought periods. In addition, supplies of purified water from the Blanco Drain and Reclamation Ditch need to be made available for domestic water use to reduce groundwater pumping by municipalities in the Salinas River Valley.

The Budget Amendment will cover the cost of an application to the State Water Resources Control Board for rights to water in the Reclamation Ditch (\$375,000) and related legal costs (\$50,000). As a result, the June 30, 2015 ending fund balance in Fund 122 will be reduced from \$748,426 to \$323,426.

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

1. If Zone 9 funds are being used to purchase the Water right, the water belongs to Zone 9.
2. We need to determine what we are trying to accomplish with this.
3. Have we determined whether there are different categories of fees? ***We will check on this.***
4. This Board must follow through with the direction provided at the Joint meeting of the Water Resources Agency Board of Supervisors and Board of Directors.

In the recent past, Zone 9 was considered a liability. We are now investigating every water source to determine how it can be put to the most beneficial use. At the Joint Board meeting of the WRA BOS and BOD, Agency staff was authorized to file for the Water Rights Permit. This particular action provides funds for the filing fee. The application has been made; however, it was rejected with a recommendation to resubmit with a wire transfer of the funds.

Public Comments:

Nancy Isakson asked the meaning of the “4/5th” designation on the budget amendment. Staff responded the 4/5th vote referred to the Board of Supervisors. Ms. Isakson also questioned with the use of Zone 9 funds for this filing. She inquired whether the water right would be of more benefit to those in Zone 9, especially since the funds were collected for some specific purpose(s). Ms. Isakson also inquired whether the monies would be returned once beneficial use was determined and if the use of these funds might be considered as a loan. Ms. Isakson requested a copy of the submitted Water Rights application.

Norm Groot had questions about the difference between the cost quoted by MRWPCA and that quoted by the Agency. In addition, Mr. Groot asked who will own the right once it is issued – the County of Monterey or the Water Resources Agency.

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

1. How did we come up with the 25 acre feet for the permit? ***We determined all flowing water would be included. The two points of diversion are Cooper & Nashua and the other is next to MRWPCA’s pump station from the Reclamation Ditch.***
2. We need to get this done because we need all the water we can get.
3. Funding the Water Right as a loan is a good idea.

General Manager David Chardavoyne stated Agency Staff will make the Water Right

Application available for public review.

ACTION:

Motion and Second by Directors Ken Ekelund and David Hart to approve and recommend that the Monterey County Water Resources Agency Board of Supervisors approve a Budget Amendment authorizing the Auditor-Controller to amend the Monterey County Water Resources Agency's Fiscal Year 2013-2014 Budget for an Application to the State Water Resources Control Board for rights to water in the Fund 122 Reclamation Ditch in the amount of \$375,000 and related legal costs in the amount of \$50,000. Staff is directed to develop cost allocation solutions.

- 1) Increase appropriation in Fund 122 (Reclamation Ditch), Dept. 9300, Unit 8267, Appropriation Unit WRA012, Account 6835 (Other Special Departmental Expenses) by \$375,000, financed by available unassigned Fund Balance Account 3101, (4/5th vote required);**
- 2) Increase appropriation in Fund 122 (Reclamation Ditch), Dept. 9300, Unit 8267, Appropriation Unit WRA 012, Account 6606 (Legal Service – External) by \$50,000 financed by available Unassigned Fund Balance Account 3101, (4/5th vote required); and,**
- 3) Authorize the Auditor-Controller's Office to incorporate approved Appropriation and estimated Revenue modifications to the FY 2013-14 Budget, and the County Administrative Office to reflect these approved changes in the FY 2014-15 Adopted Budget, (4/5th vote required).**

Motion carried unanimously by those Directors present.

- L. Consider recommending to the Monterey County Board of Supervisors that Monterey County: 1) negotiate and re-enter into a Cost-shared Feasibility Study Agreement with the U.S. Army Corps of Engineers and Santa Cruz County Flood Control and Water Conservation District for the Pajaro River Levee Project; 2) Certify the financial capability to satisfy the Non-Federal Sponsor's obligation under the Agreement; and, 3) negotiate and enter into a Memorandum of Understanding to reimburse the Water Resources Agency for its costs.

Manuel Quezada, Senior Engineer, provided historical information related to Board of Directors and Water Resources Agency Board of Supervisors' prior actions related to this agenda item.

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

- 1. It may not be this Agency's money; but, it is still our tax dollars.**
- 2. The Supervisors are well aware of their history with the Corps of Engineers. This is their responsibility.**

Public Comments:

Darlene Din stated we are in a 50/50 match. She asked, however, how much the Agency would actually pay. And, at what point will a report be generated that can actually solve issues on the river?

General Manager David Chardavoyne added that Monterey County, the Corps of Engineers

and Santa Cruz were the original signatories on the Agreement that contained a 75/25 percent match. Mr. Chardavoyne reminded Directors this action recommends that the CAO place this on the Monterey County Board of Supervisors agenda since they signed originally.

ACTION:

Motion and Second by Directors Ken Ekelund and John Huerta to recommend to the Monterey County Board of Supervisors that Monterey County: 1) negotiate and re-enter into a Cost-shared Feasibility Study Agreement with the U.S. Army Corps of Engineers and Santa Cruz County Flood Control and Water Conservation District for the Pajaro River Levee Project; 2) Certify the financial capability to satisfy the Non-Federal Sponsor's obligation under the Agreement; and, 3) negotiate and enter into a Memorandum of Understanding to reimburse the Water Resources Agency for its costs.

**Vote: Ayes Directors Richard Ortiz, Claude Hoover, Ken Ekelund, David Hart, John Huerta and Deidre Sullivan
Noes Director Mike Scattini**

Motion carried.

M. Consider recommending that the Monterey County Board of Supervisors approve a resolution to allocate an amount up to \$1,000,000 annually for the next three years to fund an Environmental Impact Report for the utilization of Water Rights Permit #11043 to enhance and complement ongoing projects undertaken by the Agency to combat seawater intrusion and nitrate levels in the Basin.

Robert Johnson, Assistant General Manager, explained that if any of the milestones established by the Settlement Agreement with the State Water Resources Control Board are missed the revocation process is reinstated.

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

1. Has a financial plan been developed? ***Not yet.***
2. How much time will be required to complete a detailed plan for utilization of these requested funds? ***Approximately two to three weeks.***

Public Comments:

Darlene Din suggested a public workshop on this issue as well as a special meeting to make the decision. Ms. Din also recommended the use of flow charts for better understanding by members of the public.

Nancy Isakson stated securing these funds is the next step to the RAC recommendation. Ms. Isakson stated the necessity of vetting the final project recommendation in obtaining public support. She agreed a special Board meeting is in order, and hopefully by that time a financing plan and project description will be available.

Norm Groot mentioned this will be a very public process, and lack of information will be detrimental to the process.

ACTION:

Motion and Second by Directors Mike Scattini and John Huerta to recommend that the Monterey County Board of Supervisors approve a resolution to allocate an amount up to \$1,000,000 annually for the next three years to fund an Environmental Impact Report for the utilization of Water Rights Permit #11043 to enhance and complement ongoing projects undertaken by the Agency to combat seawater intrusion and nitrate levels in the Basin.

Motion carried unanimously by those Directors present.

- N. Consider recommending that the Monterey County Board of Supervisors approve a resolution to allocate an amount up to \$1,500,000 annually, from Monterey County's General Fund, for the next five years to fund current Salinas River Stream Maintenance Program and future Salinas River Management Program efforts.

Robert Johnson, Assistant General Manager, explained Agency staff has been working untiringly to establish short- and long-term projects for the Salinas River. The requested amount includes \$500,000/year for five years for short-term efforts; and \$1,000,000/year for five years for CEQA-related work. The requested amount also includes a contracted person to manage these efforts.

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

1. If everything goes as planned, when do you see access to the River? ***Mid-October for TNC. Trash and invasive species work could be initiated earlier.***
2. When will EIR be certified? ***It will go to the Board of Directors in June and Board of Supervisors in July.***
3. Can some of this money be refunded to property owners?
4. Perhaps we need assistance from lobbyists, and some of this money should be earmarked for this type of assistance.

Public Comments:

Darlene Din stated the CEQA document is different than the application to the Corps of Engineers. Until last week, the resource agencies apparently had no idea of the costs associated with their restrictions. Additionally, costs borne by landowners (i.e., 1600 permits) are not included.

Norm Groot, Monterey County Farm Bureau, stated it will cost \$7.5 million to do \$250,000 worth of vegetation control work. It is unfortunate that we have to spend this amount of money to achieve the necessary end.

Nancy Isakson stated this is also an infusion of responsibility for this Agency. How will this be measured annually? Is the funding enough or too much? What will they BOS receive for their money? Staff needs to include safeguards and milestones to present to the BOS.

ACTION:

Motion and Second by Directors Ken Ekelund and David Hart to recommend that the Monterey County Board of Supervisors approve a resolution to allocate an amount up to \$1,500,000 annually, from Monterey County's General Fund, for the next five years to fund current Salinas River Stream Maintenance Program and future Salinas River Management Program efforts.

Motion carried unanimously by those Directors present.

- O. Consider authorizing the General Manager to enter into a future professional services agreement with PERC Water Corporation (PERC) in an amount not to exceed \$250,000 for completion of a Customized Design Report as generally set forth in PERC's April 1, 2014 Proposal; and, authorizing the General Manager to execute the Agreement.

David Chardavoyne, General Manager, explained the funds will come from Fund 122; but, the funds would be returned by PERC in accordance with their business model. This is an approach to settle the Coastkeeper litigation; provide additional irrigation water for CSIP; and, provide beneficial use and source diversity for municipalities. Potential Partners/Customers include Alco Water Services, California Water Service, Castroville Community Service District; and, Marina Coast Water District.

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

1. We want to make sure we do this as a solution to the Blanco Drain/Coastkeeper litigation.
2. Can we see a template before approving this?
3. There are other solutions for cleaning up Blanco Drain water.
4. Would rather spend money on projects rather than studies.
5. It could be premature because we do not know if we will secure the water right.
6. We are uncertain if Coastkeeper will accept this as a solution to the litigation.

In Mid-May, we will begin preparing for the litigation with Coastkeeper. Perhaps we should schedule a field trip to Santa Paulo with Steve Shimek to determine if he believes a project such as this would solve the problem. Perhaps we should include a discussion with additional information to the special meeting we just approved for the other issue.

Public Comments:

Nancy Isakson stated this seems only for production of drinking water; whereas, the Blanco Drain/Rec Ditch water rights report included agriculture and domestic use. Right now, the objective is that all waters would be subject to this proposal. There are different qualities of water...for agriculture, for drinking water. We will need costs related to each. This customized design report will provide answers to feasibility, cost, etc. With relation to water rights, if we use Blanco Drain and Rec Ditch water, we will need water rights to have source water for the plant. PERC will finance the project; however, the Agency will need to secure grants in order to lower the cost of water per acre/foot.

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

1. Where will the Agency stand with relationship to the permit? ***PERC will transfer the operation to the Agency at some point in time. It is a public/private entity.***
2. We are going down the road of sole-sourcing without knowing our options. What competition is there?
3. How do we make sure we get the best deal?
4. It seems we don't have the luxury of a lot of time; but, we need additional information.
5. We still don't know what the Coastkeeper is going to do. A lot of money is being allocated without clarity. We should visit the site and engage a panel of consultants that have insight into this type of facility.
6. Can we postpone this decision?
7. Can we postpone the litigation by mutual agreement?

ACTION:

Motion and Second by Directors Ken Ekelund and Claude Hoover to continue this item to the next meeting; and, approach Coastkeeper's attorney to discuss possible postponement of litigation proceedings.

Motion carried unanimously by those Directors present.

7. KEY INFORMATION AND CALENDAR OF EVENTS – There were no changes made to the regular meeting schedule.

8. GENERAL MANAGER'S REPORT – General Manager David Chardavoyne reported on the following:

- a) Meeting with Santa Cruz County officials regarding the Corps of Engineers Project;
- b) Salinas River Channel Coalition meeting with regulators at the home of Dennis Caprara;
- c) Meeting with regulators on April 24, 2014 re: Stream Maintenance Project;
- d) His plan to attend the MRWPCA Board meeting this evening, where Supervisor Salinas will substitute for Supervisor Calcagno; and,
- e) His participation in a joint meeting of the Marina Planning Commission and Marina City Council on Tuesday, April 29 to speak on topics related to the Groundwater Replenishment Project, Carmel River and Water Conservation.

Public Comments: None

9. COMMITTEE REPORTS – Committee Chairs had nothing additional to report.

10. INFORMATION ITEMS – Directors had no questions/comments regarding the Information Items.

11. CORRESPONDENCE - Directors had no questions/comments regarding items of Correspondence.

12. BOARD OF DIRECTORS' COMMENTS – Director Sullivan commented on the importance of the Agency securing the best information available to make appropriate decisions on capital projects. When necessary, the Agency must seek outside expertise.

13. ADJOURNMENT @ 6:25 PM by Chair Richard Ortiz.

SUBMITTED BY: Wini Chambliss
APPROVED ON: June 2, 2014

Wini Chambliss, Clerk to the Board

APPROVED