



**Summary Report of
Monterey County Water Resources Agency
Financial Workshop
Held December 9, 2022**

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Workshop Report

The Monterey County Water Resources Agency (MCWRA) held a financial workshop with the Board of Directors and senior staff from 1:00 P.M. to 5:00 P.M on Friday, December 9, 2022, at the Laguna Seca Hospitality Pavilion. The workshop provided an opportunity for members of the Board and MCWRA staff to review short & mid-term financial forecasts, review projects identified in the Projects and Programs of Agency's current Strategic Plan and discuss resource issues going forward. This report contains a summary of the workshop results.

Agenda

- Welcome and Introductions (call to order by the Chair)
- Celebrating Success
- Receive project updates & highlights
- Review of planned projects and 5-year financial forecasts of Fund 111, 116 and 131/132/134.
- Discussions of "What does success look like in 5 years"

Workshop Participants

Board of Directors

- John Baillie, Chair
- Mike LeBarre, Vice Chair
- Ken Ekelund
- Mark Gonzalez
- Mike Scattini
- Matt Simis
- Deidre Sullivan

Board of Supervisors

- Yuri Anderson Chief of Staff to Supervisor Wendy Root-Askew

MCWRA Staff Participants

- Brent Buche, General Manager
- Kelly Donlon, County Counsel

- Chris Moss
- Shaunna Murray
- Jessell Fenley
- Nan Kim
- Mark Foxworthy
- Manuel Saavedra
- Jason Demers
- Jennifer Bodensteiner
- Tam Voss
- Peter Kwiek
- Eva Gonzales
- Tanya Lewis
- Luis Alejandre
- Peter Vannerus
- Amy Woodrow
- Tom Shepherd

Public Members

- Lew Bauman
- George Fontes
- Tom Virsik
- Norm Groot
- Marc Kelley

Celebrating Successes

Brent Buche, General Manager, highlighted successes of the Agency during the past year. The list below captures the successes that were mentioned.

- 75th year of the Agency (1947 – 2022)
- Post COVID Transition from Remote Working to a Hybrid Workplace
- Proposition 1 Grant (Protection of Domestic Drinking Water Supplies for the Lower Salinas Valley)
- \$6.1M Earmark from the State for Nacimiento Dam
- PRFMA transition getting close to completion
- Replacement and operation of a CSIP supplemental well
- Completion of a draft Low Effect HCP for Salinas River Lagoon Sandbar Management Activities
- Continuing education, training, and new certifications/licensures for Agency staff: Professional Geologist, Professional Engineer, Geologist in Training, Class A Driver’s License, Crane Operators Certification

- Upgrades of Lighting, cameras, and emergency communication at the dams.
- Investment in Agency Lands to protect watersheds and reduce trespassing
- Streamlined processes for addressing external requests.
- Development and adoption of an Interim Operations Plan for the Reservoirs to provide supplemental winter flows to facilitate fish passage and pilot alternate operations for consideration in the HCP.
- Completed the Carr Lake restoration project on Alisal Creek to increase bank stability and reduce sedimentation in the channel.
- Increased collaboration with the City of Salinas
- A grant for homeless encampment cleanup & the Rec Ditch restoration
- Piloting of the Industrial Wastewater Treatment Facility as source water for CSIP.

Review of Projects in Focus

Staff provided presentations of five projects.

Agency Positions

- Jessell Fenley provided overview of Agency's positions. FY23 Adopted Budget includes 51 FTE authorized, of which 43.5 FTE is funded. There are seven funded positions to be filled.

Hydroelectric Plant 12-Year History of Revenue and Expenditures

- Chris Moss provided revenue and expenditure summary of the hydro-electronic power plant. Over 12 years, the plant produced 1.80M net income, which includes \$1.58M transferred to support projects of Agency's other funds.

Hydroelectric Plant Unit 2 Upgrade Evaluation Status

- Manuel Saavedra present evaluation status of Hydroelectric Plant Unit 2. The Agency is evaluating feasibility to upgrade Unit 2 with improved efficiency and performance

Nacimiento Dam Projects - \$6.163M State Funding

- Chris Moss provided updates to State's \$6.163M allocation to support Nacimiento Dam Maintenance Project with eight sub-projects. Currently the Agency is working to develop a funding agreement with the State. The agreement will be brought to Finance Committee,

Board of Directors, and Board of Supervisors for recommendations and approval.

The Deep Aquifers Study & Salinas Valley Cooperative

- Amy Woodrow presented overview of two projects that the Agency is collaborating with local GSAs : Deep Aquifers Study and Salinas Valley Cooperative

Five Year Financial Planning

Nan Kim presented five-year financial analysis forecasting revenue and expenditures of Fund 111, 116 and 131/132/134 through Fiscal Year 2027. The forecast includes projects and programs planned through Fiscal Year 2027, assuming historical average annual adjustment rates to expenditures and revenues.

Discussion – Fund 111

- Fund 111 Ad Valorem Taxes is contributing \$550K to Salinas Valley Water Project Bond payments

Discussion – Fund 116

- A plan for Fiscal Year 2025 funding needs to be in place now
- Priorities are to be given to those projects that stake holders built.
- To consider following alternative funding sources:
 - Special taxes
 - Sale of Water
 - Charging Fees proportionate to water use
 - Prop 218 for High Priority Capital Projects
 - San Luis Obispo County contributions

Discussion – Fund 131/132/134

- Actual Pond 3 expenses from City of Salinas is still pending
- Stakeholders to pay Pond 3 expense
- Concerned over no plan for new wells was expressed, stating needing of wells as backup plan.
- Water Delivery Charges needs to increase Pond 3 expenses and cover funding gap of the funds.
- Prop 218 is not needed to increase Water Delivery Charges

Discussion of “What does success look like in 5 years”

The Board and staff had group discussions to define success of the Agency in 5 years and how to achieve it. Key discussion points are reported below.

Board Comments:

Finance:

- Financial reset is needed now, getting out in front of financial cliff
- The current Strategic Plan should be accomplished as scheduled
- Need additional funding:
 - Consider special tax & meters
- Spend more time looking for additional funding
- Continue to pursue Prop 218 for High Priority Capital Projects
- We have to better managing monies
- San Joaquin Valley model presented at Water Forum III is worth reviewing, it is a structure balanced budget.
- Value is water, people are not paying true cost on water, need to pay for water that they use.
- Monitor Well for water use, consider it as a bank. Prop 218 may be needed, people paying for water will lead to utilize water properly - pay for the water they use, otherwise, it leads to problems

Collaborations:

- Consider rejoining the Association of California Water Agencies (ACWA), communicating & collaborating with other agencies.
- Continue working with GSA, trainings, other projects continue to support ongoing water programs.
- Coming together as a region is more important now when more State funding opportunities are available. Working together through tough conversations regarding our water and success, being unified and ready to move will capitalize the opportunities.
- Seek support from Representatives Panetta & Laughlin & promote their support.
- Acknowledge regional differences and variances of solutions within the Salinas Valley area
- Take care of one problem at a time and take baby steps moving forward

Communications:

- Use data and improve data (more solid our data the better)
- Getting info out on what's happening and properly communicate

Staffing:

- Staff is core of expertise & value of Agency

- Finding someone better than Brent to replace him.

Staff Comments:

- Staff take ownership of goals and objectives
- Prioritizing and trying to navigate current projects and programs
- Keeping updated regional solutions
- Committed team of staff
- Managing projects and programs based on available resources and can't take on more due to resources, only able to maintain status quo
- Limited flexibilities caused by Fund/Zone restrictions
- Staffing is so tight and don't have much to do extra things
- Needs much more extra capacity and need solutions to increase capability
- Success in securing grant opportunities has been increased and more grant fundings have been received, such as HCP grants Continued support from stakeholders and Board would be needed

Public Comments:

- Salinas Valley Coalitions hired firm to get grants of 6 million and working to garner a 160 million 80/80 Fed/State grant and expect progress considering Representative Rivas, the new speaker and Governor's appointment of someone in office for water related projects.
- Modeling was brought forward, who is paying for what, projects worked modeling done, agreement signed starting work on it 1st of 2023. If we are successful on that we can move forward.

Adjourn

The meeting was adjourned at 5:00 p.m.