

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

**COMMITTEE MEMBERS**

Deidre Sullivan, Chair  
Ken Ekelund

Dave Hart

**TIME:** **9:00 a.m. PLEASE NOTE SPECIAL MEETING TIME**  
**DATE:** Wednesday, March 1, 2017  
**PLACE:** Monterey County Water Resources Agency  
Board Room  
893 Blanco Circle  
Salinas, CA 93901  
(831) 755-4860

**A G E N D A**

- 1. Call to Order**
- 2. Public Comment**  
*(Limited to three (3) minutes per speaker on matters within the jurisdiction of the agency not listed on this agenda. the public will have the opportunity to ask questions and make statements on agenda items as the committee considers them.)*
- 3. Approve the Minutes of the Planning Committee Meeting held on December 7, 2016.**  
The committee will consider approval of the Minutes of the above-mentioned meeting.
- 4. Consider receiving an update on Strategic Planning and providing direction to Staff**  
Robert Johnson, Deputy General Manager, will present this item to the Committee.
- 5. Consider receiving an update on the status of the Coastal Conservancy Grant for the Salinas River Management Program Development**  
Elizabeth Krafft, Senior Water Resources Hydrologist, will present this item to the Committee.
- 6. Set next meeting date and discuss future agenda items.**  
The committee will discuss and determine details for its next meeting.
- 7. Adjournment**



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

Deidre Sullivan, Chair  
Ken Ekelund

John Huerta  
Dave Hart

**TIME:** 10:00 a.m.  
**DATE:** Thursday, December 7, 2016  
**PLACE:** Monterey County Water Resources Agency  
893 Blanco Circle  
Salinas, CA 93901  
(831) 755-4860

**MINUTES**

**1. Meeting Called to Order @ 10:00 a.m. by Committee Chair Sullivan.**

Members present: Directors Sullivan, Ekelund, Huerta and Hart  
Members absent: None

A quorum was established.

**2. Public Comment: None**

**3. Approve the Minutes of the Planning Committee meeting held on October 5, 2016.**

**Committee Action: On Motion and Second of Directors Hart and Ekelund respectively, approved the Minutes of the Planning Committee meeting held on October 5, 2016.**

**4. Consider receiving an update on planning of the Strategic Planning Workshop.**  
Robert Johnson, Deputy General Manager, presented this item to the Committee.

Public Comment: John Baillie

**Committee Action: On Motion and Second of Directors Ekelund and Huerta respectively, by unanimous vote received the update on the Strategic Planning Session process.**

**5. Set next meeting date and discuss future agenda items.**  
The next meeting date is February 1, 2017.

**6. Adjournment at 11:23 a.m.**

Submitted by Alice Henault

Approved on



**MONTEREY COUNTY WATER RESOURCES AGENCY  
BOARD OF DIRECTORS – PLANNING COMMITTEE**

<b>MEETING DATE:</b>	March 1, 2017	<b>AGENDA ITEM:</b>
Consent ( )                      Action ( X )                      Information ( )		
<b>DEADLINE FOR BOARD ACTION:</b>	March 20, 2017	

**..Title**

Consider receiving an update on the status of the Coastal Conservancy Grant for the Salinas River Management Program Development.

**..Report**

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Directors:

Receive an update on the status of the Coastal Conservancy Grant for the Salinas River Management Program Development.

SUMMARY/DISCUSSION:

On February 18, 2016 Senator Antony Canella introduced Senate Bill 1264 appropriating \$1,000,000 from the California State General Fund to the Monterey County Water Resources Agency (Agency), for use in the Salinas River, to assist in the removal of excess vegetation and trash, increase efficiency of instream flow using sediment and vegetation management strategies, and support the development and implementation of long-term management policies. The California Coastal Conservancy (CCC) was identified as the granting agency. The Agency has to have a signed grant agreement in place with the CCC by June 30, 2016 and grant completion date is June 30, 2019. The Agency is targeting the CCC’s April 27 meeting for consideration of the grant work plan. The draft work plan includes:

1. Stream Maintenance Program Monitoring
  - a. Effectiveness Analysis
  - b. Biological Conditions and Functions Monitoring
  - c. Adaptive Management Implementation
2. Salinas River Lagoon data collection
3. Salinas River Management Program Development

A draft work plan will be submitted to the CCC by the end of February 2017 in order to have a final grant agreement in place by June 30, 2016.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

\$1,000,000 in grant funding for FY 17-18 and FY18-19

Prepared by: Elizabeth Krafft, Senior Hydrologist, (831) 755-4860

Approved by: \_\_\_\_\_  
David E. Chardavoyne, General Manager, (831) 755-4860

Attachments

**MONTEREY COUNTY WATER RESOURCES AGENCY  
BOARD OF DIRECTORS – PLANNING COMMITTEE**

<b>MEETING DATE:</b>	March 1, 2017	<b>AGENDA ITEM:</b>
Consent ( )                      Action ( X )                      Information ( )		
<b>DEADLINE FOR BOARD ACTION:</b>	March 20, 2017	

**..Title**

Consider receiving an update on Strategic Planning, and providing direction to Staff

**..Report**

**RECOMMENDATION:**

It is recommended that the Monterey County Water Resources Agency Board of Directors:

Receive an update on Strategic Planning, and provide direction to Staff

**SUMMARY/DISCUSSION:**

The Monterey County Water Resources Agency (Agency) held a strategic planning workshop on January 12, 2017 at the County of Monterey Agricultural Commissioner’s Conference Center located at 1428 Abbott Street in Salinas. The workshop was an opportunity for the Agency Board of Supervisors and the Agency Board of Directors as well as senior management staff to discuss important Agency issues.

Jan Perkins, Senior Partner with Management Partners, facilitated the workshop. Several members of the public attended the workshop.

There were five workshop objectives, ranging from providing an overview of the Agency’s current fiscal situation, to providing information for future decisions regarding the Agency’s future once a Groundwater Sustainability Agency (GSA) is established and future regulatory requirements to remain in compliance with the Endangered Species Act (ESA), as well as strategies to stay committed to the results and conclusions that came from the workshop.

Attached to this report is the final Strategic Planning Workshop report, that will be presented at the March Board of Directors meeting. For the Committee meeting, staff will provide updates on how tasks and priorities mentioned at the workshop (and recorded in the report) are moving forward. Staff will also be seeking direction on the development of a public engagement program regarding Agency programs.

**OTHER AGENCY INVOLVEMENT:**

None

FINANCING:

Strategic Planning is included in the Agency's annual budget.

Prepared by: Robert Johnson, Deputy General Manager, (831) 755-4860

Approved by: \_\_\_\_\_  
David E. Chardavoyne, General Manager, (831) 755-4860

Attachments

1. Strategic Planning Workshop Report





**Monterey County Water Resources Agency  
Strategic Planning Workshop  
Held January 12, 2017**

**Management  
Partners**





---

## Table of Contents

---

<b>Workshop Report</b> .....	<b>1</b>
<b>Summary</b> .....	<b>1</b>
<i>Workshop Objectives</i> .....	<b>1</b>
<i>Key Next Steps</i> .....	<b>2</b>
<i>Workshop Participants</i> .....	<b>3</b>
<i>Workshop Agenda</i> .....	<b>4</b>
<i>Materials Distributed</i> .....	<b>4</b>
<b>General Manager’s Comments</b> .....	<b>5</b>
<b>Mission, Vision and Guiding Principles</b> .....	<b>5</b>
<b>Review of Agency Finances</b> .....	<b>6</b>
<b>Discussion of Environmental Compliance Needs</b> .....	<b>9</b>
<b>Discussion of Groundwater Sustainability Agency</b> .....	<b>10</b>
<b>Confirm Priorities</b> .....	<b>11</b>
<b>Staying on Course and Sticking to Our Priorities</b> .....	<b>13</b>
<b>Wrap Up</b> .....	<b>13</b>
<b>Attachment A – Slide Presentation</b> .....	<b>14</b>
<b>Attachment B – Critical Projects and Priorities</b> .....	<b>24</b>



## Workshop Report

**"Put First Things First."**

*-Stephen Covey*

### **Summary**

The Monterey County Water Resources Agency (Agency) held a strategic planning workshop on January 12, 2017 at the County of Monterey Agricultural Commissioner's Conference Center located at 1428 Abbott Street in Salinas. The workshop was an opportunity for the Agency Board of Supervisors and the Agency Board of Directors as well as senior management staff to discuss important Agency issues.

Jan Perkins, Senior Partner with Management Partners, facilitated the workshop. Several members of the public attended the workshop.

### **Workshop Objectives**

- Understanding of the Agency's financial position and need for new revenue to support Agency's mission
- Understanding options for meeting regulatory requirements related to the Endangered Species Act, along with a strategy for engagement of key partners and funding
- Understanding of the Agency's future following Groundwater Sustainability Agency (GSA) formation, including steps to be taken over the next year
- Consensus on priorities and what will be deferred due to lack of resources
- Commitment to implementing the results of this retreat and directing resources toward priorities

## **Key Next Steps**

The key next steps for each of the major items are listed below.

### **Agency Finances**

1. Review results of Raftelis Financial Consultants report on assessments.
2. Review results of real estate analysis as part of land sale strategy for one-time infusion of cash to solve the deferred maintenance funding issue.
3. Discuss steps regarding a future tax measure for ongoing revenue for Agency operations.

### **Environmental Compliance**

1. Complete re-initiation process for Salinas Valley Water Project.
2. Develop a strategy to have a Habitat Conservation Plan in place by 2020.

### **Groundwater Sustainability Agency (GSA) Related Items**

1. Continue to participate in the GSA JPA process and discussions.
2. Determine what services the Agency would like to provide to the JPA and at what cost.

### **Priorities for Upcoming Year**

1. Board of Directors to review the modifications to the proposed top priorities of the Agency. The revised language is as follows:
  - Determine Agency role and tasks following formation of a Groundwater Sustainability Agency (GSA).
  - Conduct public engagement regarding Agency programs, including developing an Agency Strategic Plan in order to use it as a communications document.
  - Pursue options for compliance with Endangered Species Act including completing reinitiation of the Salinas Valley Water Project Section 7 consultation and pursuing a Habitat Conservation Plan (HCP).
  - Sell or lease land to pay for deferred maintenance.

- Complete basin sustainability investigations.
  - Develop revenue plan for financial sustainability.
  - Develop strategic approach to litigation issues.
2. Adopt the final set of priorities at a Board of Directors meeting.

## **Workshop Participants**

### ***Board of Supervisors***

- Mary Adams, District 5 Supervisor, Board Chair
- Luis Alejo, District 1 Supervisor
- Simon Salinas, District 3 Supervisor
- Jane Parker, District 4 Supervisor

### ***Board of Directors***

- Dave Hart, Chair
- Richard Ortiz, Vice-Chair
- Ken Ekelund, Director
- Mark Gonzalez, Director
- Claude Hoover, Director
- John Huerta, Director
- Mike Scattini, Director
- Deidre Sullivan, Director
- Glen Dupree, Director

### ***Agency Staff***

- David Chardavoyne, General Manager
- Robert Johnson, Deputy General Manager
- Brent Buche, Deputy General Manager
- Winifred Chambliss, Administrative Services Assistant
- Cathy Paladini, Finance Manager II
- Howard Franklin, Senior Water Resources Hydrologist
- Elizabeth Krafft, Senior WR Hydrologist, Environmental Compliance
- German Criollo, Associate WR Hydrologist
- Chris Moss, Senior WR Engineer
- Shaunna Juarez, Associate WR Engineer
- Mark Foxworthy, Associate WR Engineer
- Bret Ogden, Assistant Water Maintenance Superintendent
- Erica Leal, Accountant
- Reico Cruz, Information Systems Manager
- Alice Henault, Senior Secretary

### ***Monterey County Staff***

- Lew Bauman, County Administrative Officer
- Charles McKee, County Counsel
- Nick Chiulos, Assistant County Administrative Officer
- Jesse Avila, Deputy County Counsel

In addition, several members of the public were present and participated in discussions at various points throughout the day.

### **Workshop Agenda**

- Call to order
- Welcome by Board of Supervisors Chair
- Welcome by Board of Directors Chair
- Public comments
- Comments from General Manager
- Review of Agency's purpose and major work plan items
- Review of financial position and need for new revenue
- Discuss Agency's environmental compliance needs
- Discuss Groundwater Sustainability Agency
- Confirm priorities for FY 2017-18 and 2018-19
- Wrap up and evaluation

### **Materials Distributed**

The following items were distributed during the workshop.

- PowerPoint Presentation (Attachment A)
- List of Critical Projects (Attachment B)



## ***General Manager's Comments***

General Manager David Chardavoyne oriented the workshop participants to the importance of the day. His key points were as follows:

- Agency is at a crossroads.
  - Financial sustainability is an issue – new revenue is essential for basic Agency functions and for critical infrastructure.
  - Possible arrangement with future GSA-JPA uncertain – funding unknown at this time.
  - Regulatory requirements for future projects – need to gain an understanding of the options.
- Prior strategic planning retreats have resulted in discussions and decisions, though there has not been enough implementation or follow through.

## ***Mission, Vision and Guiding Principles***

Agency Board Director Deidre Sullivan and Chair of the Board of Director's Planning Committee presented the Agency's mission, vision and guiding principles, and the significance of each. These were developed at the 2015 strategic planning workshop and were adopted in the first quarter of 2016 by the Board of Directors.

### **Mission**

The Water Resources Agency manages, protects, stores and conserves water resources in Monterey County for all beneficial uses, while minimizing damage from flooding to create a safe and sustainable water supply for present and future generations.

### **Vision**

To become a recognized and respected leader in the community we serve through demonstrated knowledge, integrity and the quality of our actions.

## **Guiding Principles for Decision Making**

1. Project or program is consistent with Agency's core mission.
2. Meets financial, legal, contractual and mandated obligations.
3. Potential costs and benefits, risks, and feasibility will be methodically analyzed, using the best available science.
4. Effective communication and outreach will be done to maintain an open and transparent process.
5. Approved priorities will not be beyond Agency financial resources. Financial discipline will be exercised to ensure that funding is available to cover all expected expenditures, including future maintenance and replacement of facilities.

## ***Review of Agency Finances***

The purpose of the discussion was to provide an explanation of the Agency's financial challenges and generate an understanding of the insufficient level of funding available to support the Agency's projects and programs. The objective at the conclusion of the discussion was to seek support for pursuing new revenue.

Finance Manager Cathy Paladini presented an overview of the Agency's financial position (see slides in Attachment A). She noted that the Agency continues to be structurally imbalanced due to costs associated with work on projects that have not been budgeted. Cathy also stated that the Agency's fund structure is complex with multiple restricted funds.

General Manager Dave Chardavoine explained that the Agency has critical near-term revenue needs in two areas:

- **Deferred maintenance:** Approximately \$5 million in backlog, including regulatory-required tasks.
- **Overall Agency financial sustainability:** Including dollars for ongoing data collection and reporting efforts, and ongoing operations and maintenance.

Dave indicated that the Agency has engaged Raftelis Financial Consultants to conduct a study that will be discussed with the Board of Directors in the near future. It will provide important information about assessments. Dave noted that the Agency has taxing authority subject to a Proposition 218 vote.

The staff presentation also discussed the Agency's deferred maintenance needs which are estimated at \$5 million. The option being pursued as a

revenue source for the backlog of maintenance is to sell or lease land. Staff indicated that an analysis is being conducted now by a real estate professional and the results will be discussed with the Board of Directors and Board of Supervisors in late spring or early summer 2017.

Workshop participants discussed the following questions in small groups:

1. Should the Agency actively pursue a tax or assessment for ongoing expenses (related to financial sustainability of the Agency's operations and maintenance, environmental compliance and other functions not covered in the budget)?
2. What next steps could be carried out?

### **Comments from staff, Board of Supervisors, Board of Directors**

A summary of the comments from the small groups comprised of Agency and County representatives (Board of Supervisors, Board of Directors and staff) is shown below.

#### ***Question 1: Should the Agency actively pursue a tax or assessment measure for ongoing expenses?***

All tables indicated "yes." New taxes or assessments should be pursued to support the ongoing expenses of the Agency. For the purposes of the discussion, "ongoing expenses" included financial sustainability of the Agency's operations and maintenance costs, environmental compliance, and other functions currently not covered in the Agency budget.

#### ***Question 2: What next steps could be carried out?***

The following is a compilation of suggestions from the tables regarding next steps, and other comments about challenges or other issues related to pursuing a tax or assessment.

- Challenge getting support of multiple 218 processes
- Estimates of revenue needed are hard to get accurately; needs may still be underfunded
- Discretionary funding at agency is useful and could be used for projects if 218 revenue was covering full costs
- 218 restrictive on how to use revenue
- Need more flexible options – other kinds of taxes
- Other options to generate revenue – leasing land, etc. (solar)
- New 218 needed for tunnel project; also for fish monitoring

- New tax to cover shortfalls would sunset; maintenance issues and ongoing operations will not sunset
- Already two 218 measures envisioned
- Army Corp still not paying assessments
- Environmental compliance and deferred maintenance – can we pursue a general county tax for all water projects by agency
- Pursue Prop 218 unfunded environmental compliance within agency budget
- Evaluate Raftelis report findings to determine options
- Short-term need revenue to wipe out backlog of deferred maintenance – explore
- Hire consultant to sell the nuts and bolts that come from Raftelis Report (professional outreach)
- Re-evaluate fund structure and simplify
- Increase effectiveness by automating data collection and reporting
- Establish a fee (determine if applied countywide, business fishing permit, other options)
- Zone 2C assessment for environmental compliance
- Fish monitoring data collection

### **Comments from the Public**

Comments from the public, as shown on their flipchart, are provided below.

#### ***Question 1: Should the Agency actively pursue a tax or assessment measure for ongoing expenses?***

- Premature
- Uncertainty with Sustainable Groundwater Management Act (SGMA) implementation
- Process of determining benefits conferred on new taxation
- Costs of Prop 218 process

#### ***Question 2: What next steps could be carried out?***

- Pursue grant funding
- Reducing costs (one person only)
- Hold workshops with landowners/stakeholder/rate payers on priorities and opportunities/ideas
  - Water supply
  - Flood control
  - O&M/deferred

## **Next Steps**

Three items will be discussed with the Board of Directors and the Agency Board of Supervisors in the future pertaining to revenue:

1. Review results of Raftelis Financial Consultants report on assessments;
2. Review results of real estate analysis as part of land sale strategy for one-time infusion of cash to solve the deferred maintenance funding problem; and
3. Discuss steps regarding a future tax measure for ongoing revenue for Agency operations.

## ***Discussion of Environmental Compliance Needs***

Elizabeth Krafft, Senior Water Resources Hydrologist, Environmental Compliance, made a presentation on current issues pertaining to environmental compliance (see Attachment A for slides presented). She explained that the Agency's likely path is to create a Habitat Conservation Plan (HCP).

Comments and questions included the following:

- Do we know the status of the Canella bill regarding the Salinas River Lagoon? (*Timeline may be March 2017*)
- Have any other HCPs been completed (by other agencies)? (*Most are land-based*)
- Could tax be sought for countywide funding?
- HCP is a long-term effort; 2020 may not be realistic given many partners and complications
- How to plan for future projects in preparing HCP?
- Regulatory agencies should be part of the process early
- Functional-based HCP
- Put land or money aside for mitigation
- Determine needed partnerships and stakeholder involvement
- HCP is a "project" requiring EIR/EIS CEQA/NEPA
- HCP will be very complicated (EIRx10); HCP with private property
- Dollars will need to be in place upfront (e.g., escrow type account)

## Next Steps

Staff presented the steps being pursued, which are:

1. Complete re-initiation process for Salinas Valley Water Project.
2. Develop a strategy to have a Habitat Conservation Plan in place by 2020.

## Discussion of Groundwater Sustainability Agency

Deputy General Manager Robert Johnson presented background and the status of the Groundwater Sustainability Agency (GSA) formation process, along with a timeline. A discussion about a possible future role for the Agency ensued. Agency staff noted that staff resources are being provided now as part of the GSA formation process, but that there is no funding source for that staff time. Additionally, the Agency is expected to make a \$20,000 contribution to the newly formed JPA, and that contribution is not budgeted in the Agency's budget.

A summary of comments and questions from workshop participants and the public follows.

- The timeline is critical; the new board of the JPA will be appointed in March and expects to be operating in June 2017.
- Seats were determined by collaborative working group.
- Greenfield may set up its own GSA.
- Why does Monterey County not have a dedicated seat?  
*(Clarification was made that the Board of Supervisors will be appointing a number of the seats.)*
- How many GSA-eligible entities are there? *(No immediate answer on this.)*
- Each participating agency is expected to make initial contributions; the County is the largest contributor at approximately \$670,000.
- How would conflicts be resolved if they arise between Agency and GSA JPA goals, plans and obligation? *(Comment was made that the GSA JPA could not exert control over the Agency, but alignment of strategies and mission will be important.)*
- The GSA JPA will choose how to meet their service needs (whether through a consultant, the Agency or some other entity).
- How will the GSA JPA intersect with the HCP?
- Could the Board of Supervisors make its seed funding contingent on GSA JPA contracting with the Agency (legal issue)?

- First meeting of Board of Directors of GSA JPA planned for March 2017 (hire a G.M.).
- Agency has no money available to contribute to the GSA due to total Agency underfunding.
- Agency should identify what work it could do for the GSA and at what cost; then there could be a contract and budget amendment (e.g., data collection).
- Agency would need to hire staff to serve the GSA.
- The Agency Board of Directors packet for January 17, 2017 includes a reference to state legislation, but that will not be pursued.
- Agency needs to focus on our core services, not on GSA; our core services are underfunded.

**Key points during a wrap up of this item were:**

- Once the GSA JPA decides what services it needs, the Agency can determine whether it wishes to propose providing those services and at what cost. The Agency would not be expected to do any work for the GSA that is not funded.
- Agency could proactively decide what services it would like to offer the GSA JPA and identify the full cost of providing those services, to be ready to offer them in the future.

**Next Steps**

1. Continue to participate in the GSA JPA process and discussions.
2. Determine what services the Agency would like to provide to the JPA and at what cost.

**Confirm Priorities**

General Manager Dave Chardavoyne set the context about priorities (see slides in Attachment A). He emphasized that the Agency can do some things but cannot do everything, and reiterated that the financial resources are insufficient. Deputy General Manager Robert Johnson presented the Agency's priorities in five categories, as follow:

1. Facilities maintenance
2. Compliance
3. Data collection, monitoring and reporting
4. Future programming and planning
5. Administration, management and governance

He then reviewed the work plan for each of those areas and the priorities for Fiscal Years 2016-17, 2017-18 and 2018-19. Dave Chardavoyne then stated the top priorities, as follow:

1. Determine Agency role and tasks following formation of a GSA.
2. Pursue options for compliance with Endangered Species Act.
3. Sell or lease land to pay for deferred maintenance.
4. Complete basin sustainability investigations.
5. Develop revenue plan for financial sustainability.
6. Conduct public engagement regarding Agency programs.
7. Develop strategic approach to litigation issues.

A discussion ensued and the following is a summary of the comments and questions posed.

**Comments from Board of Supervisors and Board of Directors:**

- Question about the financing options for HCP process, and the need to identify ways to pay for it (e.g., legislation, grant, multi-county approach, portion from lagoon study grant from conservation society, other partnerships)
- Regarding the GSA JPA, the Agency could look at our major areas and quantify data and determine what we could do at a charge to GSA
- Need to keep communications open and continue stakeholder engagement
- Need an effectively worded strategic plan (brings transparency); reword #6 on priorities list to include development of strategic plan
- Agency should continue to be involved in GSA JPA
- Move Item #6 to #2 to show priority

**Comments from the Public:**

- Item #3 needs to be an open/transparent process
- Stakeholder input is critical (item #6)
- Regarding item #2, this should acknowledge the HCP process – “complete Section 7 and develop HCP strategy”
- Conservation hatchery may be premature
- Partners are bringing dollars forward
- Public engagement is critical
- Smaller groups are helpful in outreach throughout the county
- Agriculture is a major part of our future economy and it depends on water



### **Next Steps**

1. Review suggested changes to the priorities language, as follow.
  - Determine Agency role and tasks following formation of a GSA.
  - Conduct public engagement regarding Agency programs, including developing an Agency Strategic Plan and use it as a communications document.
  - Pursue options for compliance with Endangered Species Act including completing the re-initiation of the Salinas Valley Water Project Section 7 consultation and pursuing a HCP.
  - Sell or lease land to pay for deferred maintenance.
  - Complete basin sustainability investigations.
  - Develop revenue plan for financial sustainability.
  - Develop strategic approach to litigation issues.
  
2. Adopt the final set of priorities at a Board of Directors meeting.

### ***Staying on Course and Sticking to Our Priorities***

Facilitator Jan Perkins reviewed a slide noting the following points:

- Agency has a set of guiding principles, as presented by Director Deidre Sullivan in the morning.
- Priorities should be adhered to unless there is an emergency.
- Staff will provide progress reports.
- General Manager's annual goals and the Agency's goals should be in line with each other.



### ***Wrap Up***

At the end of the workshop, several Supervisors, Directors and the General Manager offered closing comments. In addition, an evaluation form was distributed. The comments made indicated that the opportunity to discuss important issues of the Agency with the Agency Board of Supervisors, Board of Directors, staff and the public was valuable.


## Attachment A – Slide Presentation

## Monterey County Water Resources Agency Annual Strategic Planning Retreat

January 12, 2017






## Welcoming Comments



**MCWRA**  
**Board of Supervisors**  
*Chair Mary Adams*



**MCWRA**  
**Board of Directors**  
*Chair David Hart*

**Call to Order**



**Roll Call**

**Pledge of Allegiance**



## Comments from General Manager David E. Chardavoyne

- Agency is at a Crossroads
  - Financial sustainability is an issue – new revenue is essential for basic Agency functions and for critical infrastructure
  - Possible arrangement with future GSA-JPA uncertain – funding unknown at this time
  - Regulatory requirements for future projects – need to get a handle on options
- Prior strategic planning retreats have resulted in discussions and decisions, though there has not been enough implementation or follow through



## Today's Objectives



- Understand the Agency's financial position and need for new revenue to support Agency's mission
- Understand options for meeting regulatory requirements related to the Endangered Species Act, along with a strategy for engagement of key partners and funding
- Understand the Agency's future following GSA formation, including steps to be taken over the next year
- Consensus on priorities regarding what will be deferred due to lack of resources
- Commitment to implement the results of this retreat and direct resources toward the priorities

## Agenda

- Welcome
- Public Comments
- Review Today's Schedule
- General Manager Comments
- Agency's Purpose and Major Work Plan Items
- Review of Financial Position and Need for New Revenue
- Discuss Agency's Environmental Compliance Needs
- Lunch
- Discuss Groundwater Sustainability Agency (GSA)
- Confirm Priorities for FY2017-18 and FY2018-19
- Staying on Course
- Wrap-up

### Orientation to Agency's Purpose and Major Issues


- Brief review of mission, vision, guiding principles
- Overview of major responsibilities
- Major priorities – the "big rocks"



Management Partners

### Agency Mission

The Water Resources Agency manages, protects, stores and conserves water resources in Monterey County for all beneficial uses, while minimizing damage from flooding to create a safe and sustainable water supply for present and future generations.



Management Partners

### Agency Vision



To become a recognized and respected leader in the community we serve through demonstrated knowledge, integrity and the quality of our actions.

Management Partners

### Agency's Guiding Principles for Decision Making

1. Project or program is consistent with Agency's core mission.
2. Meets financial, legal, contractual and mandated obligations.
3. Potential costs and benefits, risks and feasibility will be methodically analyzed, using the best available science.
4. Effective communication and outreach will be done to maintain an open and transparent process.
5. Approved priorities will not be beyond Agency financial resources. Financial discipline will be exercised to ensure that funding is available to cover all expected expenditures, including future maintenance and replacement of facilities.

Management Partners Adopted May 2016 10

### Major Categories of Responsibilities

A: Facilities Maintenance

B: Compliance

C: Data Collection, Monitoring and Reporting

D: Future Programming and Planning

E: Administrative, Management and Governance

Management Partners

### "Big Rocks"

Not everything important will fit into the bucket

\$ 21 Million



Management Partners

## Review of Agency's Finances

- Financial status has changed from last year, still Agency
  - Continues to spend more than what is brought in
  - Continues to have expectations that exceed resources
- New sustainable revenue is needed



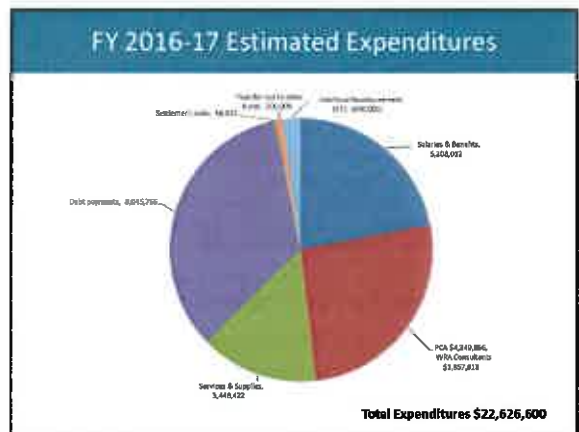
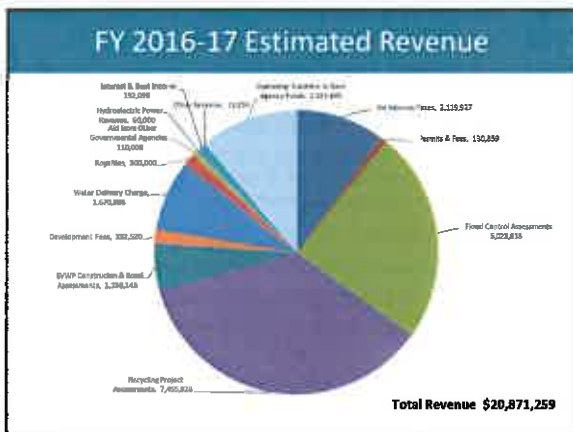
11

## Financial Challenges (in a nutshell)

- Agency expenditures \$ 23M
- Agency revenue \$ 21M

CSIP	\$ 9 M
Salaries	\$ 5 M
Debt payments	\$ 8 M
Other	\$ 1+ M

12



## Near-Term Revenue Needs

- Deferred Maintenance Plan**
  - Possible solution
    - Monetize some of the Agency's excess land for this use through sale and/or lease
    - Expedites completion of deferred maintenance
- Overall Agency Financial Sustainability**
  - Expenditures continue to outpace revenues
  - Focus work done by Agency to what is within budget, or
  - Create/develop sustainable revenue sources



18

### Possible Solution for Deferred Maintenance

- Deferred maintenance – backlog of projects
  - Approximately \$5M (no \$\$ available)
  - Possible Solution: Sell or lease land to raise \$\$ for deferred maintenance**

Steps



- Real estate professional analyzes land values
- Analysis and recommendation provided to Board of Directors (June 2017)
- Expected timeline for discussion with Board of Supervisors (July 2017)

19

### Revenue Options Identified at 2015 Retreat



- Sale or lease excess land
- Collaborate with interested individuals and agencies/entities
- Countywide tax measure
- Proposition 218 vote – possibly more than one (e.g., operations, projects, GSA costs)
- Grants
- Rates and fees
- Sales tax
- Pump tax/fee
- Sales of imported water and an associated tax
- Pursue legislative options (e.g., reduce matching requirements)
- Future water wholesale opportunities
- Assessments

20

### Collaboration Can Be Successful For Targeted Projects



- Example of collaboration with other entities...
  - Salinas River Stream Maintenance Program
    - Solution bigger than Agency resources
    - Worked collaboratively to get Program running
      - US Army Corp of Engineers, NOAA Fisheries, US Fish and Wildlife
      - California Department of Fish and Wildlife, Central Coast Regional Water Quality Control Board
      - Monterey County Resource Conservation District
      - The Nature Conservancy, Growers-Shippers Association, Salinas River Channel Coalition
  - Program continues to be an example of collaboration
  - Collaboration works though it can be costly

21

### Agency Has Taxing Authority Subject to 218 Vote



- Agency Act, Section 7(j) (plus other locations):
  - “Cause taxes or assessments to be levied and collected in order to pay any obligation of the Agency and carry out any of the purposes of this act.”*
- Key Next Steps:
  - Seek stakeholder feedback and support
  - Board of Directors to formally request Board of Supervisors to place a revenue measure before the voters

22

### Next Steps for Revenue Issues

- Continue with land sale strategy for one-time infusion of cash to solve the deferred maintenance issues
- Determine stakeholders and Board of Directors interest in new assessment or tax for ongoing O and M/Environmental Compliance/other functions currently not being covered in Agency budget



23

### Discussion

**Small Groups**

- Should the Agency actively pursue a tax or assessment measure for ongoing expenses?
  - These expenses include:
    - Financial sustainability of the Agency's O&M
    - Environmental Compliance
    - Other functions currently not covered in Agency budget
- What next steps could be carried out?

**Small Group Report Outs**

24



### Environmental Compliance Needs

Management Partners

### Environmental Compliance with Endangered Species Act

#### Salinas Valley Water Project (SVWP)

- On August 5, 2016 US Army Corps of Engineers reinitiated Section 7 Consultation on the SVWP biological opinion issued NOAA Fisheries
- On September 27, 2016 Agency staff met with Corps and NOAA Fisheries
  - Corps will issue a new 404 Permit with a three-year horizon
  - NOAA Fisheries expects to issue a new biological opinion for the SVWP
  - After three years (est. 2020) – no incidental take coverage

Management Partners

### Environmental Compliance with Endangered Species Act (cont.)

#### Future projects and operations beyond 2020...

- Agency will need incidental “take” coverage
  - “Take” is defined as harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect any threatened or endangered species. Harm may include significant habitat modification where it actually kills or injures a listed species through impairment of essential behavior (e.g., nesting or reproduction).

Management Partners

### Environmental Compliance with Endangered Species Act (cont.)

- Two paths –
  - Projects and/or Operations **with** Federal nexus
    - Section 7 = Biological Opinion
  - Projects and/or Operations **without** Federal nexus
    - Section 10 = Habitat Conservation Plan
- Beyond 2020 – No Federal Nexus for Current Agency Projects and Operations

Management Partners

### Environmental Compliance with Endangered Species Act (cont.)

#### ITP process for non-Federal projects

```

    graph TD
      A[Is "Take" possible?] -- NO --> B[No Incidental Take Permit required]
      A -- YES --> C[ESA Section 9 requires Section 10 incidental take permit]
      C --> D[Applicant prepares HCP and application package]
      D --> E[Submit application to USFWS and/or NMFS]
    
```

Management Partners

### Environmental Compliance with Endangered Species Act (cont.)



#### Considerations for developing an HCP...

- Funding needed for development and implementation
- What geographical area and what activities should be covered?
- What will possible HCP options look like and include?
- What partnerships are critical to development and implementation of the HCP?
- How does the HCP timeline fit into other Agency priorities?
- What species to be addressed?

Management Partners

### Benefits of HCP

- Only option for “take” coverage with no federal nexus
- Long-term (10+ years)
- “No Surprises” clause
- Can cover current and future projects and O&M
- Determine geographical scope
- Implementation costs are known
- Streamlines other permit acquisitions

31



### Discussion

**Staff Recommendation**

1. Complete re-initiation process for SVWP
2. Develop strategy to have HCP in place by 2020

**Board of Supervisor and Board of Director Questions and Comments**

**Public Comments**

32

### Lunch





33

### SGMA / GSA / GSP...







34

### Groundwater Sustainability Agency



- Background
- Current status
  - GSA formation being done through a facilitated process
  - CWG has been meeting for over a year (16 meetings)
  - Proposed solution is a Joint Powers Authority (JPA)
  - JPA made up of GSA-eligible entities
- Question: *What will be the Agency's role once GSA-JPA is formed?*

35

### SGMA / GSA Time line

- Local groundwater sustainability agencies formed.
- Groundwater sustainability plans adopted for critically overdrafted basins.
- Groundwater sustainability plans adopted for high and medium priority basins not currently in overdraft.
- All high and medium priority groundwater basins must achieve sustainability.

36



### Proposed GSA-JPA Board Configuration

GSA Governing Board Recommendation –  
Board of 11 directors representing public and private groundwater interests

City of Salinas	South County Cities	GSA-eligible Agencies	Disadvantaged Communities Small Public Water Systems
CA Public Utilities Regulated Water Companies	Agriculture, & water	Environment	Public Member

Agency is a GSA-eligible Agency, and would rotate with other GSA-eligible agencies






37

### Post-GSA Formation Agency Options

- GSA-JPA could contract with Agency to perform specific GSA tasks
- Agency could continue its current work without expansion into GSA tasks

Possible future plan:

- GSA-JPA could take the lead to get legislation for Agency to become the SV GSA
  - Agency BOD would be configured differently via legislation






38

### Agency and GSA Decision Timeline

Short-Term Timeline: January – June 30, 2017



- Determine Agency's role, post GSA formation
- Depending on determination –
  - Document roles and responsibilities
  - Develop resources needs
    - Staffing, funding, equipment, consultants
  - Develop implementation schedule
  - Implement necessary steps

39

### Summary of GSA Issues for Agency

- Agency does not have a permanent seat on the GSA-JPA board. *Should the Agency continue to put resources into the process without a permanent seat?*
- Agency does not have the resources to support its current mission. *What new revenue will be made available if the Agency is to carry out a role with the future GSA-JPA?*
- What changes are needed if the Agency is to have a major role in serving the GSA-JPA?*






40

### Recommendations Related to Post-GSA Formation

**Staff Recommendation**

- Support establishing a Joint Powers Authority (JPA) for the GSA
- Support the Agency contracting with the GSA-JPA to perform and expand the work the Agency already does that the GSA is expected to do – sustainable funding will be needed for the Agency to do this work
- Support steps to develop a Proposition 218 ballot measure to cover funding the Agency's role related to the GSA-JPA



41

### Discussion

**Small Groups**

- Discuss staff presentation
- What comments to offer the large group


**Small Group Report Outs**






42

### Setting Priorities

- We can do some things, but we can not do everything
- Spending down our fund balance
- Need to identify and confirm our priorities and stick to them
- Need to be realistic about what programs comprise the Agency's budget
- Need the Board of Directors and Board of Supervisors to be in sync moving forward




45


### Agency-Wide Priorities in Five Categories

A. Facilities Maintenance

B. Compliance

C. Data Collection, Monitoring & Reporting

D. Future Programming & Planning

E. Administrative, Management & Governance


41




### A. Facilities Maintenance

Project	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
A1. Sell or lease land to pay for deferred maintenance		✓	✓	
A2. Implement Nacimiento Maintenance Projects		✓	✓	✓
A3. Implement San Antonio Maintenance Projects		✓	✓	✓
A4. Revoke and Award Grazing Leases			✓	
A5. Consider Bryant Canyon Improvements		✓		
A6. Move Forward with Water Recycling Projects (CSIP and SVBP)		✓	✓	✓
A7. Complete Moro Cojo Tide Gate Repairs		✓		
A8. Pinn Pajaro Maintenance Projects		✓	✓	
A9. Perform Reclamation Ditch Maintenance				
A10. Implement Maintenance on Additional Water Bodies				


46




### B. Compliance

Project	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
B1. Implement Salinas River Lagoon Management and Enhancement Plan		✓	✓	✓
B2. Implement Salinas River Stream Maintenance Program		✓	✓	✓
B3. Carry Out Critical Development Review Projects		✓		✓
B4. Develop National Flood Insurance Program/ Obtain Community Rating System (CRS) Annual Certification		✓	✓	✓


46




### C. Data Collection, Monitoring and Reporting

Project	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
C1. Prepare Seawater Intrusion Maps		✓		✓
C2. Complete Basin Investigations		✓	✓	✓
C3. Document Groundwater Extractions (GEMS)		✓	✓	✓
C4. Implement Fish Monitoring		✓	✓	✓
C5. Upgrade Flood Warning System		✓	✓	
C6. Address Fire-related Issues		✓	If needed	If needed
C7. Implement the Monterey Peninsula Water Supply Project (MPWSP) (desalination plant monitoring)		✓	✓	✓


47


### D. Future Programming and Planning

Project	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
D1. Participation following formation of a Groundwater Sustainability Agency (GSA)		✓	✓	✓
D2. Plan Interlake Tunnel		✓	✓	✓
D3. Pursue options for Endangered Species Act compliance		✓	✓	
D4. Implement Pure Water Monterey Project		✓	✓	
D5. Conduct Hydroelectric Interconnection Study		✓	✓	
D6. Explore Cloud Seeding		✓	✓	


45


### E. Administrative, Management and Governance

Project	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
E1. Implement Critical Finance Projects		✓	✓	✓
E2. Hold Strategic Planning Workshop		✓	✓	✓
E3. Pursue Legislative Agenda and Grants		✓	✓	✓
E4. Make Technology Improvements		✓	✓	
E5. Relocate to Schilling Place Facility		✓	✓	
E6. Develop revenue plan for Agency financial sustainability			✓	
E7. Conduct public engagement		✓	✓	✓

Management Partners 49

- ### Top Priorities for FY 2017-18 Requiring Major Attention
1. Determine Agency role and tasks following formation of a Groundwater Sustainability Agency (GSA)
  2. Pursue options for compliance with Endangered Species Act
  3. Sell or lease land to pay for deferred maintenance
  4. Complete basin sustainability investigations
  5. Develop revenue plan for financial sustainability
  6. Conduct public engagement regarding Agency programs
  7. Possible litigation issues
- Management Partners Each of these will require major staff effort... 50

- ### Staying On Course and Sticking To Our Priorities
1. Follow our guiding principles
  2. No deviation unless emergency – or unless full impact on priorities agreed upon
  3. Staff will provide progress reports
  4. General Manager's annual goals and the Agency's goals should be in line with each other
- Comments from Board of Supervisors and Board of Directors

Consensus on these guidelines
- Management Partners 51

- ### Next Steps
- Notes from the retreat
  - Agency next steps
    - Staff will return to Board of Directors with specific action steps and follow-up
- 
- Management Partners 52

- ### Wrap Up
- Closing Comments
  - Evaluation
- 
- Management Partners 53



## Attachment B – Critical Projects and Priorities

### County of Monterey Water Resources Agency Strategic Planning Workshop – January 12, 2017

#### Summary of Top Priorities and Critical Projects

This document contains a list recommended top priorities, and a list of the projects most critical to the Agency, for discussion on January 12, 2017.

#### **Top Priorities for 2017-18**

Seven items have been identified by staff as the most important among the long list of critical projects for the Agency. These will all require major attention by Agency staff and the Board of Directors in the upcoming year.

1. Determine Agency role and tasks following formation of a Groundwater Sustainability Agency (GSA)
2. Pursue options for compliance with Endangered Species Act
3. Sell or lease land to pay for deferred maintenance
4. Complete basin sustainability investigations
5. Develop revenue plan for financial sustainability
6. Conduct public engagement regarding Agency programs
7. Develop strategic approach to litigation issues

#### **Agency-Wide Critical Projects**

A total of 34 critical projects and priorities are listed in the following five categories. The applicable fiscal year for each item is shown, unless the item is uncheduled, in which case that is noted. The lead staff person is also noted for each item.

- A. Facilities Maintenance
- B. Compliance
- C. Data Collection, Monitoring and Reporting
- D. Future Programming and Planning
- E. Administration, Management and Governance

Project	Lead	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
<b>A. Facilities Maintenance</b>					
<b>A1. Sell or lease land to pay for deferred maintenance</b>	Brent Buche		✓	✓	
<b>A2. Implement Nacimiento Maintenance Projects (low level outlet valves, hydroplant generator, dam safety requirements)</b>	Chris Moss		✓	✓	✓
<b>A3. Implement San Antonio Maintenance Projects</b>	Chris Moss		✓	✓	✓
<b>A4. Revise and Award Grazing Leases</b>	Brent Buche			✓	
<b>A5. Consider Bryant Canyon Improvements</b>	Shaunna Juarez		✓		
<b>A6. Move Forward with Water Recycling Projects improvements, including Castroville Seawater Intrusion Project (CSIP) and the Salinas Valley Reclamation Project (SVRP)</b>	Mark Foxworthy		✓	✓	✓
<b>A7. Complete Moro Cojo Tide Gate Repairs</b>	Mark Foxworthy		✓		
<b>A8. Plan Pajaro Maintenance Projects (levee maintenance and USACE project)</b>	Mark Foxworthy (levee maintenance)/ Manuel Quezada (USACE project)		✓	✓	
<b>A9. Perform Reclamation Ditch Maintenance</b>	Brent Buche	✓			
<b>A10. Implement Maintenance on Additional Water Bodies</b>	Brent Buche	✓			
<b>B. Compliance</b>					
<b>B1. Implement Salinas River Lagoon Management and Enhancement Plan</b>	Elizabeth Krafft		✓	✓	✓
<b>B2. Implement Salinas River Stream Maintenance Program</b>	Shaunna Juarez/ Elizabeth Krafft		✓	✓	✓
<b>B3. Carry Out Critical Development Review Projects</b>	Jennifer Bodensteiner		✓	✓	✓



Project	Lead	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
<b>B4. Develop National Flood Insurance Program/ Obtain Community Rating System (CRS) Annual Certification</b>	Jennifer Bodensteiner		✓	✓	✓
<b>C. Data Collection / Monitoring / Reporting</b>					
<b>C1. Prepare Seawater Intrusion Maps</b>	Tam Voss		✓		✓
<b>C2. Complete Basin Investigations</b>	Howard Franklin		✓	✓	✓
<b>C3. Document Groundwater Extractions (GEMS)</b>	Tam Voss		✓	✓	✓
<b>C4. Implement Fish Monitoring</b>	Elizabeth Krafft		✓	✓	✓
<b>C5. Upgrade Flood Warning System (Transition of system from ALERT to ALERT 2 Technology)</b>	Germán Criollo		✓	✓	
<b>C6. Address Fire-related Issues</b>	Howard Franklin/ Germán Criollo/ Brent Buche		✓	If needed	If needed
<b>C7. Implement the Monterey Peninsula Water Supply Project (MPWSP) (desalination plant monitoring)</b>	Tam Voss/ Howard Franklin		✓	✓	✓
<b>D. Funding Program/Planning / Planning</b>					
<b>D1. Participation following formation of a Groundwater Sustainability Agency (GSA)</b>	Rob Johnson		✓	✓	✓
<b>D2. Plan Interlake Tunnel</b>	David Chardavoyne		✓	✓	✓
<b>D3. Pursue options for Endangered Species Act compliance</b>	Elizabeth Krafft		✓	✓	
<b>D4. Implement Pure Water Monterey Project (Water Rights efforts)</b>	Shaunna Juarez		✓		
<b>D5. Conduct Hydroelectric Interconnection Study</b>	Chris Moss			✓	
<b>D6. Explore Cloud Seeding</b>	Germán Criollo			✓	

Project	Lead	Unscheduled	FY 2016-17	FY 2017-18	FY 2018-19
<b>E. Administrative / Management / Governance</b>					
<b>E1. Implement Critical Finance Projects</b> (Zero-based budgeting, special bond, new fund to track funding and reimbursement agreement expenses)	Cathy Paladini		✓	✓	✓
<b>E2. Hold Strategic Planning Workshop</b>	Rob Johnson		✓	✓	✓
<b>E3. Pursue Legislative Agenda and Grants</b> (SB 831, DWR grants, Salinas River and Lagoon)	Rob Johnson		✓	✓	✓
<b>E4. Make Technology Improvements</b> (Adobe forms, SQL Server, Agency IT inventory, and the Water Resources Agency Information Management System [WRAIMS])	Reico Cruz		✓	✓	
<b>E5. Relocate to Schilling Place Facility</b>	Wini Chambliss		✓	✓?	
<b>E6. Develop revenue plan for Agency financial sustainability</b>	David Chardavoyne/ Cathy Paladini			✓	
<b>E7. Conduct public engagement</b>	David Chardavoyne		✓	✓	✓

