MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF DIRECTORS
SPECIAL SALINAS RIVER BASIN MANAGEMENT PLAN (BMP) COMMITTEE

Richard Ortiz, Chair                          Bob Antle, Public Member
Claude Hoover                                 Don Chapin, Public Member
Deidre Sullivan                               David Bunn, Public Member
Silvio Bernardi

TIME: 11:00 a.m.
DATE: Wednesday, May 14, 2014
PLACE: Monterey County Water Resources Agency
       Board Room
       893 Blanco Circle
       Salinas, CA 93901
       (831) 755-4860

MINUTES

1. **Call to Order** @ 11:03 AM by Committee Chair Richard Ortiz.
   
   Members present: Director Richard Ortiz, Director Claude Hoover, Director Silvio Bernardi, Director Deidre Sullivan, Bob Antle and David Bunn
   
   Members absent: Don Chapin
   
   A quorum was established.

2. **Public Comment**
   
   None.

3. **Approve the Minutes of the BMP Committee meeting held on April 9, 2014**
   
   Committee Action: On motion and second of Committee members Claude Hoover and David Bunn the Committee unanimously approved the Minutes of the BMP meeting held on April 9, 2014.

4. **Review outcomes of Special Board of Directors Workshop, and provide direction to Staff.**
   
   Rob Johnson, Assistant General Manager, provided a summary of the Special Board of Directors Workshop held immediately prior to the day’s BMP meeting. Mr. Johnson’s summary of the special workshop was followed by a discussion of other possible alternatives, including:
   
   a) **Process alternatives**
      
      Adding storage to the permit
      
      Moving or adding a diversion point
      
      Running processes in parallel to economize time
   
   b) **Developing a more comprehensive solution to seawater intrusion**
      
      Interlake Tunnel Project
Surface water Treatment Plant at the northern end of the Salinas Valley
Developing additional storage facilities

c) Evaluating if the Agency should give up the Permit altogether.

Committee Questions/Comments (Staff responses are emboldened and italicized):

1. If the Agency gave up this water right, would projects being discussed be different? 
   Water associated with Water Right Permit #11043 was used to identify projects considered by the RAC. Without this water right, the Agency would need to possess another water right to build the projects recommended by the RAC. We do not possess rights to other water that would allow us to build a project.

2. Based upon the milestones in the Settlement Agreement, Agency focus now shifts to the NOP. What level of detail is required for the NOP? There should be enough information about the project and possible alternatives to get a good return on investment for the money to develop an EIR with the associated analysis AND satisfy concerns voiced by the public. The bar for an NOP can be low with respect to analysis because the EIR will address those specifics. The NOP includes the following information: location; how water will be utilized; and, the benefits provided by the project. The Agency will submit the NOP on time (July 2014). We are currently finalizing the project description.

3. The NOP is an opportunity to get the project as close to shovel ready as possible. How far are we away from knowing how much it will cost in the broad sense? Can we know by the end of summer what the costs will be? This project (RAC recommendation) at its current stage is not ready to apply for Drought funds. On the list of alternatives, the project that could probably be ready is the Interlake Tunnel Project. And it could be shovel ready in April 2015 – in time to apply for Drought funds. Staff recommends the Interlake Tunnel Project should not be part of Water Right Permit #11043; but, considered on a separate track.

4. Why? Can the Interlake Tunnel Project be completed sooner? The Interlake Tunnel environmental process could be quicker which would make it shovel ready in time to apply for State grant funding.

5. Would the Interlake project be considered in the EIR? No. It would be a separate, complementary project.

6. Since the Interlake Tunnel is separate, do we want to concentrate on the RAC’s recommendation? Staff would recommend a parallel process for both.

7. Was the expansion of CSIP considered by the RAC? Yes, it was.

8. The absorption of water by the invasive species in the Salinas River affects the amount of water available for beneficial use.

9. Storage from the State perspective equals 30 days. That makes water in the industrial pond more viable.

10. Is the tunnel project being highlighted because of its timeliness? Yes.

11. Are other projects being considered? Yes. A more comprehensive solution includes more than WR Permit #11043 and the tunnel project.
Mr. Johnson reported that at the morning’s Board Workshop, Directors recommended that Staff move ahead with the RAC recommendation in the NOP process and proceed with the Interlake Tunnel Project (which was not part of the RAC recommendation) on a parallel track.

Public Comments:

Steve Shimek, Otter Project/Monterey Coastkeepers, stated he had been in contact with the State Board, who suggested the Agency should give up the water right and simply reapply. *The cost would to follow that process would be prohibitive and would also result in the possession of a junior water right.*

Norm Groot, Monterey County Farm Bureau, voiced his support for the project suite submitted by the RAC. He questioned how the Agency will be able to allocate resources for the Interlake Tunnel Project in addition to those required for the NOP, EIR, etc. Mr. Groot also discussed the need to secure assistance for Rob Johnson, who has shouldered the responsibility thus far.

Nancy Isakson, Salinas Valley Water Coalition, supported Mr. Groot’s comments regarding resource allocations. Ms. Isakson stated the Agency should develop a plan regarding utilization of these resources. She stated it would be helpful if the NOP’s project description provided sufficient detail for public review. Ms. Isakson also discussed the importance of understanding the CEQA standard when submitting the NOP.

Kevin Piearcy, Eastside Property owner and RAC member, stated in his opinion only one diversion point was needed…the diversion point in Soledad at the higher elevation. Mr. Piearcy stated the water would require treatment regardless of the project selected or where the water went.

Roger Moitoso, Arroyo Seco Vineyards and former Water Resources Agency Director, voiced his support for the project suite developed by the RAC. He added the Agency should determine under which water right the Interlake Tunnel would be pursued.

Committee Action: On motion and second of Committee members Claude Hoover and Silvio Bernardi recommended that the full Board of Directors consider moving forward with the NOP, with the Interlake Tunnel Project on a parallel track.

5. **Set next meeting date and discuss future agenda items.**
   The next meeting will be held on Wednesday, June 11, 2014 @ 8:30 a.m..

6. **Adjournment @ noon.**

Submitted by: Wini Chambliss
MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF DIRECTORS

SPECIAL WORKSHOP
RE: WATER RIGHTS PERMIT #11043 ACTIVITIES

BOARD MEMBERS:
Richard Ortiz, Chair
Claude Hoover, Vice Chair
Silvio Bernardi
Ken Ekelund
Mark Gonzalez
David Hart
John Huerta
Mike Scattini
Deidre Sullivan

STAFF:
David Chardavoyne, General Manager
Robert Johnson, Assistant General Manager
Brent Buche, Assistant General Manager
Cathy Paladini, Finance Manager
Wini Chambliss, Clerk to the Board
Jesse Avila, Deputy County Counsel

May 14, 2014
MINUTES

1. CALL TO ORDER
Chair Richard Ortiz convened the Special Board of Directors Meeting Workshop regarding Water Rights Permit #11043 activities @ 9:03 AM.

Directors Present: Richard Ortiz, Claude Hoover, Silvio Bernardi, Ken Ekelund (@ 9:03 AM), David Hart, John Huerta (@ 9:15 AM), Mike Scattini (@ 9:15 AM) and Deidre Sullivan

Directors Absent: Director Mark Gonzalez

A quorum was established.

2. PLEDGE OF ALLEGIANCE (led by Director Silvio Bernardi).

3. PUBLIC COMMENTS
None.

4. PROGRESS REPORT ON WATER RIGHTS PERMIT #11043 ACTIVITIES
Rob Johnson, Assistant General Manager, began the Workshop with an overview of the morning’s discussion topics, including:

   A. Regional Advisory Committee (RAC) recommendations;
B. Other alternatives for Basin Management Plan (BMP) Committee consideration; C. Discussion of Financing Plan options; and, D. Next steps.

Mr. Johnson then provided a chronology of RAC activities to date.

Board of Directors Questions/Comments (*Staff responses are emboldened and italicized*):

1. Directors requested that Staff provide information regarding all existing water rights permits possessed by the Agency.
2. Directors requested the above information be made available for public review.
3. One Director reported that based upon his understanding of the Settle Agreement, revocation of Water Rights Permit #11043 is not reinstated when a milestone is missed. However, the revocation process is reinitiated if the SWRCB is not notified of problems associated with adhering to the milestones. *The attorneys for the Agency and SWRCB discussed this issue and determined that if milestone dates are not met, revocation proceedings are re instituted.*

Mr. Johnson then described the two versions of the RAC’s Conceptual Project—the difference between them being the location of a proposed Extraction Facility: Diversion Point 1 (DP1) near the City of Soledad; Diversion Point 2 (DP2) south of the City of Salinas).

A. Regional Advisory Committee (RAC) Recommendation Components
   - Extraction Facility (at either DP1 or DP2 as previously defined)
   - Conveyance Facility
   - Delivery Facility

*Director Mike Scattini left the dais at 9:33 AM and returned at 9:30 AM.*

B. Other Alternatives for Basin Management Plan (BMP) Committee Consideration

Process Alternatives
   - Adding storage to the Permit. The process would consist of developing a project, submitting an EIR and then requesting the SWRCB to approve changes in the permit. For the SVWP, that process took about four years.
   - Moving or adding a diversion point
   - Running processes in parallel to economize time

Develop a more comprehensive solution to Seawater intrusion
   - **Interlake Tunnel Project**
   - Surface water treatment plant at northern end of Salinas Valley
   - Developing additional storage facilities.

*Giving up the Permit altogether*

Board of Directors Questions/Comments (*Staff responses are emboldened and italicized*):

1. The Water Bond Act of 2014 emphasizes storage; so, we might want to consider adding storage to the Permit.

C. Discussion of Financing Plan Options
A draft of the financing plan is due to the SWRCB in July 2016, with the financing plan approved in July 2019. The Agency has requested money from the State and is preparing to request $1 million annually for three years from the County of Monterey to finance the EIR and development of the Financing Plan. This amount also includes resources for a contracted staff person to manage the process. Mr. Johnson reiterated there are currently no funds allocated in the Budget for the EIR.

Options the Agency is exploring or can explore include: securing Grants (State/Federal/Other); requesting funds from Monterey County; establishing an Agency Foundation; implementing a sales tax-type funding mechanism; and, developing a public/private partnership as mentioned by Directors.

Board of Directors Questions/Comments (Staff responses are emboldened and italicized):

1. A public/private partnership option should also be considered, as this will ensure community participation and support.

Public Comments:

Nancy Isakson, Salinas Valley Water Coalition, stated the Settlement Agreement significantly changed water availability. With the bypass flows, the amount of available water was significantly lessened, and changed the types of projects considered. Ms. Isakson advocated for not making changes to the permit because that would open the door to many variables. With regard to the Salinas Valley Water Project Prop 218 vote, the assessments were completed prior to construction, and unfortunately actual costs exceeded the amount of the assessments. Ms. Isakson stated her belief that additional storage should be considered; but, deliberation should be made as to whether storage should be included in this or a complementary process. Ms. Isakson stated RAC members discussed continuing their involvement in the process.

Norm Groot, Monterey County Farm Bureau, expressed his support for the project suite developed by the RAC. Modifications to the permit made by the State Water Resources Control Board made it difficult to develop an adequate project. Storage should be a part of the permit. Mr. Groot supports the RAC’s recommendation with a mind that a modification should be made for storage. However, change in use and/or diversion is not acceptable as those types of changes would introduce myriad unwanted conditions/restrictions.

Eric Tynan, General Manager of the Castroville Community Service District, reported three wells have dropped 50 feet below sea level in two weeks. It is imperative the Agency develop a solution to seawater intrusion.

Steve Shimek, Otter Project/Monterey Coastkeeper, stated a non-controversial solution is necessary. It appears the Interlake Tunnel solution is the only non-controversial solution, and his information suggests this project could be considered under the WR Permit #11043.

Brian Lee, Marina Coast Water District General Manager, supports any efforts that halt seawater intrusion.

Kevin Piearcey, Eastside property owner and RAC member, stated his belief the RAC was not provided sufficient information. Mr. Piearcey stated recharge is essential. It is assumed that the 135,000 acre-feet will be available annually; but, it would probably be available once
every three or five years for about three months out of that year. That removes the opportunity
to sell water to municipalities, and no one will support building the required infrastructure for
limited water availability. Mr. Piearcey presented Aquifer Storage and Recovery (ASR) is a
cost-effective solution for water management needs whereby water is stored during floods or
when water quality is good. It reduces and/or eliminates the need for large, expensive surface
reservoirs. He referred to two diagrams that provided Coastal Water Trough information on
the Eastside in Salinas. Currently the Eastside is being recharged by the Pressure area. Once
the Eastside water levels are changed to reverse the flow, the Eastside will recharge the
Pressure area, as in the past, and this will push seawater intrusion in the other direction. In
his opinion, ASR would be beneficial in retarding and halting seawater intrusion. He added
that losing the permit is not an option.

Eric Tynan, Castroville Community Service District, supports helping the Eastside.

Board of Directors Questions/Comments (Staff responses are emboldened and italicized):

1. We must do several things simultaneously, including meeting the schedule imposed by the
   SWRCB; sitting down to communicate with the SWRCB; taking a broader view in this
   process; and, pursuing the Interlake Tunnel Project, which should perhaps be disconnected
   from WR Permit #11043.

2. The RAC should continue.

3. How much ground storage capacity is there on the Eastside? *A lot!*

4. Considering the cost per ASR well estimated at $2.5 million, how much water will be
delivered? Water is not delivered; it is injected into the ground. The exact number would
be dependent on the site where the injection would occur. The upper limit in the water
right states we can never divert more than 400 cfs per day (800 acre-feet per day). The
maximum number of ASR wells we could use in this water right is limited by this
restriction.

5. How many ASR wells does that equal? *More information is required; but, ASR was not
taken off the table.*

6. Why are injection wells so expensive? *It is because of construction utilizing stainless
steel as well as the cost of injection and extraction valves.*

7. Would we need the two valves since we are just injecting water into the ground? *We need
the two valves for maintaining/monitoring the wells at the cost of approximately
$250,000 each. Staff will investigate this further.*

8. We must fix our own problems before we can fix the problems of others.

9. There has been a lack of communication between the Agency and the State Water
Resources Control Board. There seems to be a willingness on the part of the SWRCB to
discuss changes. We need to engage in open dialogue to discuss water availability with the
SWRCB, and other types of feasible projects. *Staff is planning to do just that.*

10. When are we submitting an official request for funding from the County of Monterey? On
*June 3, 2014 — the day after the BOD Special meeting. Information from the day's
meeting as well as the BMP Committee will be included in that report.*
ATTACHMENT 2

Possible Alternatives for Consideration

1. Process Alternatives
   a. Add Storage to Permit
   b. Move or add a Diversion Point
   c. Run any of these processes in parallel with approved process

2. Develop a more comprehensive solution to seawater intrusion (may require the incorporation of existing or additional water rights)
   a. Interlake Tunnel Project
   b. Surface water Treatment Plant in north end of Salinas Valley
   c. Additional storage (either surface or underground)

3. Evaluate giving up the Permit altogether

4. Others…
MCWRA Board of Directors
Special Board of Directors Meeting
Water Rights Permit #11043 Workshop

WELCOME
Discussion (cont.)

- RAC Reviewed Projects Previously Proposed
  - Water Capital Facilities Plan – Boyle 1991
  - Incorporated into BMP Alternatives Analysis Report – 1994

- Goals of 1991 Report
  - Identify water demands and evaluate current viable supplemental water supply projects
  - Establish a forum for consensus formation amount TAC members
  - Conduct analysis of identified alternatives and system operations
  - Package the most viable projects/systems into a program
  - Obtain TAC consensus of the program
PROJECT #4: INTERLAKE TUNNEL

Description
Diverts water from Nacimiento Reservoir to San Antonio Reservoir which would otherwise been spilled at Nacimiento Dam. The Nacimiento river basin produces nearly three times the average annual flow of the San Antonio river basin therefore, capturing high Nacimiento River flows and diverting that water into San Antonio Reservoir is equivalent to increasing the storage capacity of Nacimiento Reservoir.

Pros
No significant reservoir level changes.
No significant environmental issues.
No new land (except for access roads and underground easements).
Gain in water yield.

Cons
May require water rights adjudication.
Discussion (cont.)

- Other Possible Alternatives…
  - Process Alternatives
    - Add Storage to Permit
    - Move or Add a Diversion Point
    - Run processes in parallel to economize time
  - Develop a more comprehensive solution to SWI
    - Interlake Tunnel Project
    - Surface water Treatment Plant at northern end of SV
    - Develop additional storage facilities
  - Evaluate giving up the Permit altogether
  - Other ideas…