





Monterey County Water Resources Agency

Update on Raftelis Financial Consultants Inc.
(RFC) Review and Analysis
Zones 2B, 2Y, and 2Z

August 31, 2017



Subject

- On February 29, 2106, The Monterey County Water Resources Agency Board of Supervisors approve a Professional Services Agreement with Raftelis Financial Consultants, Inc., in the amount of \$110,360 to:
 - Conduct a review and analysis of the Agency’s Assessments and Benefits for Zones 2B, 2Y, 2Z including water delivery/service charges;
 - Provide an updated assessment methodology and analysis, and a cost of service approach to be considered by these taxpayers; and



Discussion

- RFC and Agency staff met with the Zone 2B, 2Y, and 2Z taxpayers throughout the FY 2016-17 year and provided the following recommendations to the Agency BOD in March of 2017:
 1. Adopt maximum Assessments/Charges based on built-in COLAs for FY 2017-18'
 2. Subsequent years, update maximum assessments/charges and identify rates to levy
 - Maximum assessments adjustments are independent from amount levied
 - Rate for levy may be less than maximum assessments

Discussion (cont.)

- Combine surcharge and delivery charge as one Utility Rate;
- Same customers are charged both rates on same basis (usage);
- Utility rates follow different section within Proposition 218;
- Future Project Needs:
 - Identify who should pay and select the appropriate funding mechanisms
 - If only benefitting recycled customers – Update Utility Rates
 - If benefitting all properties – New assessment which would require a Prop. 218 ballot

Discussion

- The Agency Board of Director's recognized that the maximum assessment recommendation wasn't fixing the problem of over collecting a water service charge for the SRDF and insufficiently charging a water delivery charge for CSIP.
- The Agency Board of Director's requested staff and RFC to meet with the (23) Zone 2B taxpayers that pay the water service/water delivery charge and explore the recommendation to combine the water delivery and service charge into one utility rate.

Discussion

- On August 25th, RFC and staff met with Zone 2B taxpayer representatives and discussed the benefits of charging one utility rate that will support SRDF operations and maintenance and support the utility costs in CSIP.
- In addition, the 2B taxpayers will review the CSIP and SRDF O&M Budgets annually to approve the allocation of the utility charge for both projects to ensure sufficient funds are collected.
- The Agency expects the Agency BOD to adopt the one utility charge within the FY 2017-18.

Summary

- RFC did a preliminary analysis of Zone 2C due to the fish monitoring component that was never included in the Bond assessment for the Salinas Valley Water Project.
 - Fish Monitoring is currently paid by the SRDF Water Service charge this fiscal year.
- RFC can provide a financial analysis for Zone 2C and make a recommendation within one fiscal year. The estimated cost for this type of analysis is approximately \$100,000.







TODAY'S ACTION

Consider receiving an updated Operation Policy for Nacimiento Dam and make recommendations to staff for moving the document forward





Financial Impact

- None



Committee Action

- None



Presentation

- Nacimiento Dam Operation Policy Background
- Operation Policy Subcommittee Process
- Summary of sections of the Operation Policy Document for Nacimiento Dam

Background

- In August 1997, the Agency BOD approved the first written Operation Policy for Nacimiento Dam
- The Agency BOD last adopted a policy change for Nacimiento Dam on April 24, 2000
 - Main change consisted of defining a target area for end of flow for conservation releases further north (from Chualar to Spreckels)

Background

- This version of the Nacimiento Dam Operation Policy updates the Policy from 2000
- Significant changes in this version due to SVWP:
 - Reoperation of Nacimiento Reservoir in accordance with BO and water rights license requirements
 - Certificate of Approval issued by DSOD

Operation Policy Subcommittee

- As recommended by this Committee, a subcommittee was formed late in 2015 to update the operation policies for Nacimiento and San Antonio dams
- Current subcommittee members:
 - David Hart, John Baillie, Benny Jefferson, Mark Nielsen, Bill Lipe, Melissa Duflock, Nancy Isakson, and Dean Benedix
- Eight meetings held from December 2015 to August 2017

Operation Policy Subcommittee meetings

Meeting	Summary
Dec 2015	Review of sections of existing Operation Policy
Feb 2016	Overview of SVWP Biological Opinion requirements
Apr 2016	Emergency Action Plan for Nacimiento Dam and Agency Water Rights for waters of the Nacimiento River
Jul 2016	Flood Control Operations
Aug 2016	Joint Operations Policy Manual by subcommittee members was presented
Dec 2016	First complete Draft Nacimiento Operation Policy was presented to Subcommittee
Jul 2017	Discussion of comments received on Dec 2016 draft
Aug 2017	Subcommittee decided to present draft Operation Policy to Res Ops Advisory Committee



Comments not Included in Operation Policy Document

- Significant comments were received, considered and not included:
 1. Water rights of Salinas Valley property owners
 2. Fish migration flows from SVWP EIR
 3. Flood control rule curve from SVWP EIR
 4. SVWP Benefits

Operation Policy Document

- Section I – Introduction and Background
- Section II – Governance and Water Rights
- Section III – Operations
- Section IV – Safety and Maintenance
- Section V – Reporting
- Appendices

Operation Policy Sections

Section I – Introduction and Background

- General Description / Information:
 - Introduction/Background Information
 - Nacimiento River
 - Nacimiento Dam
 - Hydroelectric Plant
 - Nacimiento Water Project
 - Key reservoir elevations

Operation Policy Sections

Section II – Governance and Water Rights

- Roles of BOS, BOD, Reservoir Operations Advisory Committee, and Agency staff
- San Luis Obispo County and Nacimiento Water Company Agreements
- Water Rights held by the Agency for waters of the Nacimiento River
 - Significant comments were received but not included based on advice from legal counsel

Operation Policy Sections

Section III – Operations

- *Salinas Valley Water Project, operation of the SRDF, and water conservation operations*
 - The highest priorities of water conservation releases are to maximize the amount of groundwater recharge in the Salinas Valley aquifers and to operate the SRDF
 - Nacimiento and San Antonio reservoirs to be operated jointly and consistently with BO flow requirements to provide maximum benefits

Operation Policy Sections

Section III – Operations (continued)

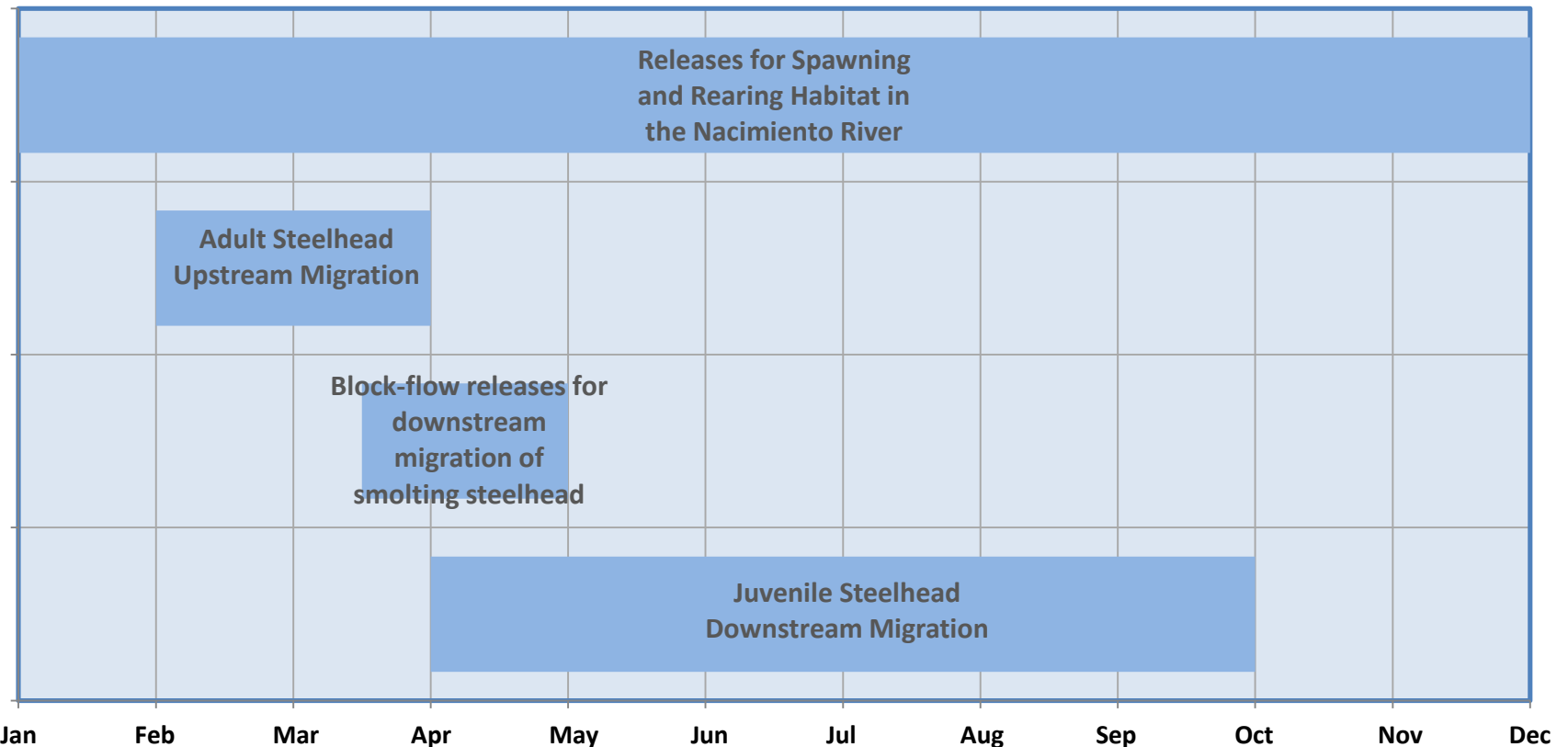
- *Environmental Compliance Operations*
 - Includes BO requirements to support:
 - Adult steelhead upstream migration
 - Downstream migration of smolting steelhead (Block Flow)
 - Juvenile steelhead downstream migration when no Block Flow has been triggered
 - Spawning and Rearing Habitat in the Nacimiento River

Operation Policy Sections

Section III – Operations (continued)

- *Environmental Compliance Operations*

Periods of Nacimiento Operational Requirements Related to the BO



Operation Policy Sections

Section III – Operations (continued)

■ *Flood Control Operation*

DSOD issued a Certificate of Approval in December of 2009:

- Allows the Agency to impound water up to 800 ft.
- If Nacimiento Reservoir reaches an elevation of 801 ft., the inflatable gates have to be fully lowered.

Operation Policy Sections

Section III – Operations (continued)

- *Flood Control Operation*
 - During the winter, the Agency will identify a self-imposed range of operating elevations within the flood pool (between 787.75 ft. and 800 ft.)
 - Goal to keep at or below operating elevation with flood control releases below 4,000 cfs based on forecasts from the NWS and CNRFC
 - USGS streamflow gages and ALERT Flood Warning System data to assist in the timing of flood control releases

Operation Policy Sections

Section III – Operations (continued)

- Recreation Management Plan
 - Goal to minimize impact to reservoir levels during peak recreational periods
 - Goal to keep elevations > 730 ft. until after Labor Day
 - Bass Spawning
- Drought Contingency Plan Placeholder
 - Goal of having a collaborative group develop a drought operation plan and add it to Policy

Operation Policy Sections

Section IV – Safety and Maintenance

- *Emergency Preparedness*
 - EAP to respond to major flooding from a dam failure
- *Dam Safety:*
 - Dam inspections by staff, FERC and DSOD
 - FERC monitoring and reporting requirements
 - Maintenance based on different scenarios
 - Dam Safety is highest priority

Operation Policy Sections

Section V – Reporting

- Annual Reports
 - Reservoir operations, hydrology data, and hydropower production on a WY basis
 - Dam expenditures on a FY basis
 - Presented to Res Ops Advisory Committee at the July monthly meeting

Operation Policy Sections

Appendices

- Added new documents:
 - Recommendation of maximum velocity in low level outlet technical memo
 - Nacimiento Water Company Agreement
 - High Flow Operations Plan
- Updated Agency water rights and DSOD Certificate of Approval
- Updated definitions Appendix
- Updated river mile map



TODAY'S ACTION

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