

**MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF DIRECTORS
SPECIAL SALINAS RIVER BASIN MANAGEMENT PLAN (BMP) COMMITTEE**

Richard Ortiz, Chair
Claude Hoover
Deidre Sullivan
Silvio Bernardi

Bob Antle, Public Member
Don Chapin, Public Member
David Bunn, Public Member

TIME: 8:30 a.m.
DATE: Wednesday, June 18, 2014
PLACE: Monterey County Water Resources Agency
Board Room
893 Blanco Circle
Salinas, CA 93901
(831) 755-4860

REVISED MINUTES

(Double-underscored and emboldened information has been revised.)

1. Call to Order @ 8:31 a.m. by Committee Chair Richard Ortiz.

Members present: Director Richard Ortiz, Director Claude Hoover, Director Deidre Sullivan, Bob Antle, **Don Chapin** and David Bunn

Members absent: Director Silvio Bernardi

A quorum was established.

2. Public Comment

Kevin Dayton, President and CEO of Labor Issues Solutions in Roseville, voiced his opposition to certain components of AB 155, specifically referencing the design/build method of procurement. Mr. Dayton stated the Project Labor Agreement mandate and the restrictions imposed by it are at issue. He noted this is historical in the State of California as the first time this mandate has ever been included in a bill. He recommended removing this requirement from the bill to allow open bidding on the project or, alternatively, utilizing the standard authorization that has been utilized in other bills.

(Committee Member David Bunn left the dais at 8:35 and returned at 8:38 am).

Nancy Isakson, Salinas Valley Water Coalition, stated this is another illustration of lack of process. Ms. Isakson stated the Bill changes the Agency's governing act and was not brought to the Board and/or public for proper vetting before moving forward.

John Baillie, Reservoir Operations Committee member, stated he toured both lakes and took note of the sedimentation (natural and man-made) that has resulted in the reduction in valuable storage space in both reservoirs. Mr. Baillie inquired about the possibility of dredging the sites to regain the storage space. Staff responded the USGS report computes sedimentation in the reservoirs annually.

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

- a. What does the sedimentation report from USGS show? ***We have not looked at the reports recently. In 1989-91 when the reservoirs were very low, we resurveyed the reservoirs and found there was actually increased storage. Now might be a good time to evaluate San Antonio if we could identify funding.***
- b. Can this be part of the Basin Study? No response provided.

3. Approve the Minutes of the BMP Committee meeting held on May 14, 2014

Committee Action: On motion and second of Committee members Claude Hoover and David Bunn the Committee approved the Minutes of the BMP meeting held on May 14, 2014 (Committee member Don Chapin abstained due to his absence from the meeting).

4. Receive update on Water Rights Permit #11043 activities, and provide direction to Staff.

Rob Johnson, Assistant General Manager, reported the NOP had been updated and provided to Committee members and was available to members of the public. Mr. Johnson provided background information regarding activities related to Water Rights Permit #11043.

Mr. Johnson reported the Monterey County Board of Supervisors has requested additional information and postponed the Agency's request for funding. At the Joint meeting, the Supervisors alluded to the fact that the County's financial condition may not allow total funding immediately. The Supervisors approved funding for the first phase of the project, with direction that Staff provide a project status report in July 2014. Upon receipt of that report, the Monterey County Board of Supervisors could direct authorization of additional funding as appropriate to keep the project on track. Mr. Johnson also discussed other funding options, including grants/loans; the possibility of a sales tax measure; developing a foundation, etc.

Mr. Johnson then reviewed the Task List and estimated costs included in the funding request. The total estimated cost is \$3 million over three years.

Mr. Johnson stated the Board of Supervisors has delayed actions regarding funding of the Agency's projects until July 29, 2014 when a Joint Meeting of the Water Resources Agency Board of Supervisors and Board of Directors is scheduled. General Manager David Chardavoyne stated at that time we will discuss the Agency's original request as well as options for delaying/postponing the projects to reduce the financial burden on the County.

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

- a. What information is the County seeking? ***They are requesting a comprehensive list of projects and cost estimates for which the Agency requires funding assistance.***
- b. Do they want us to prioritize? ***The County wants to identify (fund) the least amount we can operate with in this fiscal year.***

- c. Will July 29 be a decision making meeting? ***The expectation is the July 29 meeting will be a decision making meeting. Staff is communicating with the CAO's office—not particular Supervisors.***
- d. If the Agency was to let Permit #11043 go, the cost to reapply would be \$2.5 million, and would result in #11043 being a junior water right.

Mr. Johnson then discussed the Preliminary Draft NOP (provided to Committee members and the public at the start of the morning's meeting). He explained this updated version is not the official release. The official release will be submitted to the Clearinghouse next week to ensure adherence to the terms of the Settlement Agreement. Mr. Johnson then reviewed the 11043 Process:

- Project identification and evaluation – NOP July 2014;
- EIR work – Preferred Project – July 2015;
- Financing Plan/Options – Draft Financing Plan July 2016;
- Final EIR – July 2017;
- Regulatory Agency Permit Applications Begin July 2018 and Obtained by July 2023.

A review of the process was then provided. NOP will be submitted on time, and NOP

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

- a. Can the two components (diversion points) of the project be bifurcated? ***Through the EIR process we will evaluate the effectiveness of each component since each provides different benefits for different areas.***
- b. In order to meet the next milestone, more than one project must be considered. ***There are two components; but, one project. However, it is possible the two components may not be enough.***
- c. There are critical questions that must be answered to bolster the Agency's request for funding from Monterey County, i.e., determining the amount of water available is critical. It appears we need money for a consultant to provide that information based on past climatology that is projected into the future. We need to determine if there are other critical questions that must be answered as soon as possible to sell the projects to the BOS. This will allow us to inform ourselves as to what projects are more feasible. ***This will be accomplished during the scoping meetings.***

Public Comments:

Norm Groot, Monterey County Farm Bureau, thanked Staff for adding language referring to seawater intrusion; but, stated the place of use within the basin language on Page 5 of the NOP should state "within the Salinas River Groundwater Basin." Mr. Groot requested that "place of use within the Basin" be expanded to read "within the Salinas River Ground Water Basin." He voiced his confusion as to how the Interlake Tunnel Project will affect water availability for this project. Mr. Groot discussed the need to answer questions regarding the amount of water that can be captured and when the water would be available. He voiced concern that postponing the Joint meeting to July 29 could result in missing the next milestone, and suggested the meeting be held sooner.

Nancy Isakson requested that SRGWB (Salinas River Ground Water Basin) be spelled out completely to avoid controversy. Ms. Isakson also stated that during RAC meetings questions were asked about the amount of water available, when that water would be available and how it could be captured. She questioned how much water would be taken away from 11043 if the tunnel project is capturing new water. Ms. Isakson agreed with the request made by the Board of Supervisors at the Joint meeting on June 3, 2014 for water rights and hydrologic analyses. Ms. Isakson also requested a copy of the day's slide presentation. Further, she asked why this project is named Phase 2 as this is different from the Phase 2 referred to in the original Salinas Valley Water Project proposal. Staff responded this will be reviewed in the Notice of Preparation.

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

- a. Before July 29, it might be wise to solicit individual Supervisors and prioritize the projects to make it easier for Supervisors to support our efforts.
- b. This Committee is responsible to review and pass on to full Board for approval. We should inform BOS we cannot wait until July 29 for funding.
- c. Perhaps we should request \$100,000 between now and July 29, 2014 to begin the process of answering the questions they asked of the Agency.
- d. We must obtain answers to the critical questions at hand regarding the amount of water available; the impact of the Interlake Tunnel Project on the amount of available water; the cost of engaging a consultant to answer these questions, etc.
- e. Has there been any hydrologic study to address these questions? ***Yes, the USGS report.***
- f. Can that report be placed on the website? ***Yes.***

Committee Action: On motion and second of Committee members David Bunn and Richard Ortiz, the Committee received the update on Water Rights Permit #11043; recommended the Water Resources Agency Board of Directors request the Monterey County Board of Supervisors to expedite funding for planning and/or provide temporary bridge funding; directed Staff to delineate and answer critical questions and outline a scope of work. (Committee member Bob Antle abstained from voting).

5. Receive update on the Interlake Tunnel Project, and provide direction to Staff.

David Chardavoyne, General Manager, reported a funding agreement for the Interlake Tunnel Project has been negotiated and its execution is anticipated this week. Mr. Chardavoyne reminded Committee members of two key questions that EPC as project managers will tackle: whether we actually hold the water rights to the Interlake Tunnel Project water and the amount of water the Interlake Tunnel Project will provide. Once the funding agreement is executed, EPC will begin work in answering these and other questions. Project progress meetings will be held weekly and tracking will be posted on a smart sheet located on the Cloud. The goal is to move forward on this project expediently on budget.

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

- a. What assurances do we have that the language in AB 155 is being changed? ***We have requested the language re: Salinas River Basin being changed; although we do not believe it has taken place yet. We will meet with Mr. Dayton later today. The standard design language was denied because it would tie up the project due to the***

voluminous hoops and barrels through which we would have to jump. This design/build legislation may not materialize; however, it is not required for the project.

- b. Were you aware of the public comment we heard today stating this language was added to change the bidding process? *The language regarding the labor agreement was added in the process. The Building Trades Council added this to garner their support for the Bill.*
- c. It seems this would add costs.
- d. Open bidding should be allowed. *Discussions regarding the Project Labor Agreement indicate that it does not prohibit a non-union contractor from bidding on the project.*
- e. My experience is that the Project Labor Agreement actually eliminates non-union contractors and non-union providers; and, costs will increase 15-20%. This Agreement is not a good thing.
- f. The Project Labor Agreement should be removed in favor of local supplier preference.
- g. What other special interest groups have made requests to add onto the Bill? *None. Our elected officials would not carry the bill without this being added.*
- h. The Project Labor Agreement eliminates local participation. This restriction is unnecessary because only a select number of contractors can perform the required tasks.
- i. With the requirement for a 2/3rds vote, this Bill probably will not pass. If it does not pass, we must work hard to ensure the Project is shovel ready.
- j. How much water this will result from this Project? There should be existing data regarding the amount of water flows into the reservoirs and the amount of water released. It should be simple to determine how much water could be moved and/or captured with the Tunnel. *The internal estimate is up to 60,000 acre feet; but, modeling must be done to verify the number. That is a rough estimate. Staff stated inflow data could be utilized; but, the operation has changed with the operation of the Salinas Valley Water Project. Staff added historic data would not provide accurate information. Hopefully this information will be available by the June 30, 2014 Board of Directors meeting.*
- k. This project should be subject to open bidding.

Public Comment:

Nancy Isakson stated this is illustrative of the lack of process. Ms. Isakson asked if questions regarding the project management agreement and hydrologic analysis agreements would be considered by the Board of Directors at their meeting on June 30, 2014. *No, authorization was provided by the Water Resources Agency Board of Supervisors to move project along. Project progress meetings are held weekly and we will provide periodic updates on this project. We are organizing internally to ensure we*

have the resources to do this. The Agency's Board of Supervisors has requested a specific update at the end of July.

Kevin Dayton, President and CEO of Labor Issues Solutions, stated a special meeting might be requested to discuss AB 155. Mr. Dayton pointed out our State Senator tends to vote for the construction union agenda; but Republicans statewide must pass this Bill in the Assembly. Mr. Dayton requested that a message be sent to Sacramento to delete special interest orientation out of the Bill.

Norm Groot stated the agricultural community was angered this process was taking place without having been presented to the full Board first to ensure we were moving in the right direction. The community came together for the Salinas River Stream Maintenance Project. At that time the community emphasized they *did not* want Sacramento to dictate the direction. Mr. Groot stated this issue is similar and should have been brought to the community and BOD in a transparent manner.

Committee Action: On motion and second of Committee members Claude Hoover and David Bunn, the Committee received the update on the Interlake Tunnel Project.

6. Set next meeting date and discuss future agenda items.

If there are emergency issues, special meetings can be called to deal with them. AB 155 will be placed on the Agenda.

The next meeting will be held on Wednesday, July 9, 2014 @ 8:30 a.m.

7. Adjournment @ 9:53 a.m.

Submitted by: Wini Chambliss