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**MONTEREY COUNTY WATER RESOURCES AGENCY
THIRD QUARTER REPORT
FY 2013-2014**



**SUBMITTED TO
MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF SUPERVISORS
AND
BOARD OF DIRECTORS
MAY 12, 2013**



MCWRA Briefing Report: WATER RIGHTS PERMIT #11043

May 8, 2014

Subject: Agency Water Rights Permit #11043

Current Status:

The State Water Resources Control Board (SWRCB) proposed revoking Agency Water Rights Permit #11043. Permit #11043 identified up to 168,538 acre-feet of water that can be put to use by the Agency. That amount of water identified with the permit was reduced to 135,000 acre-feet through a Settlement Agreement (SA) between the Agency and the SWRCB that was entered into in July 2013, which avoided the costly revocation hearing.

Water Rights are valuable public assets, and should not be given up. This water right is a critical piece of the Agency's solution to seawater intrusion (SWI) in the Salinas Valley.

History:

SWI has been present in the Salinas Valley (California) since the 1930's. Currently, the Salinas Valley and Monterey County support an \$8B+/yr agricultural empire and a \$2B+/yr tourism industry. The Agency is charged with stopping SWI, and has developed and implemented a strategy to do so.

The Salinas Valley Water Project (SVWP), completed in 2010, is the foundation for future water projects. Permit #11043 water can be utilized in a future phase of the SVWP.

Next Steps:

- Present Regional Advisory Committee (RAC) proposed conceptual project that utilizes Permit #11043 water to combat SWI to the Agency Board of Directors in a workshop forum to gain additional public comments or ideas.
- Have a Special Basin Management Planning (BMP) Committee meeting to validate projects and strategies brought forth at the above-mentioned workshop.
- Continue working on time-sensitive SA milestones so the permit will not be revoked.
- Next deadline is July 2014, for the completion of a Notice of Preparation of an Environmental Impact Report (EIR).

Decision Points:

- Evaluate amount of resources necessary to implement the permit
- Determine funding strategy
- Ask County Board of Supervisors and State Department of Water Resources for funding to complete EIR in time allotted.

Completion will require:

- Solution that is supported by the community
- Additional resources from the County and / or the State
- Work plan for successful completion of SA milestones
- Focused efforts (maybe some reassignments) from Agency staff



MCWRA Briefing Report: SALINAS RIVER STREAM MAINTENANCE PROGRAM

May 8, 2014

Subject: Salinas River Stream Maintenance Program (Short-Term Program)

Current Status:

- The Agency has been working on the preparation of an Environmental Impact Report (EIR), as one step in the process to administer the Program. The EIR evaluates the direct, indirect, and cumulative impacts of the proposed Program and three alternatives.
- Stakeholder meetings were held between October 2013 and April 2014, to develop changes to the program approach that can be included in the Revised Final EIR.
- MCWRA staff is participating in The Nature Conservancy's Demonstration Project as a member of the Technical and Design Committee and the Permitting Committee. This will be Phase 1 of the Program. A US Army Corps of Engineers (USACE) 404 Permit and a State Regional Water Quality Control Board (RWQCB) 401 Certification were applied for in late April to early May. The CDFW 1600 Agreement will be applied for by the project's participants.

History:

- The Monterey County Water Resources Agency (MCWRA) has administered the Program since 1997, after severe flooding occurred on the Salinas River in March 1995. The current program focuses primarily on vegetation and sediment removal within the river corridor.
- The USACE is the lead permitting authority for maintenance activities in the Salinas River; however, in order for them to issue a 404 permit, they must have consultations with other Federal regulatory agencies regarding the Endangered Species Act. The USACE is responsible for the preparation of the National Environmental Protection Act (NEPA) documentation. This will be based on a Biological Assessment that the MCWRA must prepare.
- The RWQCB ensures compliance with the Clean Water Act by issuing a 401 Water Quality Certification. Additional State and local permits are also required.
- MCWRA developed a Final EIR for the Project, in accordance with the California Environmental Quality Act (CEQA). A Draft EIR was circulated from March 18, 2013 to May 31, 2013 and a public workshop was held to receive oral comments. Twenty-six written comment letters were received and responses were developed as part of the process for the development of the Final EIR.
- MCWRA staff presented the EIR to the Board of Directors (BOD) on September 30, 2013, to receive the report and to recommend that the Board of Supervisors hold a Public Hearing to consider certifying the EIR and approving the Salinas River Stream Maintenance Program. The item was continued, so that staff could work with the stakeholders on modifying the project.
- MCWRA staff received direction from the BOD on February 24, 2014 to revise the Program and incorporate aspects of the different project approaches received during the stakeholder process.

Next Steps:

- Board of Supervisors hold a Public Hearing on the Certification of the EIR and Program approval
- Develop 2-dimensional Flood Model and Technical and Design, and Permitting Committees
- Prepare necessary documents for ACOE 404 permit and submit application for Phase 2
- Begin NEPA process with the ACOE as Lead Agency for Phases 1 and 2

Completion will require:

- Certification of the CEQA Document
- Preparation of a Biological Assessment
- Completion of a NEPA Document
- Completion of Biological Opinions from NOAA Fisheries and U.S. Fish and Wildlife Service
- Acquisition of all necessary permits



MCWRA Briefing Report: STATUS REPORT ON THE SALINAS RIVER MANAGEMENT PROGRAM

May 8, 2014

Subject: Salinas River Management Program (Long-Term Program)

Current Status:

The Monterey County Water Resources Agency (Agency) has administered a Channel Maintenance Program/Stream Maintenance Program since 1997, after severe flooding occurred on the Salinas River in March 1995. This current program focuses primarily on vegetation and sediment removal within the river corridor. However, to ensure the long-term viability of the program and future regulatory approvals for increased flood protection, an alternative approach is being proposed.

The new long-term program should expand to not only encompass channel maintenance efforts as necessary, but include protection of infrastructure (municipal, industrial, agricultural and transportation) as well as measures to enhance fish and wildlife habitat and fish passage.

Agency staff held a series of public meetings to gather stakeholder input on how a long-term river management program could be initiated and what it could look like. Several meetings were held between October and December with groups such as the Salinas River Channel Coalition, the Grower-Shipper Water Committee, the Board of Director's Agriculture Advisory Committee as well as a series of public meetings held in King City, Soledad and Salinas.

The information that came out of these meetings informed the Agency that there is little, if any, public support for a legislative solution; the situation is critical; private property rights need to be respected and a locally driven solution needs to be developed.

Next Steps:

- Develop strategy to implement Program
- Develop roles and responsibilities for Agency and County staffs, as well as local, state and federal elected officials, as well as responsible resource agencies
- Consider utilizing professional facilitation to develop the Program
- Keep legislative option open

Decision Steps:

- Determine funding options and sources
- Explore professional facilitation and coordination
- Explore partnership with CSUMB to possibly establish a new degree certification

Completion will require:

- Stable and sustainable funding source and resources
- Successful stakeholder process to develop a consensus-based solution
- Focused efforts (maybe some reassignments) from Agency staff



MCWRA Briefing Report: IMPLEMENTATION OF INDEPENDENT MRWPCA ACCOUNTANT'S REPORT FINDINGS

May 8, 2014

Subject: Implementation of Independent Accountant's Report Findings

Current Status:

The WRA is working with MRWPCA on an indirect methodology for the FY 2014-15 Budget.

History:

The Water Resources Agency implemented the 2013 Hayashi & Wayland Independent Accountant's Report Finding regarding changes to three contractual categories of the CSIP/SVRP/SRDF Agreements: Water User Fees & Delivery charges, Reserves, and Budget/Expenditure Procedures.

- The responsibility of billing and collections for the SRDF water usage and delivery charges moved from the WPCA the WRA effective 10/1/13.
- The WRA reduced the SRDF account receivables from approximately \$600,000 to zero in the 1st fiscal year quarter. The WRA continues to collect water delivery charges with no delinquencies to date.
- On March 31, 2014, the WRA BOD approved the MRWPCA's FY 2014-15 \$3.4 million dollar budget, which excluded indirect charges of 10% until a methodology for those charges is developed and approved by the MC Auditor-Controller and WRA BOD. In addition, MRWPCA will utilize \$343,000 of their SWRCB reserve to cover capital projects during the fiscal year.

Next Steps:

The Monterey County Auditor Controller retained a Consultant, Craig Goodman, to assist the WRA & MRWPCA with the development and recommendation of an indirect cost methodology for FY 2014-15 budgets. On April 28, 2014, the MRWPCA informed the WRA Board of Director's that they were developing an indirect methodology and would provide it to WRA by the end of May 2014. At that time, Mr. Goodman will review and provide recommendations as needed.

Decision Points:

On May 21, 2014, The WRA will recommend approval of the FY 2014-15 MRWPCA Budget to the WRA BOS with the exclusion of the 10% indirect charge until a methodology is approved by the Monterey County Auditor-Controller and WRA BOD.

Completion will require:

Both Agencies need agree upon a methodology for replacing the WPCA indirect charge protocol so a budget can be approved during the FY 2014-15 budget cycle.



MCWRA Briefing Report: FLOODPLAIN MANAGEMENT PLAN UPDATE

May 8, 2014

Subject: Floodplain Management Plan Update

Current Status:

The Floodplain Management and Development Review section is in the process of updating the County's Floodplain Management Plan (FMP). The FMP is part of the Agency's effort to recertify the County's status in the National Flood Insurance Program (NFIP), Community Rating System (CRS). Currently staff has completed six of the nine chapters, and has a plan set in place to complete the update by the middle of June. Completed topics of the FMP update include *goals, objectives and policies, flood control*, and, most recently, *hazard assessment*. The effort to update the FMP extends not only beyond the Floodplain Management and Development Review section, getting assistance from other Agency staff as well as staff from the Monterey County Resource Management Agency, and the FEMA Region IX office.

History:

The FMP was prepared as an explicit requirement of the NFIP, CRS to: (1) identify flooding sources affecting Monterey County Repetitive Loss Properties, (2) establish an implementation plan to reduce flooding and flood-related hazards, and (3) protect the natural and beneficial functions of our floodplains. The FMP is required to be updated at least every five years to maintain the benefits of the County's CRS Class 5 rating which currently includes over \$500,000 in annual savings for Monterey County flood insurance policy holders. The Agency submitted a FEMA Pre-Disaster Mitigation Program grant application to obtain funding for the required update, and on September 9, 2011, was awarded by FEMA, a \$90,000 grant to complete the FMP update.

Next Steps:

- Complete the remaining chapters of the FMP
- Submit the draft plan to FEMA representative for initial review
- Facilitate a public meeting for review and comment on the FMP
- Submit the FMP to Cal OES (Cal OES will forward to FEMA)
- Facilitate the adoption of the plan by MCWRA BOD and MC BOS

Decision Points:

- Determine if there is sufficient time for the plan to be reviewed by FEMA before adoption by MCWRA BOD and MC BOS.
- Evaluate opportunities to gain additional CRS credits for the next FEMA recertification

Completion will require:

- Allocating sufficient time to complete the plan
- Adhering to the weekly meeting schedule in updating and reviewing the chapters
- Continue to receive support from Agency staff on updating the plan
- Continue to receive support from section staff on work outside of the FMP



MCWRA Briefing Report: PAJARO RIVER FLOOD DAMAGE REDUCTION PROJECT

May 8, 2014

Subject: Pajaro River Flood Damage Reduction Project – Status and Next Steps

Current Status:

- No Federal Funds available in FY 2014-2015
- Project analyses continue to be funded entirely from the State's DWR Prop 1E Grant awarded to both sponsors in 2008.
- Corps determined no economic justification for an NED project providing 50-year level on Reach 4, right bank, an original sponsor objective.
- Corps is completing and costing a revised alternative 9D which provides a 25-year level of protection and a 50-foot setback for Reach 4, right bank (Santa Cruz County).
- Corps is converting to a new mandatory project planning approach (SMART Planning) that requires a Letter of Support, a 3-day Charette with Sponsors, and new Feasibility Cost-Share Agreement (FCSA).
- Existing Design Agreement (2007) cost-shared at 75-25 but has reached its \$10.2 million limit thus, the need for the FCSA at increased 50-50 cost share.
- Corps has not provided a cost estimate to complete Feasibility phase covered in FCSA.
- The Project General Re-Evaluation Report (GRR) and Administrative Draft Environmental Impact Statement (ADEIS) are currently being updated.

Next Steps:

- Action by the Monterey County Board of Supervisors to submit a Letter of Support.
- Participation in an Executive Committee meeting with the Corps.
- Participation in a 3-day Charette with Corps Division, District, and Headquarters personnel to reach concurrence on a project.
- Action by the Monterey County Board of Supervisors to negotiate and re-enter into a FCSA at a 50-50 cost-share compared to 75-25 in current Design Agreement (2007) to be eligible for Federal funding.
- Enter into a Memorandum of Understanding with the WRA for reimbursement of costs.

Decision points:

- The Counties of Santa Cruz and Monterey must mutually agree to enter into the FCSA and participate in Charette for any future federal funds.
- Without these actions project will be inactive until funding is allocated.



MCWRA Briefing Report: CASTROVILLE SEAWATER INTRUSION PROJECT SERVICE AREA WATER SUPPLY UPDATE

May 8, 2014

Subject: Castroville Seawater Intrusion Project Service Area Water Supply Update

Current Status:

Irrigation water delivery to the Castroville Seawater Intrusion Project service area (MCWRA Zone 2B) consists of recycled water from the Salinas Valley Reclamation Project (SVRP), disinfected river water from the Salinas River Diversion Facility (SRDF) and well water from the Castroville Seawater Intrusion Project (CSIP) distribution system. There is not sufficient water in Nacimiento and San Antonio reservoirs to supply river water to the SRDF for the 2014 season. The irrigation service area will be supplied water from the SVRP and CSIP supplemental ground water wells. Increased supplemental well use (increased power costs) will result this fiscal year. Due to dry weather conditions, overall irrigation water demand for the service area is expected to be high for this fiscal year. Eleven wells are presently operational, with a total flow capacity of approximately 22,000 gallons per minute (gpm). Repairs for three wells are currently underway and will be temporarily out of service. In anticipation of potentially higher irrigation demand, connection of additional groundwater wells to the CSIP distribution system, for use on a contingency basis, is being pursued. Desired total well flow capacity is approximately 30,000 gpm. Modification of a CSIP booster pump station (Espinosa) is also being pursued to improve system pressure distribution and minimize use of groundwater wells for system pressure maintenance. The use and testing of the Salinas produce wash water as a supplemental CSIP source began in April. A long-term agreement has been drafted and is being reviewed by signature parties.

History:

The MCWRA Reservoir Operations Committee decided to reduce release flows to regulatory minimums. No additional releases will be made in conjunction with SRDF operations for 2014. Five wells are no longer used due to high chloride concentration and will not be brought back into production in the foreseeable future. One well has been destroyed.

Next Steps:

- Support Water Quality and Operations Committee efforts to encourage growers to better schedule irrigation demands.
- Continue contingency well follow up with owners. Agree on operating cost payment, maintenance, access, etc.; Collect water sample; Connect additional wells; Target completion – August/September 2014
- Complete design of CSIP Espinosa Booster Station modification; Engage contractor; Construct modification; Target completion – June 2014
- Continue pursuit of a long term agreement for incorporation of City of Salinas Produce Wash Water into recycled water beyond the current test period.