



**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 Chardavoyne, 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

**June 30, 2014**

**MINUTES**

**1. CALL TO ORDER/ESTABLISH QUORUM**

The meeting was Called to Order at 12:05 PM.

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

Directors Absent: None.

A quorum was established.

**2. PUBLIC COMMENTS ON CLOSED SESSION ITEMS – None.**

**3. ADJOURN TO CLOSED SESSION @ 12:06 PM**

**4. RECONVENE MEETING/REPORT FROM CLOSED SESSION**

Chair Richard Ortiz reconvened the meeting after lunch and Closed Session @ 1:05 PM

A quorum was again established.

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

**5. PLEDGE OF ALLEGIANCE (led by Director Claude Hoover).**

## 6. PUBLIC COMMENTS

Margie Kay requested Directors to use their microphones when speaking during the meeting.

Dale Huss, Ocean Mist Farms, stated assessments were increased for the Espinosa Booster Pump station and asked when it will be completed since wells are in continual use without the station. *Chair Richard Ortiz requested Staff to prepare a response regarding the status of the Espinosa Booster Pump station.*

Nicole Goehring, Government Affairs Director at Associated Builders and Contractors of Northern California, questioned whether Directors were aware of the Project Labor Agreement included in AB 155 and behind-the-scenes meetings related to the legislation.

Nancy Isakson, Salinas Valley Water Coalition, stated there was nothing on the day's agenda regarding AB 155. Ms. Isakson noted the legislation passed the Senate Finance Committee and went straight to the Senate floor for consideration as an Urgency Bill at the beginning of August. Ms. Isakson indicated the public should have had an opportunity to openly discuss this legislation, and requested updates be provided regarding the status of the Bill.

Mike McCullough, Monterey Regional Water Pollution Control Agency, reminded Directors of Senate Bill 7x6 which requires collaboration between local monitoring entities and DWR to collect groundwater elevation data (CASGEM program). Mr. McCullough added that grant funding (through the IRWMP process).

## 7. CONSENT CALENDAR

- A. Approve the Minutes of the following meetings: Special Joint Meeting of the Water Resources Agency Board of Supervisors and Board of Directors held on April 8, 2014 and Special Board of Directors Meeting held on June 2, 2014.
- B. Approve purchase orders/contracts in excess of \$500 and credit card purchases over \$500 in April/May 2014.
- C. Approve a Notice of Completion for repair of the Nacimiento Hydroelectric Plant; and, authorizing the General Manager to execute and record the Notice at the Monterey County Recorder's Office.
- D. Approve Amendment No. 4 to the professional services agreement with AECOM Technical Services, Inc., in the amount of \$35,000 for providing safety surveillance and performance evaluation of San Antonio Dam; and, authorize the General Manager to execute the Amendment.
- E. Approve Amendment No. 3 to the professional services agreement with Salinas Pump Company in the amount of \$100,000 to provide well and pump maintenance, repair services and well logging services for the Castroville Seawater Intrusion Project; and, authorize the General Manager to execute the Amendment.
- F. Approve Amendment No. 2 to the professional services agreement with FISHBIO in the amount of \$20,000, which is included in the FY 2014-15 approved Budget, to provide fisheries monitoring work in support of the Salinas Valley Water Project (SVWP) through June 30, 2015; and, authorize the General Manager to execute the Amendment.

- G. Approve Amendment No. 1 to the professional services agreement with Hagar Environmental Science (HES) to extend the contract until June 30, 2014; and, authorizing the General Manager to execute the Amendment.
- H. Approve extending the Memorandum of Understanding with the Bay Area Regional Mussel Prevention partners; and, authorize the General Manager to execute the MOU extension.
- I. Approve Amendment No. 1 to the professional services agreement with Ron Adhya Consulting, LLC, to extend the completion date for the Sixth Five-Year Part 12D Independent Consultant Report for Nacimiento Dam; and, authorize the General Manager to execute the Amendment.

Public Comments: None.

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**ACTION:**

**Motion and Second by Directors Claude Hoover and John Huerta to approve the Consent Calendar.**

**Motion carried unanimously.**

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**8. ACTION ITEMS**

- A. Consider approving continuation of the 30% lease fee reduction for San Antonio Lease #3 for FY 2014-2015.

Chris Keehn, Right-of-Way Specialist, provided information regarding prior Committee and Board actions related to the 30% lease fee reduction for San Antonio Lease #3 currently in place. The lessee is requesting continuation of the 30% lease fee reduction to adjust for his inability to fully utilize his lease partially due to Agency actions related to repairs to the hydroelectric facility in 2013.

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

1. Did the Personnel and Administration (P&A) Committee hear this report? ***Yes, they recommended consideration by the full Board.***
2. What are the high and low level amounts? ***1500 above high water, 1100 below high water.***
3. During P&A Committee meeting, Mr. Francioni indicated he suffered a loss of livestock. What portion of the lease is subject to the conditions resulting in loss of livestock? Only that portion should be subject to lease fee reduction.
4. Is there a substantial difference now in the number of heads of cattle grazed than in normal conditions? ***No cattle are now grazing.***
5. Is the Agency being assessed liability for loss cattle? ***No.***
6. Based on the Wildland Solutions report, Staff should investigate changing boundaries on leases to obtain the best use of land. ***The leases will be put out to bid again soon.***
7. Is this the first time Mr. Francioni has come before the Board? ***No. He did come last year in response to the repairs being made at the Hydro facility.***
8. All leases are not equal and so they should not be treated equally. We are landlords and we must work with our tenants on these issues. A 30% reduction is more than fair.
9. Last year there was a 20% reduction for improvements. Three years remain on this lease.

Are we going to reduce the lease from here on? When is the lease realignment returning to the Board? ***In 2017 at the end of the lease.***

10. Do all leases expire at the same time? ***Yes.***

11. Have any other lessees complained? ***No...it depends on the location.***

12. Each lease should be considered separately.

13. Is this request for this year only? ***Yes.***

Public Comments:

Ray Francioni, lessee for San Antonio #3, explained the nature of the lease that is currently dry, and requested an extension of the 30% reduction to an area of the lease unaffected by the drought. He made an offer to lease the affected area of the lease for \$5000 for ten years.

Paul Hart, Attorney for Ray Francioni, reported Mr. Francioni owns a ranch behind the lease. Mr. Hart discussed the Wildland Solution report and proposed dividing the lease to provide access to the water, nothing other interested parties (on Leases 1 & 2) who would be interested in obtaining the area in question. Mr. Hart also offered that moving forward, the Agency might consider realigning the upper portion of Lease #3 into Lease #1 and/or Lease #2 as fuel would always be available. He recommended dividing the lease before expiration in 2017. In addition, he added there is no request for indemnification for any lost cattle.

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**ACTION:**

**Motion and Second by Directors John Huerta and Mike Scattini to approve continuation of the 30% lease fee reduction for San Antonio Lease #3 for FY 2014-2015.**

**Motion carried unanimously.**

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- B. Consider receiving an update regarding Zone 9 funding of the water right application fee for the Reclamation Ditch/Blanco Drain; and, provide direction to Staff to ensure that the redistribution of the water right application costs in the amount of \$376,000 is allocated to all benefitting zones which the water right is granted to the Agency and a project is implemented.

Cathy Paladini, Finance Manager, discussed prior actions by the Board of Directors and Board of Supervisors on this matter. She stated the initial \$376,000 cost impact is from Zone 9. However, once the permit is granted by the State Water Resources Control Board (SWRCB), upon approval of the application, all project costs including the application fee will be tracked and applied fairly amongst all benefitting zones.

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

1. The subject of this discussion is the amount of money paid to apply for the water rights.
2. Are we appropriating the \$376,000 now? ***It was already spent on the application fee. If and/or when the application is approved, the fee will be fairly divided among the Zones.***
3. Was the \$376,000 fee based on a certain amount of water being available? Since there was more than one competing application, we filed for the entire amount of water available.
4. Do we have information that would support 25,000 acre feet or more annualized? ***Yes.***
5. Has that information been shared with the Board in any detail? ***No.***
6. It is essential that we secure the water right; but, there needs to be a home for that water. All funds required for application, etc. for the water right must be repaid. This is critical.

7. What is the purpose of this water? *To expand CSIP and other uses in this Valley. We made this application for this water right because of competing interests for the water rights.* Those benefiting from the water and those who should be repaid; but, we will not know that until we have an Engineer's Report.
8. If the Project is not approved, then Zone 2C should pay back the \$376,000.
9. Will the money be paid back as a loan? *Yes, that was the intention.* This needs to be written so that this is manifest.
10. If the Project is not approved, there should be a follow up discussion regarding a contingency plan. That discussion should start sooner than later for public participation.
11. Where does the water go now? *Moss Landing Harbor.*
12. If the Project is not approved, can we get the application fee back? *No.*
13. We need a repayment plan for the Flood Control Zone.
14. When do you need this information from the Board? *As soon as we know if the water rights application has been approved, we will return to the Board for further determination/direction.*

Public Comments:

Nancy Isakson stated there is no mention of repaying Zone 9, and also voiced her surprise that county counsel confirmed this as providing flood control benefits since the application included nothing regarding same. Ms. Isakson added if flood control benefits are anticipated, this should be part of the project description submitted to the State. She stated these monies are being taken away from those who have paid assessments and they should be repaid to Zone 9. Ms. Isakson requested a mechanism be developed to show the intent to repay Zone 9.

Dale Huss, Ocean Mist Farms, asked the original purpose of the funds (scheduled repairs, etc.).

In response to questions raised, General Manager responded he was unaware of the designated purpose of the funds utilized to secure the Reclamation Ditch/Blanco Drain water rights and that the water rights will provide more water to CSIP and its expansion.

On the last paragraph (page 7 "Summary" slide) – please explain.

Public Comments:

Nancy Isakson thanked the Board for documenting its intent to repay the Zones.

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**ACTION:**

**Motion and Second by Directors Mark Gonzalez and Deidre Sullivan to receive an update regarding Zone 9 funding of the water right application fee for the Reclamation Ditch/Blanco Drain.**

**Motion carried unanimously.**

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**ACTION:**

**Motion and Second by Directors Richard Ortiz and Ken Ekelund directing Staff to prepare a schedule of repayment for Zone 9.**

**Motion carried unanimously.**

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- C. Consider receiving a report on the allocation of Water Delivery/Service charges to Funds 131 and 134, and recommendations for future application of this revenue as described in Resolution 00-172 and the January 2008 Proposition 218 for Water Service Charges.

Cathy Paladini, Finance Manager, discussed the following: creating a methodology for CSIP that enables the Agency to capture the true cost of water delivery charges from CSIP when the SRDF is not operating or when additional source water is added; following Ordinance 3789 section 11 (Permissible use of revenues); adopting and applying Resolution 00-172 section 6 regarding when to accumulate fund balance in Funds 119 and 131; and utilizing discretionary revenue (ad valorem taxes) of approximately \$317,409 from smaller funds for fish monitoring activities beginning FY 2015-16 – if these funds are not utilized, a Prop 218 balloting would be required to fund the mandatory fish monitoring.

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

1. Are you and your staff working on the methodology now, or do you require outside consultants? ***Staff is working on the methodology and do not believe we need outside consultant assistance. We will work with the Auditor-Controller and PCA.***
2. Is fish monitoring being done in-house or via consultant? ***In-house.***
3. Are we committed to fish monitoring? ***Yes, as a requirement of the Salinas Valley Water Project Biological Opinion. The monitoring must occur for ten years.***
4. What are Staff's recommendations regarding fish monitoring activities? ***The fish monitoring contract was estimated at over \$400,000. Fish monitoring has been brought in house except for two small contracts approved on the day's Consent Agenda.***
5. Hopefully we will soon receive the reimbursement from the SRDF. Has a meeting been scheduled with PCA? ***We are preparing to meet with PCA regarding this issue and the 10% indirect charges.***

General Manager Chardavoyne requested Finance Manager Cathy Paladini to explain Board the purpose of the Rate Stabilization Fund to which she responded this fund is a repository for residual funds from the original bonds (approximately \$3 million). Two USBR loans are paid from this fund and \$1.8 million must be retained and available for their repayment.

Public Comments:

Nancy Isakson indicated she had spoken with Dale Huss, Chair of Water Quality and Operations Committee, who was unaware of this recommendation. Ms. Isakson encouraged Staff to discuss this proposed methodology with the Water Quality and Operations Committee, and also suggested a workshop. She also stated this could be included in a Drought Contingency Plan, if one was in place. She recommended the Agency become more proactive rather than engaging in crisis management. With regard to ad valorem taxes, Ms. Isakson asked what activities would not be funded if the revenues being discussed are used for fish

monitoring. She added that the Prop 218 balloting is still required with public input an integral part of the process.

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**ACTION:**

**Motion and Second by Directors Silvio Bernardi and David Hart to receive a report on the allocation of Water Delivery/Service charges to Funds 131 and 134; and develop recommendations for future application of this revenue as described in Resolution 00-172 and the January 2008 Proposition 218 for Water Service Charges for submission to the Board for approval.**

**Motion carried unanimously by those Directors present.**

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- D. Consider approving a Produce Wash Water Utilization Agreement, substantially in the form attached; recommending approval of the Agreement by the Monterey County Water Resources Agency Board of Supervisors; and, requesting the Chair of the Monterey County Water Resources Agency Board of Supervisors to execute the Agreement.

David Chardavoyne, General Manager, explained the need for this agreement as follows: The Salinas River Diversion Facility (SRDF) supplied 6,100 acre-feet of water to the Castroville Seawater Intrusion Project (CSIP) during 2013; but, the SRDF is not currently being utilized due to the drought. The City of Salinas receives and treats annually approximately 4,000 acre-feet of produce wash water. During the months of April through June 2014, Monterey Regional Water Pollution Control Agency (PCA) performed a treatability test on produce wash water. The test provided additional water to CSIP and indicates the possibility of long-term utilization. The Agency desires to utilize produce wash water to decrease CSIP well pumping.

Agreement terms: PCA will treat all produce wash water between July 1 and October 31, 2014, and that water will be supplied to CSIP. The City of Salinas will pay the incremental cost of \$179/acre-foot for produce wash water treated.

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

1. Does this get us through this year with essentially no cost? ***Yes. It potentially does not cost us anything. But we do not know if the \$179/acre-foot charge includes tertiary treatment.***
2. Are we working on a longer term solution? ***Discussions are now taking place among the growers, PCA***
3. Are we considering a long-term solution?
4. Will there be other changes to the contract? ***No, this is the final.***
5. In the recitals, item "K" may be objectionable.
6. Item K does not seem to obligate the Agency to provide water to the Peninsula. It does not appear there is anything hidden in Item K.
7. This seems to be one step in the direction of providing water to the Peninsula, and the preference is to strike Item K.
8. Striking K states that we are operating in good faith when negotiating with the partners. Whatever is developed would be discussed prior to implementation. The Peninsula cannot use this water between now and October because it is physically impossible.
9. How binding is Item K? ***Deputy County Counsel stated Item K is in the recitals which***

*state the purposes and objectives that the parties want to achieve. In and of itself, it does not carry any obligation. If agreement cannot be reached, the Agency would not be in default of this agreement.*

10. Does this agreement automatically extend? *No, it does not as requested by the PCA.*

11. The grower community, CSIP growers and members of the Board have been extremely cooperative with PCA. We should be cognizant of not giving away the farm when it comes to these water rights.

In negotiations, the Agency originally asked that paragraph K be stricken; but, decided to allow its inclusion since it was not a binding commitment. At this point, if Item K was removed, it would present a problem in reaching agreement.

Public Comments:

Margie Kay, North County resident, asked who else wants this water. Staff responded that it is part of discussions among many other entities for potential other uses.

Mike McCullough, PCA, clarified that the suitability treatment was only in April and May and did not extend to June. General Manager Chardavoyne responded the City of Salinas is paying \$179/acre-foot for June also. In April and May the cost was \$120/acre-foot split 50-50 between the City of Salinas and the PCA.

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**ACTION:**

**Motion and Second by Directors Ken Ekelund and David Hart to approve a Produce Wash Water Utilization Agreement, substantially in the form attached; recommending approval of the Agreement by the Monterey County Water Resources Agency Board of Supervisors; and, requesting the Chair of the Monterey County Water Resources Agency Board of Supervisors to execute the Agreement.**

**Motion carried unanimously.**

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*Mike Scattini left the dais at 2:57 PM and returned at 3:13 PM.*

E. Consider adopting a Release Schedule for Nacimiento and San Antonio Reservoirs for 2014.

Howard Franklin, Senior Hydrologist, discussed the components of the release schedule, including: third consecutive dry rain season; emergency repairs at Nacimiento Reservoir; and, the inability to operate the Salinas River Diversion Facility (SRDF). Mr. Franklin explained operational considerations as follows: reflects non-operation of the SRDF; retains maximum possible reservoir storage by providing reduction in minimum flow necessary for environmental releases and includes recommended National Marine Fisheries Service mitigation and monitoring actions (minimum temperature monitoring and minimum reduction rates).

Mr. Franklin reported the release schedule is updated monthly while releases and flows are monitored daily.

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

1. Is the NMFS recommended monitoring in place? *Yes.*



2. Have there been any adverse impacts on the temperature or the fish? *We cannot speak to that at this time. The first report is due to NMFS at the end of the month.*
3. On the Nacimiento Water Project, there was a big increase in water utilization. Did some new contracts come in? They are going to utilize as much of their allotment as possible, and that is why we place the full amount in the release schedule.
4. If something happens where the temperature spikes, are we exempt from take with regard to the fish? *We are not exempt in any of these actions below 60 cfs for the take.*
5. Would a Habitat Conservation Plan be beneficial to the Agency? It seems it would solve all of our problems. *A Habitat Conservation Plan could cover us for all operations of our reservoirs.*
6. It could take a decade to implement such a program and we cannot wait that long. In the future we may have to consider this.

Public Comments: None

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**ACTION:**

**Motion and Second by Directors Mark Gonzalez and John Huerta to adopt a Release Schedule for Nacimiento and San Antonio Reservoirs for 2014.**

**Motion carried unanimously.**

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*Director Ken Ekelund left the dais @ 3:08 PM and returned at 3:11 PM.*

- F. Consider ratifying the Notice of Preparation for an Environmental Impact Report for the Salinas Valley Water Project Phase II that utilizes water allocated to Water Rights Permit #11043.

Rob Johnson, Assistant General Manager, reviewed prior actions related to this agenda item. The final NOP was sent to the State Clearinghouse on June 25 to allow sufficient time for recordation before July 1 deadline. The Public Comment opens today and closes on August 11, 2014.

Next steps include the identification of resources to achieve the next set of milestones as there are no funds in the Agency's FY 2014-15 budget. The next three milestones are critical and include:

- Submitting a DEIR by July 2015;
- Submitting a Draft Financing Plan by July 2016; and,
- Certifying the Project FEIR by July 2017.

The Agency's Board of Supervisors will request funding of the Monterey County Board of Supervisors on July 29, 2014. Other funding options being explored include: grants/loans; sales tax; development of a foundation. In addition, the Agency needs to recapture paybacks and reimbursements that are due.

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

1. We still have not identified the amount of water we have and how much surface water is available. Have we calculated the cost of securing that information? Answering this question is critical and timely. *You are correct - it is an important question to be*

*answered. With the comments ending June 18 and the NOP due June 25, we have not begun to work on the critical questions discussed at the BMP workshop. With the NOP being produced, we can now begin those discussions.*

2. If any water projects will be funded by the Agency, could the cost of an EIR be associated with any of those projects? *The Agency does not currently have the funds to develop the environmental documentation that would result in a preferred project and that is why we are approaching Monterey County for funding. Should the County provide those resources and we establish a preferred project, as part of the development of costs associated within a 218 process, it is possible we could seek reimbursement of those funds.*
3. Are there still opportunities for alternative projects to be reviewed? *Yes...within the Scoping Process that ends at 4:00 PM on August 11, 2014.*

Public Comments:

Nancy Isakson, member of the Regional Advisory Committee (RAC), suggested this be sent to the RAC in addition to being advertised in the newspapers. Ms. Isakson agreed with Director Sullivan's comments that we seek funding in chunks. Initial funding should be used to secure data and analysis to determine the feasibility of continuing down this path. She complimented Staff for encapsulating RAC comments into the NOP. Further, Ms. Isakson questioned how the Interlake Tunnel Project would affect water availability under Water Rights Permit #11043. The Board and community should work together to determine how these pieces all fit together.

Directors commended Staff for submitting the NOP and moving forward. They also voiced the need to provide options to the Board of Supervisors at the upcoming joint Boards meeting.

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**ACTION:**

**Motion and Second by Directors Mark Gonzalez and Deidre Sullivan to ratify the Notice of Preparation for an Environmental Impact Report for the Salinas Valley Water Project Phase II that utilizes water allocated to Water Rights Permit #11043.**

**Motion carried unanimously.**

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- G. Consider recommending that the Monterey County Water Resources Agency Board of Supervisors direct the Water Resources Agency: 1) to 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) authorize the General Manager to execute the Agreement

Brent Buche, Assistant General Manager, reported in November 2007, Monterey and Santa Cruz Counties entered (as Non-Federal Sponsors) into a cost-share Design Agreement (Feasibility Study) with the U.S. Army Corps of Engineers related to the Pajaro River Levee Project at 75% to 25%. Grant funding was awarded from the State Department of Water Resources through Propositions 1E and 50 which were applied toward the match. A National Economic Development project was developed establishing a federal interest to participate in the project and a benefit/cost ratio was used to prioritize Federal funding for projects. It was

determined the economic analysis was deficient and the level of flood protection provided was inadequate. Several locally preferred project alternatives were analyzed to address these concerns and to develop a more competitive benefit/cost ratio. A new agreement will cost-share the remaining study costs at 50% to 50%, estimated at \$2 million (\$500,000 cost to Monterey County). Without a new agreement, the additional costs to complete the entire feasibility phase by Fall 2015 will be the sole responsibility of the Non-Federal Sponsors. Upon completion of this phase, the Non-Federal Sponsors will seek Federal construction funding and develop local revenue streams.

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

1. Was this exact item previously considered by the County of Monterey? Was there an action by Monterey County denying this? ***No, this item was not considered by the Monterey County Board of Supervisors because it did not survive the Legistar electronic approval process. The County CAO Budget Analyst (one of four approvers) did not approve, and the process was halted.***
2. The original agreement was between Monterey County and the Army.
3. It seems as though the Agency is being set up to fail. We already voted on this and sent it to the Monterey County Board of Supervisors and now we are told we must submit to the Water Resources Agency Board of Supervisors.
4. If a project is developed, the Agency could not provide funding (the amount of which could be \$15 million).
5. Are there additional liabilities to this Agency for entering into this agreement? ***Deputy County Counsel Jesse Avila responded the question is determining the appropriate entity to enter into the agreement. If the Board acts today consistent with Staff's direction, we can the CAO's office about issues about which we are not aware. Those types of issues should be addressed by the Board.***
6. This Board should be aware of issues when we vote for them.
7. Do we have the financial ability to honor our part of this agreement through the grant money? ***Yes.***
8. Why is it that when we vote for issues to be considered by the Board of Supervisors, it does not make it there? ***No response provided.***
9. If we do this today, does that nullify the action we took in April? ***I don't know.***
10. I would like to know who is deciding whether or not my vote counts.
11. We are always cost-sharing and not getting anything done.
12. Concerned about the cost of this agreement to the Agency.

Public Comments:

Darlene Din agreed this agreement should be approved by Monterey County. If Monterey County does not approve, the Agency should write in a strong indemnification clause into the agreement.

Margie Kay, North County resident, stated until the Highway 1 Bridge is re-worked, that is the dam and it is a big problem.

General Manager Chardavoyne stated the Agency's financial certification is open-ended, and Staff is ensuring only grant funding will be utilized.

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**ACTION:**

**Motion and Second by Directors John Huerta and David Hart to recommend that the Monterey County Water Resources Agency Board of Supervisors direct the Water Resources Agency: 1) to 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) authorize the General Manager to execute the Agreement**

**Motion carried – Director Silvio Bernardi voted no.**

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H. Consider receiving the Salinas River Stream Maintenance Program Revised Final Environmental Impact Report; and, recommending that the Monterey County Water Resources Agency Board of Supervisors hold a Public Hearing to consider certifying the Salinas River Stream Maintenance Program Environmental Impact Report and approving the Salinas River Stream Maintenance Program.

Shaunna Juarez, Associate Water Resources Engineer, reviewed prior actions of the Board of Directors, emphasizing the Board approved expenditures of up to \$150,000 to complete the necessary tasks related to environmental documents and permit applications for the Salinas River Stream Maintenance Program (SRSMP).

Ms. Juarez then reviewed the following components of the SRSMP:

- Public process related to the program;
- Program approach clarifications;
- Goals of the proposed program;
- Identification of River Management Units (RMUs);
- SMP implementation;
- Demonstration Program (Phase 1);
- Additional RMUs (Phase 2);
- Program administration;
- Maintenance Activities; and,
- CEQA (public process, Revised Final EIR, Impact analysis, and permitting).

***Director Ortiz left the dais at 3:54 PM and returned at 3:57 PM.***

She summarized her presentation with the following points:

- The public process has included extensive stakeholder input since the September 30, 2013 meeting of the Board of Directors.
- The approach to stream maintenance has been clarified to include the development of RMUs through consensus-based planning.
- The CEQA process has allowed adequate time for review.
- Permitting has begun for Phase 1 and includes early engagement of regulatory agencies.

- There are two separate and distinct actions for consideration during the Public Hearing: Certification of the EIR and approval of the program. The Public Hearing is requested for July 8, 2014.

Ms. Juarez then distributed comment letters received after publication of the day's agenda.

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

Public Comments:

Abby Taylor-Silva, Grower-Shipper Association, voiced the Association's support for this Project, stating they are looking forward to working with the RMU's. She read a letter from Wayne Gularte into the record (attached for the record).

Nancy Isakson voiced support for this program, and looks forward to the long-term program. The Salinas Valley Water Project changed the way the Agency manages the River, and that has had some effect on channel maintenance.

Jo Magnusen, working with The Nature Conservancy, stated the River is very unique and voiced support for the program.

Darlene Din voiced support for the program, and also looks forward to the long-term project. Ms. Din applauded landowners for their participation in the program, as well as the legislature. It appears the request for the 1600 permits will be processed beginning July 1, 2014.

Directors also thanked Staff in general and Shaunna Juarez in particular for the comprehensive presentation. They also applauded the public's participation in elevating the quality of the resultant EIR.

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**ACTION:**

**Motion and Second by Directors Claude Hoover and Ken Ekelund to receive the Salinas River Stream Maintenance Program Revised Final Environmental Impact Report; and, recommending that the Monterey County Water Resources Agency Board of Supervisors hold a Public Hearing to consider certifying the Salinas River Stream Maintenance Program Environmental Impact Report and approving the Salinas River Stream Maintenance Program.**

**Motion carried unanimously by those Directors present.**

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

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

- a) Personnel: Introduced Elise Ramirez, the Agency's new Water Resources Engineer;
- b) Project Status: Espinosa Booster Station expected to be operational in December 2014;
- c) Meeting Attendance:
  - i. Three joint meetings among Growers, Pollution Control Agency, Water Management District and Agency Staff reviewing a Joint MOU developed by the Water Management District;

- ii. Met with architects to discuss Agency needs if we relocated to Capital One building;
  - iii. Met with Office of Education regarding lease and lease/buy options for current facility;
  - iv. Met with regulatory agencies regarding Salinas River Stream Maintenance Program;
  - v. Met with regulatory agencies (NOAA, Fish & Wildlife and USACOE) regarding Water Rights Permit #11043 and the Interlake Tunnel Project;
  - vi. Met separately with X&Y (Managers/Supervisors) and J&F Unit Staff members;
  - vii. Attended Deep Water Desal Science Symposium;
- d) Report to Board of Supervisors – On July 1, 2014 the Board of Supervisors will consider re-affirming authorizing the Agency’s General Manager to execute the Reimbursement and Funding Agreement along with financing options for the Interlake Tunnel Project;
- e) Mike McCullough (from PCA) made comments about CASGEM (SBX 6 Legislation) – Agency has no funds for this program. We always knew this would become part of grant submission requirements. State requires monitoring on every groundwater basin in California. Agency has been tagged with monitoring all basins in Monterey County. We agreed to monitor Salinas Valley and thought we were in compliance. Staff continues to ask for more financial support (unfunded mandates) and State told us to raise assessments. We did not anticipate that CASGEM was required for Drought Funding. We are working to be compliant with this requirement in order to be eligible for the Drought Funds. PCA/City Project is the only project that would go forward in the IRWMP process.
- f) AB 155: Will move to the Senate floor in early August containing a Project Labor Agreement and P.L. 20133 bidding requirements inserted when considered by the Finance Committee. The Agency is being pushed to enter into a Project Labor Agreement. With these changes in the bill, it will probably take longer to design/build the project. At this point it is unclear if the Agency can decline in utilization of the legislation.

*Director Silvio Bernardi left the dais at 4:38 PM and returned at 4:42).*

Public Comments:

Nancy Isakson recommended the scheduling of an informational workshop regarding AB 155. She questioned why the Agency would allow the Bill to move forward if it will not be utilized.

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**11. COMMITTEE REPORTS** – Planning Committee Chair noted the committee is defining its areas of responsibility, and noted this is essential for all committees to eliminate areas of overlap.

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

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**13. CORRESPONDENCE** – None.

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**14. BOARD OF DIRECTORS’ COMMENTS** – By consensus, Directors voiced concern that Monterey County Staff routinely overrides Agency Act requirements, and requested Agency Staff to firmly push back. Directors also directed Staff to schedule a meeting soon to discuss AB 155. General Manager Chardavoyne responded the Bill is not in its original form and Staff does not support the changes.

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**15. ADJOURNMENT @ 5:00 PM.**

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

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Wini Chambliss, Clerk to the Board

APPROVED