



**MONTEREY COUNTY WATER RESOURCES AGENCY
JOINT MEETING OF THE MONTEREY COUNTY BOARD OF SUPERVISORS
THE MONTEREY COUNTY WATER RESOURCES AGENCY BOARD OF DIRECTORS
168 W. Alisal Street – Board of Supervisors Chambers
Salinas, CA 93901**

BOARD OF SUPERVISORS

BOARD OF DIRECTORS

Louis R. Calcagno, Chair – District 2
Simón Salinas, Vice Chair – District 3
Fernando Armenta – District 1
Jane Parker – District 4
Dave Potter – District 5

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

June 3, 2014

MINUTES

1. CALL TO ORDER/ROLL CALL/ESTABLISH QUORUM

The Special Meeting was called to order @ 2:03 PM

Directors Present: Directors Richard Ortiz, Claude Hoover, Silvio Bernardi, Ken Ekelund, Mark Gonzalez, David Hart, John Huerta @ 2:10 PM, Mike Scattini

Directors Absent: Director Deidre Sullivan

A quorum was established.

2. PLEDGE OF ALLEGIANCE (not recited)

3. PUBLIC COMMENTS - None

4. CONSENT CALENDAR

A. Reaffirm approval of a Budget Amendment authorizing the Auditor-Controller to amend the Monterey County Water Resources Agency's FY 2013-14 Budget for various funds due to timing differences of expenditures between FY 2012-13 and FY 2013-14.

- a. Increase Appropriations in Fund 116 (Zone 2C Dam Operations), Dept. 9300, Unit 8267, Appropriation WRA006, Account 6613 (Other Professional Services) \$22,293 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required);
- b. Increase Appropriations in Fund 118 (Zone 5 Merritt Lake), Dept. 9300, Unit 8267, Appropriation WRA008, Account 6613 (Other Professional Services) \$2,000 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required);
- c. Increase Appropriations in Fund 121 (Zone 8 Soledad Storm Drain), Dept. 9300, Unit 8267, Appropriation WRA011, Account 6613 (Other Professional Services) \$35,000 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required);
- d. Increase Appropriations in Fund 122 (Zone 9 Reclamation Ditch), Dept. 9300, Unit 8267, Appropriation WRA012, Account 6613 (Other Professional Services) \$32,199 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required);
- e. Increase Appropriations in Fund 124 (Zone 12 San Lorenzo Creek), Dept. 9300, Unit 8267, Appropriation WRA014, Account 6613 (Other Professional Services) \$30,000 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required);
- f. Increase Appropriations in Fund 128 (Storm Drain Maintenance District #2), Dept. 9300, Unit 8267, Appropriation WRA018, Account 6613 (Other Professional Services) \$1,000 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required);
- g. Increase Appropriations in Fund 129 (Gonzales Slough Maintenance District), Dept. 9300, Unit 8267, Appropriation WRA019, Account 6613 (Other Professional Services) \$10,000 financed by available Unreserved Fund Balance Account 3101 (4/5th vote);
- h. Increase Appropriations in Fund 131 (CSIP Operations & Maintenance), Dept. 9300, Unit 8267, Appropriation WRA020, Account 6613 (Other Professional Services) \$76,191 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required);
- i. Increase Appropriations in Fund 134 (Salinas River Diversion Facility Operations), Dept. 9300, Unit 8267, Appropriation WRA028, Account 6613 (Other Professional Services) \$155,973 financed by available Unreserved Fund Balance Account 3101 (4/5th vote required).

Public Comments: None

ACTION:

Motion and Second by Directors David Hart and Claude Hoover to approve the Consent Calendar.

Motion carried unanimously by those present. (John Huerta not yet present)

5. ACTION ITEMS

- A. Consider approving the Monterey County Water Resources Agency Third Quarter Report for FY 2013-2014.

General Manager David Chardavoyne presented seven critical projects upon which the Agency is currently working:

- Water Rights Permit #11043;
- Salinas River Stream Maintenance Program;
- Salinas River Management Program;
- Implementation of Independent MRWPCA Accountant's Report Findings;

- Floodplain Management Plan;
- Pajaro River Flood Damage Reduction Project; and,
- Castroville Seawater Intrusion Project Service Area Water Supply Update.

Mr. Chardavoyne also highlighted the major activities monitored through the Agency's Performance Indicator Program as well as additional essential Agency projects that are either underway or pending.

Public Comments:

Darlene Din, Monterey resident, voiced appreciation for joint work on aspects of the Salinas River. Funding is critical in a phased approach. Stated her belief grant and matching funds are available for access. The individual landowners are to be recognized for their look at a solution to the problems. Ms. Din stated her appreciation of Agency Staff's process with regard to the Regional Advisory Committee's work.

Abby Taylor-Silva, Grower-Shipper Association of Central California and RAC member, also voiced appreciation for the Agency's work with the RAC. She emphasized the importance of retaining Water Rights Permit #11043, and stated her support of TNC's projects and work that has been done in attempting to find solutions for the Salinas River. Ms. Taylor-Silva expressed the Grower-Shipper's support of the Interlake Tunnel Project.

Steve Shimek, Otter Project/Coastkeeper, addressed litigation with Coastkeeper and the fact that it has been ongoing for approximately three years. He indicated Coastkeeper has sought settlement of the issues (re: timeline and level of treatment) with no response from the Agency. Mr. Shimek stated the Agency should sit down with Coastkeeper and be serious about settling the matter.

Supervisor Jane Parker requested the Agency to post the Salinas River Stream Maintenance Program Permitting Process flow chart on the website.

ACTION:

Motion and Second by Directors John Huerta and David Hart to approve the Monterey County Water Resources Agency Third Quarter Report for FY 2013-2014.

Motion carried unanimously by those Directors present.

-
- B. Consider recommending that the Board of Supervisors of the Monterey County Water Resources Agency: a) Authorize preliminary actions to prepare a project description and perform other engineering and design work to commence environmental review for the Interlake Tunnel Project; b) Request the Monterey County Board of Supervisors to authorize proceeding with negotiation and execution of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$2.5 million to perform the necessary work to commence environmental review of the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is approved and financed; c) Authorize the General Manager of the Monterey County Water Resources Agency to enter into the necessary agreements to prepare for and commence environmental review of the Project in an initial amount not to exceed \$500,000 provided funding is approved by Monterey County.

General Manager David Chardavoyne presented this item, explaining that the Funding Agreement would advance funds to the Agency from the County for pre-construction activities related to this critical project. Monterey County would be reimbursed the amounts financed upon Agency receipt of total project financing. The Project leverages water that would currently spill from Nacimiento.

Project Benefits:

- Capture of additional 60,000 acre-feet of water (when available)
- Additional flood control benefit for Salinas Valley
- Maintains higher, long-term reservoir level for recreational purposes at Nacimiento and San Antonio
- Negligible impacts from tunnel construction and operations

Mr. Chardavoyne explained the Project requires engineering analysis consisting of three phases:

- Preliminary engineering, project description and water rights analysis;
- Remaining pre-construction tasks, including Environmental Review; and,
- Construction.

Successful completion of the Project will require Program and Construction management services. Agency is requesting authorization/funding (to move forward with steps to prepare for Environmental Review) with an initial draw of \$500,000 for the required engineering analysis and program management. Mr. Chardavoyne stated future draws will require approval by the Monterey County Board of Supervisors.

The proposed project timeline is 1.5 to two years with an approximate budget of \$25 million. Mr. Chardavoyne referred to the timeline included in the agenda packet, stating it is based upon the design/build method of procurement. This method of procurement shortens the length of time for project completion.

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

1. Since a portion of the Tunnel is in San Luis Obispo County, will their approvals be required? ***Yes, we will need a permit for construction to drill in SLO County. There is an existing agreement with SLO County whereby they have rights to 17,500 acre-feet of water in Nacimiento.***
2. Will there be further analysis to determine maximum/minimum water yield? ***Yes, that will be part of the engineering work. We will also determine the operating protocol to obtain maximum benefit. That information will instruct us as to how the tunnel will be built.***
3. What water rights are required at this point? ***Preliminary assessments indicate a change in diversion point will be required for the amount of water this tunnel will facilitate. The cost of changing the diversion point is less than obtaining a water right.***
4. Will this be applied to 11043? ***This is outside of 11043. The RAC decided this project would not be included in 11043. From a timing standpoint, this is a good decision.***

Public Comments:

Norm Groot, Monterey County Farm Bureau, stated his organization is in support of this project. Mr. Groot referred to a copy of a draft design/build legislative document that is being

circulated. Mr. Groot questioned whether the Agency's Board of Directors had reviewed the draft. In addition, he stated the draft appears inconsistent with the Agency Act. Mr. Groot asked for more open discussion regarding the project as well as identification of the water right that will be used for this project.

Nancy Isakson, Salinas Valley Water Coalition, stated her organization also supports this project. Ms. Isakson stated several key questions remain outstanding: the amount of water available; when that water is available; and, whether this project should have top priority. She stated the legislation will change the Agency Act to allow for a design/build contract. Ms. Isakson requested a copy of the PowerPoint presentation.

Steve Shimek, Otter Project/Monterey Coastkeeper, also voiced support of the Interlake Tunnel Project; but, stated it is premature to move ahead at this time without considering issues such as Quagga mussel infestation (what happens if Quagga mussels are found in one lake and not the other...would the Project be stopped?); steelhead passage days, regulatory requirements, etc.. Mr. Shimek questioned whether there is County-wide or Valley-wide benefit to the Interlake Tunnel.

Darlene Din stated this appears to have unanimous support for purposes of recharge and managing the watershed. Ms. Din stated the Project is probably of county-wide benefit as it will allow better management of available water.

Ron Chesshire, Monterey/Santa Cruz Construction Build Council, stated his Agency supports the Interlake Tunnel Project as it has the potential to capture 60,000 acre-feet of water. His organization will work diligently to ensure legislation moves forward for the success of the Project. The Project includes two collective bargaining areas who may also be involved in its construction.

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

1. Storage is of great consideration for the Board to consider.
2. Will benefit assessments in the Zone ultimately fund everything? ***There are a few options for financing: grant funding; 218 benefit assessment Zone for the valley; county wide benefit. When we have more detail, we will determine the best solution for financing.***
3. Please provide information regarding the legislative change to the Agency Act request. ***The use of design/build legislation was mentioned at a BOD meeting. County Counsel has been looking at crafting design/build legislation (change in method of procurement) that will be formally presented to the Board of Directors.***
4. By installing the pipeline, we accomplish flood control. Water removed from the spillway in the rainy season can be stored and utilized when needed. With this Project, we have a possibility of controlling water that would flood the lower part of the valley.
5. How much water did the Agency have to release the first year of the SVWP? ***8,000 cfs. Had this project been in place, that volume would have been captured and stored in San Antonio.***
6. Local providers should be considered in the design/build process.
7. What is the maximum flow capacity to move water? ***That would be part of the preliminary engineering as influenced by the slope of the tunnel. A ten-foot pipe is now a placeholder.***

ACTION:

Motion and Second by Directors Claude Hoover and Ken Ekelund to recommend that the Board of Supervisors of the Monterey County Water Resources Agency: a) Authorize preliminary actions to prepare a project description and perform other engineering and design work to commence environmental review for the Interlake Tunnel Project; b) Request the Monterey County Board of Supervisors to authorize proceeding with negotiation and execution of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$2.5 million to perform the necessary work to commence environmental review of the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is approved and financed; c) Authorize the General Manager of the Monterey County Water Resources Agency to enter into the necessary agreements to prepare for and commence environmental review of the Project in an initial amount not to exceed \$500,000 provided funding is approved by Monterey County.

Motion carried unanimously by those Directors present.

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

1. What is benefit of design/build legislation? Urgency of design/build is driven by the legislative calendar. It has been found that this method of procurement results in a 20% cost savings over traditional design/bid/build as well as reducing the construction timeframe
2. The Board is moving forward with principal funding with the understanding there will be a backfill. Since negotiations have not yet taken place, this is seed money to get the project started.
3. Do we have a water right for this project? What is it? ***Preliminary research suggests the water right would come from the existing water right for Nacimiento Reservoir (330-370,000 acre-feet). All we require is a change in the point of diversion.*** The water right information should be secure before money is spent.
4. What is the cost to secure the water right? ***The estimate to secure the water right is about \$40,000. It will take time to complete the entire scope of work.***
5. Who will use this water, where and how? Are we going to build this and then see what we want to do? ***This would be additional storage for drought protection, use in CSIP and recharge of groundwater. It provides protection and increased ability to ensure we can recharge groundwater and maximize use of CSIP.***
6. We must show progress in increasing storage capacity. This provides an ability to move forward in support of State legislators' direction in increasing storage capacity quickly.
7. Are there funding opportunities from Drought legislation? ***Yes, there is money available and we have secured a list of potential funding sources.***
8. How long is the Governor's Declaration? ***Projects must be shovel ready by April 15, 2015.***

9. Support of this Project is based on its many benefits: maximizes storage of existing dam infrastructure; affordable, based on preliminary processing; simple in concept; enhances recreational benefits; and, enhances water supply and retards seawater intrusion.
10. The Board of Supervisors is challenged to provide blanket approval prior to budget hearings scheduled next week as there are multiple demands on the General Fund.

ACTION OF THE MONTEREY COUNTY BOARD OF SUPERVISORS:

Motion and Second by Supervisors Dave Potter and Jane Parker to:

- a) Authorize preliminary actions to prepare a project description and perform other engineering and design work to commence environmental review for the Interlake Tunnel Project;
- b) Authorize proceeding with negotiation and execution of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$500,000 for program management, engineering and environmental consultants to perform the necessary work to commence environmental review of the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is approved and financed; and directed Staff to return to the Board of Supervisors in July 2014 with a project status report;
- c) Authorize the MCWRA General Manager to enter into the necessary agreements to prepare for and commence environmental review of the Project in an initial amount not to exceed \$500,000 provided funding is approved by Monterey County;
- d) Direct Staff to include water rights analysis/diversion issue in the report; and,
- e) Authorize Staff to aggressively pursue grant or funding sources that are available; and, continue working with the legislative delegation to get design/build legislation approved.

Motion carried unanimously by the Supervisors.

6. BOARD OF SUPERVISORS' AND BOARD OF DIRECTORS' COMMENTS – None.

7. ADJOURNMENT @ 3:33 PM by Chair Louis Calcagno (BOS) and Chair Richard Ortiz (BOD)

SUBMITTED BY: Wini Chambliss
APPROVED ON: August 25, 2014

Wini Chambliss, Clerk to the Board