



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 24-440, Version: 1

Receive a report of the Monterey County Water Resources Agency's Capital Improvement Plans for Fiscal Year 2024-2025.

RECOMMENDATION:

It is recommended that the Monterey County Capital Improvement Committee:

Receive a report of the Monterey County Water Resources Agency's Capital Improvement Plans for Fiscal Year 2024-2025.

SUMMARY/DISCUSSION:

The Monterey County Water Resources Agency's ("Agency") mission is to manage water resources sustainably while minimizing impacts from flooding for present and future generations. The Agency owns and operates numerous water resource management facilities and lands, throughout Monterey and San Luis Obispo Counties to accomplish the mission. The Agency's highest value assets includes the Nacimiento and San Antonio dams, the Salinas River Diversion Facility, and a recycled water treatment plant and distribution system.

The Agency has fourteen unique funds that support Agency operations. The Agency Fiscal Year 2024-2025 (FY25) Recommended Budget totals \$48,759,795 in expenditures and \$42,154,850 in revenue for all fourteen Agency Funds. The Agency's total FY25 budgeted expenditures exceed revenues by \$6,604,945, which will be financed with Fund Balance of Agency Funds. Ending Fund Balance of Agency's fund is estimated at \$14,496,277. Additionally, the Agency has estimated the use of grant revenue to supplement existing revenue sources in the amount of \$9,869,900 through a variety of State and Federal agreements and notices of awards. The Agency does not anticipate requesting any additional revenue from the County of Monterey General Fund or Strategic Reserves, at this time.

The FY25 Recommended Budget includes numerous capital projects, organized by Fund, and included in attachment A. Due to existing revenue constraints, many requested projects have been deferred to future years. The Agency is pursuing two significant revenue augmentation projects that are focused on the dams and recycled water projects. These revenue studies will focus on near future critical needs and will support a larger effort to enhance long-term revenue, as described below.

Nacimiento Reservoir and Dam was completed in 1957 and San Antonio Reservoir and Dam was completed in 1967. The dams are 66 and 56 years old, respectively. Nacimiento and San Antonio are managed for the combined goals of flood protection, water conservation, and recreation, with safety always being the primary consideration. The appurtenant structures are reaching their useful life spans and thus need replacement or repairs to continue their service. In addition, the Agency received a letter from the State of California, Division of Safety of Dams ("DSOD") in 2017, mandating a detailed evaluation and assessment of the concrete spillway features be completed at Nacimiento and San Antonio Dams. A similar letter and mandate was received from Federal Energy Regulatory Commission Division of Dam Safety and Inspection ("FERC") regarding the Nacimiento Dam Spillway. DSOD issued a follow up letter in November 2022 stating that the San Antonio Spillway needed to be replaced with a modern-designed spillway structure.

The Agency contracted with the Wallace Group to prepare an engineer's report for the High Priority Capital Asset Management Program ("CAMP") for the Nacimiento and San Antonio Reservoir and Dam facilities and operations. The proposed subprojects are the highest priority tasks identified, most of which have not been performed because the Agency has not had the financial resources to complete them. Implementing CAMP will allow the Agency to maintain both Nacimiento and San Antonio dams, meet federal and state regulatory requirements, and provide flood protection and a sustainable water supply.

The Draft Engineer's Report for the dams was released in December 2021 and received numerous Board of Director and public comments and has not been finalized. Agency staff continues to work on necessary studies to complete the draft engineer's report. The Agency also continues to search for alternative funding mechanisms to implement the CAMP. Some of the projects have been partially completed through available Agency funding, including grants, over the last few years. The project estimates were updated in March 2023 and total \$192,415,000 at mid-construction. The subprojects for each facility are in attachment B.

The Monterey County Water Recycling Projects are a conjunctive use system including wastewater treatment at the Regional Treatment Plant, augmentation of stored surface water at the Salinas River Diversion Facility and distribution of the irrigation water through a water system in a 12,000-acre coastal area near Castroville, Marina and Moss Landing. The three main components of the system are the Salinas Valley Reclamation Plant ("SVRP") which treats wastewater to the recycled water standard; the Castroville Seawater Intrusion Project ("CSIP") pipeline distribution system that includes groundwater wells, valves, booster stations, and turnouts where each grower connects their irrigation pipes to receive water on their ranches; and the Salinas River Diversion Facility ("SRDF") that captures reservoir releases from the Nacimiento and San Antonio Dams through a pump system and pipeline to then be combined with recycled water and delivered through the CSIP system. The SVRP and CSIP were brought online in 1998 and the SRDF in 2010. The Agency is responsible for funding the ongoing operations and maintenance of the facilities as well as the debt on the capital investment. Monterey One Water ("M1W") is responsible for performing the operations and maintenance of the majority of the system through the Amended and Restated Water Recycling Agreement that goes through 2045.

M1W prepared a preliminary ten-year repair and replacement plan for the SVRP, CSIP and SRDF appurtenant structures based on a risk assessment that evaluated consequences of failure and years in service to rank and prioritize the asset replacement. The Agency has been funding the highest priority projects by utilizing existing revenue sources, including some grant funding, but some of the projects have been spread over multiple years or are partially completed. The total estimate for the projects is \$15,974,938. Attachment C shows the subproject breakdown by facility. The Agency has proposed to begin a comprehensive master planning effort that will support long-term goals of maintaining the system to increase system reliability. This effort will begin in FY25 and will include a rate study to better understand funding needs to support this planning effort.

OTHER AGENCY INVOLVMENT:

None

FINANCING:

The activities described in Attachment A are aligned with the Agency's FY25 Recommended Budget and total \$11,325,125 across 7 Funds.

Prepared by: Shaunna Murray, Deputy General Manager, (831) 755-4860

Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:

- A. CIP by Fund
- B. CAMP Projects
- C. SVRP CSIP SRDF 10yr CIP