



April 8, 2014 - Agency Board of Supervisors (BOS) and BOD received an update on Permit #11043 activities and recommended an 'official' request for resources to the County BOS.

April 28, 2014 - BOD approved a resolution to request up to \$1,000,000 annually for three years to fund an Environmental Impact Report for utilization of the water allocated to Water Rights Permit #11043.

The Agency continues to move forward on the milestones set forth in the Settlement Agreement (SA) regarding Water Rights Permit #11043 (Permit). The Permit was to be revoked by the State Water Resources Control Board (SWRCB) in August 2013. However, through Staff and Counsel efforts, the SA was protected, as long as the Agency adheres to a strict, aggressive set of milestones for water project implementation. The milestones end with a project being developed and delivering water by July 2026. The water allocated to the Permit will be used to continue the battle against seawater intrusion in the Salinas Valley.

Water Resources Agency Staff has completed the first milestone of developing a Notice of Preparation to initiate the environmental process, and is working to complete the next set of immediate milestones: 1) Developing a financing plan; and, 2) Planning for the writing of an Environmental Impact Report. Challenges have arisen regarding fiscal resources and staff prioritization.

#### OTHER AGENCY INVOLVEMENT:

The County Administrative Officer and County Counsel have been involved in this process.

#### FINANCING:

Staff has evaluated the resources needed to complete an EIR and financing plan within the next three years and is requesting \$1,000,000 a year for three years. These fiscal resources would provide for a consultant to develop and complete an EIR, staff and a consultant to develop a financing plan, and for a dedicated contracted person to focus on this effort. The contracted person would manage the EIR consultant, provide updates to the governing bodies, manage the day-to-day staff activities that would support the development of the EIR, and other duties as the process progresses.

The County of Monterey may enter into an agreement with the Agency to provide funding for the purposes preparation of the EIR (and the contract consultant to oversee preparation of the EIR), based upon the following benefits to the County:

- A. Mitigating the intrusion of seawater and nitrate levels in the Salinas Valley Groundwater Basin (the "Basin") has been, and continues to be, a region-wide matter of great importance to the residents and businesses of Monterey County.
- B. The State Water Resources Control Board (the "SWRCB") has long-recognized the issues of seawater intrusion and nitrate levels in the Basin and the need to develop and implement a "solution" to the water quality problems in the Basin due to seawater intrusion.
- C. Long term and ongoing projects by the Agency (principally the Salinas Valley Seawater Intrusion Program and the Salinas Valley Water Project) contemplate not only further Agency measures, but also collaboration with the County of Monterey and other jurisdictions within the County to control and reverse seawater intrusion and nitrate levels in the Basin.
- D. The SWRCB has proposed the revocation of the Agency's Permit #11043 for the appropriation of 400

cubic feet per second of water available on the Salinas River, which would detriment all residents with the County of Monterey.

The funding agreement with the County would provide for the repayment of all or part of the funds, should funding for preparation of the EIR become available. Staff will continue to explore alternative funding options.

Agency Staff has been advised the Monterey County General Fund would be impacted and require reduction in other programs to fund this request.

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Attachments:

Resolution

Estimated Task List and Budget for Environmental document efforts