

Greater Monterey County Integrated Regional Water Management Plan
Regional Water Management Group Meeting
April 16, 2014
1:30 - 3:30 PM
City Hall, Salinas, CA

RWMG Attendees:

Michael Ricker – City of Salinas
Bridget Hoover – Monterey Bay National Marine Sanctuary
Rob Johnson – Monterey County Water Resources Agency
Elizabeth Krafft – Monterey County Water Resources Agency
Julianne Rhodes – Watershed Institute, CSUMB
Horacio Amezcuita – San Jerardo Cooperative, Inc.
Sierra Ryan – Central Coast Wetlands Group, Moss Landing Marine Labs
Ross Clark – Central Coast Wetlands Group
Christina McGinnes – Monterey County Agricultural Commissioner’s Office
Colin Bailey – Environmental Justice Coalition for Water
Vicente Lara – Environmental Justice Coalition for Water
Monique Fountain – Elkhorn Slough National Estuarine Research Reserve

Non-RWMG Attendees:

Susan Robinson – IRWM Plan Coordinator
Katie Schmitt – USDA, Rural Development
Karen Nilsen – Nilsen & Associates
Hilary Nilsen – Nilsen & Associates
Jeanette Pantoja – California Rural Legal Assistance
Dinah Irino – Ecology Action
Jennifer Biringer – The Nature Conservancy

Meeting Minutes:

1. Brief Introductions. Special welcome to Vicente Lara, EJCW, a new member of our Group!

2. AB 1630: Jeanette discussed AB 1630. AB 1630 is this year's version of last year's AB 1, Salinas Valley Pilot Project, introduced by Assembly Member Alejo. The bill would appropriate \$2 million from the Waste Discharge Permit Fund to the State Water Resources Control Board for use by our Regional Water Management Group (RWMG) to develop an integrated plan to address the drinking water and wastewater needs of disadvantaged communities (DACs) in the Salinas Valley. The funds would give us the resources to collect much-needed data. She remarked that the “Disadvantaged Community and Tribal Needs Assessment” that she and Colin prepared last year was just rough. She noted that DACs have governance needs in addition to infrastructure needs, and those need to be addressed first.

Jeanette said that there are two separate potential paths for getting this funding: 1) through the bill itself (AB 1630): the funds will come from the Waste Discharge Permit Fund, but that fund hasn’t been “populated” yet with money; it’s up to the assembly member to identify the funding sources. AB 1630 is moving along in parallel with: 2) possible funding through the governor’s budget; however, this path would appropriate \$1 million (rather than \$2 million), and would be diverting funds from what has already been allocated to regulating marijuana up north.

Jeanette said that Assembly Member Alejo's staff has expressed concern that they haven't heard from our Group in response to the bill (to which she responded, they should have let us know about it!). Susan suggested we just re-send the support letter we sent last year, and Jeanette agreed, noting that the content of AB 1630 hasn’t changed from AB 1. Karen asked if this was the same bill that we discussed last year trying to change from all planning to implementation, and Jeanette confirmed it was. Jeanette wondered, if we were to get this money, do we, as the RWMG, have the resources to receive the funds and implement the planning? Bridget said she thought

we could definitely bring all the right people to the table, and others (including Jeanette) agreed. Karen suggested that perhaps individual members of the RWMG could also submit letters, and Susan urged everyone to do so.

3. USDA Programs in Monterey County: Katie Schmitt, County Programs Specialist with USDA, Rural Development, came to discuss USDA programs and what they can offer communities in Monterey County. Katie remarked that there hasn't been a Community Programs Specialist in Monterey County – ever. She came on board in November, and is working to get the word out about their programs. They have over 26 different programs. Katie's responsibility is water/wastewater and community facilities, but USDA also offers Housing Programs, Business & Cooperative Programs, Electric Programs, and Telecommunications, including broadband. They work only in "rural" areas, defined as having a US Census population of 10,000 or less for the water/wastewater programs, and 20,000 or less for community facilities. Eligible applicants are nonprofit organizations (do not necessarily need to be 501(c)3), federally recognized Indian tribes, public bodies (cities, counties, special districts), and mutual water companies.

The Community Facilities Program provides loans and grants. She said "we do pretty much anything": buildings, communication towers, health clinics, community centers, day care facilities, police and fire stations, libraries, food-related projects. Water and wastewater programs include, among other things, water and wastewater systems and system improvements, sanitary landfills, storm drainage, solid waste disposal, and transfer stations. She noted that they have a solar program, and that they strongly encourage solar, particularly on wastewater systems.

Katie discussed the terms of their loans and grants. There is no minimum or maximum loan amount, though there is a maximum grant amount of 75% of cost or \$1 million max. Interest rates range currently from 2.50% - 4.125%. The interest rate is based on income (if below MHI of \$62,883, then eligible for lower interest rate and/or grant assistance). The loan is for the useful life of the facility or maximum of 40 years. They give priority to low-income communities correcting health or sanitary problems.

Eligible loan/grant purposes include: planning, engineering, architectural; environmental; legal; acquisition of land and rights; or connection fees. Loan-only purposes include: interest; initial operating expenses; purchase of existing facilities (water/sewer); or refinancing. She noted that they do provide loans for drilling new wells, up to \$500,000; however not on personal property. She discussed repayment ability (which would cover operating budget for the enterprise; new and existing debt; debt service reserve; short lived asset reserve; and some capital improvements) and security (which differs according to whether the recipient is a Tribe, public body, or nonprofit). She briefly described the application process (which sounded uncomplicated). After approval, she commented, "it only takes two days for the money to hit your account!" Applications are accepted year-round, though she noted that they are funded through Congressional budgets, so they cannot obligate the funds until they have the money.

Karen Nilsen asked Katie about the process, and described being on a waiting list for a year for a project she was working on, but Katie assured her it couldn't have been for one of these USDA loans, since they don't keep "lists"; they base funding on priority. Susan asked whether they fund operations and maintenance (O&M) costs. Katie said no, they don't fund O&M, but they do fund some specific operating costs. Bridget asked Katie to clarify about loans vs. grants. Katie explained, "We're not a grant-based program." There may be a grant component, but they do mainly loans (never a 100% grant). Elizabeth asked whether they fund government agencies to install solar, and Katie responded yes, but the facility must be located in a "rural" area (i.e., City of Salinas would not be eligible). Horacio asked about funding for wells, and whether they have to prove that the old well isn't functioning in order to get an Emergency Community Water Assistance Grant (ECWAG). Katie said yes, though they will have to prove it is not functioning adequately specifically because of drought conditions in the past year in order to get those funds. Bridget pointed out that they could apply under the regular program (not the ECWAG), and Katie agreed. Karen and Jeanette both commented that the problem in Monterey County is largely contaminated wells for small systems, up to 14 connections. Is there a program for private wells? Katie encouraged them to check with the Housing Program.

4. IRWM (Expedited) Drought Grant Round: Due to the drought conditions, DWR is expediting the next IRWM Implementation Grant round, with accelerated funding for water supply enhancement projects that can

break ground by April 2015. Susan had sent the RWMG, prior to the meeting, highlights of the Draft Drought Grant PSP (Proposal Solicitation Process), plus a timeline, and the draft Evaluation Criteria for the Drought Grant. She began the meeting by explaining that we have two things going on: the project solicitation for the IRWM Plan (which began on March 3rd and will end next week on April 25th), and the IRWM expedited Drought Grant round. It's a little confusing, she said, because not all of the projects that will be submitted in this solicitation for the IRWM Plan will be eligible for the Drought Grant; we didn't know about the expedited Drought Grant when we began the solicitation. However, we do need to go through our regular, RWMG-approved process for reviewing projects and ranking them in the Plan. She said we have two major tasks for the meeting: to choose volunteers for the Project Review Committee (which will begin reviewing projects when the solicitation ends next week), and to decide upon a process for selecting projects to put forward in the Drought Grant round.

Susan began by going over the highlights of the Draft Drought Grant PSP. She read from the PSP that "the approved funding includes \$472.5 million in Proposition 84 Integrated Regional Water Management funding." This includes \$200 million for the upcoming Drought round, \$22.5 million that has already been obligated in Round 2, and \$250 million remaining for the final IRWM Implementation Grant round in 2015. She said she had wondered, due to the language that she just read, whether the final 2015 grant round would also be dedicated to Emergency Drought Relief (i.e., heavily or exclusively focused on water supply projects); this would mean that projects such as wetlands restoration or flood management wouldn't be eligible in the final round. She had asked Keith Wallace at DWR about that. He replied (and she quoted): "That's not how DWR interprets the legislation. Obviously, new legislation could come forward and change our direction, but it is our belief that the remaining \$250M will be awarded in a similar fashion (i.e., project eligibility type, solicitation schedule, etc.) to Rounds 1 and 2."

Sierra asked whether the entire \$19,748,065 remaining for the Central Coast IRWM Funding Area could conceivably be awarded in this round, leaving nothing for the 2015 round. Susan responded yes, that's entirely possible. She informed everyone that there had been a meeting last week between the Central Coast IRWM regions and they discussed this very issue. The regions have decided to submit a comment letter to DWR on behalf of all of the Central Coast regions requesting that the State cap the amount that can be awarded in this round for each Funding Area, so as to ensure there will be funds remaining in the final round. However, no one believed DWR would actually agree to do so. Therefore the question was raised, can we cap it ourselves? One way to do that would be for each region to request no more than \$2 million in this expedited round. This would not only ensure that funds would be available for the final round but would also make it more likely that more (if not all) of the regions that apply in this round would receive funding. Susan asked what everyone thought of that idea. She said she will need to report back to the Central Coast IRWM regions next week with our response. There was some discussion. Jeanette said she would like to see what projects come in with the project solicitation, and what projects would be eligible for the Drought round. The problem, Susan said, is that the Central Coast regions meeting is on April 24th and the project solicitation doesn't end until April 25th; we simply won't know what projects are "on the table" by the Central Coast regions meeting.

Julianne asked about CASGEM eligibility, and the discussion was diverted to that topic. Rob said that the Water Resources Agency is working to be CASGEM compliant by the end of the month; however, he's not exactly sure how it will all play out in the future. He explained that CASGEM is an unfunded mandate; the Agency is already in debt, and this additional work doesn't help things. He said DWR requires that *all* basins be monitored, but there are basins that the Agency doesn't monitor currently; they would need to find people to let them monitor on their property, and this could be a real problem. Elizabeth added that there are priority basins in CASGEM; Salinas Valley is a priority basin, and the Agency does have wells in that basin, so we will probably be compliant in time for this Drought round – but we may have some trouble in the future when other basins become higher priority.

Back to the idea of establishing a \$2 million "cap" on each individual region's funding award level for the Drought round, Rob remarked that we had tried cooperating with the other Central Coast IRWM regions in the past, and it has never worked out. He said he thinks we should put all of our projects in. Elizabeth added that \$20 million (the entire pot) is not all that much money in the end, and there's no guarantee regardless that there will be a "Round 3." There are just no guarantees, period. She agreed with Rob. Bridget said, maybe if the other five regions agree to the \$2 million cap... And Elizabeth and Rob both responded, but how would we ensure it

(through an MOU?), and what's the penalty if they break the agreement? Others added that it *would* be good to know what projects we have to put forward, and how much they might cost. Susan said we do have several existing projects in the IRWM Plan that may be eligible. She noted that Jeanette, Colin, Karen Nilsen, and Karen McBride have been working on possibly putting together a DAC water/wastewater "program." She also mentioned Ecology Action's Green Gardener program, RCD's irrigation management programs, and the San Antonio/Nacimientto Interlake Tunnel Project, among others, though she's not sure they all want to submit in this round. The budget for the Interlake Project alone is about \$8 million, she said – and Rob added, and that's just for feasibility! Susan commented that some of the projects we think are eligible may not actually be eligible after all, noting that projects must be ready for construction/implementation by April 1, 2015 (according to the draft PSP). Summing up the discussion, she said that she would see what the other Central Coast regions decide to do about capping our grant requests, but will let them know that our RWMG wants to wait and see what projects are on the table before agreeing to any limit.

Susan then turned back to the Draft PSP highlights. She noted that for the application we will need to identify and describe:

- Regional water management impacts due to the 2014 drought and any anticipated or projected impacts if drought or dry year conditions continue into 2015; and
- The water conservation measures/restrictions, mandatory or voluntary, that have been implemented as a result of the 2014 drought.

She noted the Dam and Reservoir Daily Data from the Water Resources Agency showing San Antonio Reservoir at 5% of capacity and Nacimientto Reservoir at 22% of capacity; and that the US Drought Monitor shows "exceptional drought" for most of Monterey County (as well as for the Central Coast). But she asked if anyone could tell her where to find other information related to regional water management impacts and water conservation measures/restrictions. Rob said that the County is going to the Board of Supervisors on April 22nd to see about getting an emergency drought resolution passed; once that goes to the Board, it will all be public information. He said that Emergency Services is the lead on that. Elizabeth mentioned a Water Awareness Committee; she thought maybe CalWater was involved in that, and said to check with the other water purveyors, like Marina Coast Water District, as well.

Susan continued going over the Drought PSP highlights. She briefly discussed the requirement in the draft PSP that "water conservation programs and measures must be not locally cost-effective to be eligible for the 2014 IRWM Drought funds." She had asked Keith at DWR whether this applied to *all* water conservation programs, including ag and urban programs, and he responded that "if the application demonstrates how the proposed project is eligible under the first project type, 'Provide immediate regional drought preparedness,' it will not also have to adhere to the eligibility requirements of the other project types." Susan concluded from this that Ecology Action's Green Gardener program and the RCD irrigation efficiency programs would not have to prove they are "not locally cost-effective." She also pointed out that additional points will be given to proposals with "*projects that address clean, affordable, and accessible water for human consumption, cooking, and sanitary purposes as a water supply reliability and delivery of safe drinking water.*" And finally, she emphasized once again that projects must be ready for implementation or construction on or before April 1, 2015.

Susan then went over the timetable for both the IRWM Plan project solicitation and the expedited Drought round. Susan reminded everyone that new projects for the IRWM Plan will all be in and ready for review by next Friday, April 25th, and that the projects will need to be reviewed and ranked by May 14th. She asked for volunteers for the Project Review Committee. Sierra and Rob (and others) who had been on the committee previously described what was involved – essentially, each committee member reviews and scores each new proposal (Sierra said this takes about 45 minutes per proposal, on average), then the committee gets together in one long meeting, discusses each proposal, and assigns scores by consensus. Volunteers for the committee were: Jeanette, Christina, and Horacio. Bridget volunteered as a "last alternate, if needed." Bridget suggested that Susan ask for one or two more volunteers in an email to the RWMG.

Susan said we need to decide a process for selecting projects for the expedited Drought round. Her suggestion was that the Project Review Committee review and rank all the projects, and also review the results of the preliminary

economic analysis, present all of this information to the RWMG, and the RWMG, as a group, decides. No one seemed to object to this idea. She asked if we could hold the next RWMG meeting one week early, in order to allow more time to select projects to put forward in the expedited Drought round (assuming the final PSP for the Drought Grant will be released in early June). There were some conflicts with the May 14th date, but it still seemed like the best plan. Rob said we could hold the meeting at the Agency, 1:30PM – 4:30PM, and suggested we also keep the original meeting date scheduled for May 21st (Sierra said we could probably hold that meeting at Moss Landing Marine Labs).

There were some questions about the project application process for the IRWM Plan. Elizabeth asked when the preliminary economic analysis would be due (the original due date was June 27th). Susan said she had sent out an email to stakeholders letting them know that, because of the expedited Drought round, the preliminary economic analysis will now be due on April 25th, along with the application. She clarified: only those who want their projects considered for the expedited Drought round will be required to submit a preliminary economic analysis. Elizabeth pointed out that the later June date was still on the website (Susan will fix that). It was also pointed out that we will need a Lead Applicant for the Drought Grant. Susan said she would ask each potential project proponent if they would be willing to act as lead.

Regarding submitting a public comment letter on the draft Drought Grant PSP, Susan said the Central Coast IRWM regions will probably be submitting a joint letter; someone was drafting language for that. However, she encouraged each member to write their own comment letter; and strongly encouraged Rob and Elizabeth to write a letter from the Water Resources Agency regarding CASGEM.

With so much to discuss, the meeting ended with time to spare.

There are two RWMG meetings scheduled for next month:

- **May 14th from 1:30 – 4:30 PM, at the Monterey County Water Resources Agency in Salinas**
- **May 21st from 1:30 – 3:30 PM, at Moss Landing Marine Labs in Moss Landing**