

Greater Monterey County Integrated Regional Water Management Program Regional Water Management Group Meeting

**June 16, 2021
Zoom Conference Call**

RWMG Entity Attendees:

Horacio Amezcuita – San Jerardo Cooperative, Inc.
Jenny Balmagia – Central Coast Wetlands Group
Ross Clark – Central Coast Wetlands Group
Emily Gardner – Salinas Valley Basin Groundwater Sustainability Agency
Alex Henson – Monterey County Water Resources Agency
Bridget Hoover – Monterey Bay National Marine Sanctuary
Donna Meyers – Salinas Valley Basin Groundwater Sustainability Agency (GSA)
Mike McCullough – Monterey One Water
Heidi Niggemeyer – City of Salinas
John Olson – California State University Monterey Bay
Paul Robins – Resource Conservation District (RCD) of Monterey County
Rachel Saunders – Big Sur Land Trust
Brian True – Marina Coast Water District

Non-RWMG Attendees:

John Hunt – UC Davis
Sarah Lopez – Preservation, Inc.
Kelli McCune – Sustainable Conservation
Jeff Odefey – American Rivers
Susan Robinson – Greater Monterey County IRWM Program Director
Tom West – Harris & Associates

Meeting Minutes

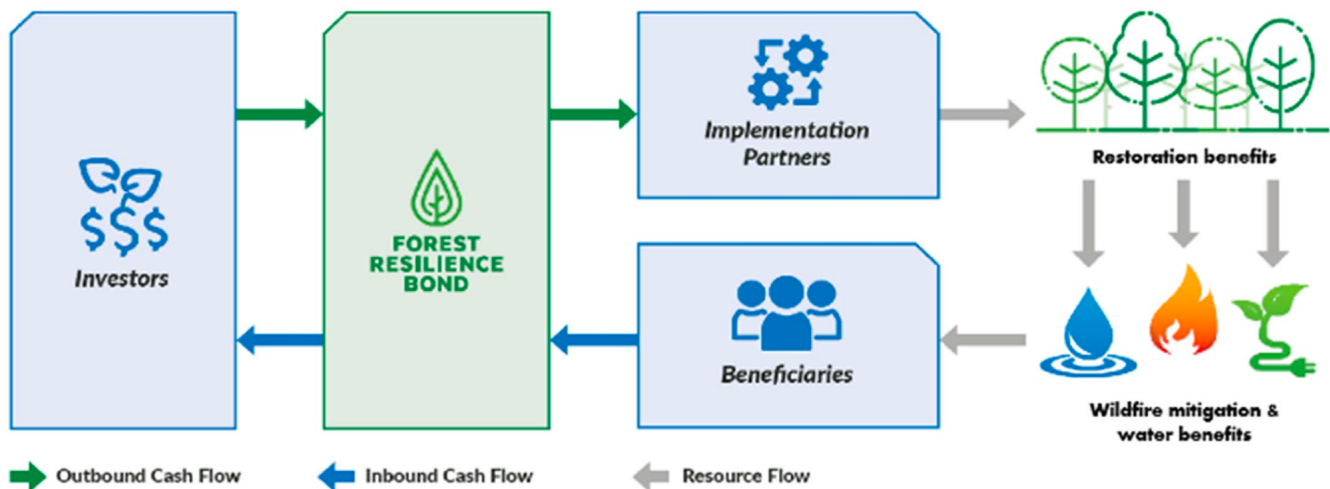
1. Brief Introductions.

2. Exploring Alternative Funding Mechanisms: Susan Robinson introduced Jeff Odefey, with American Rivers. Jeff recently co-authored a [white paper](#) outlining various alternative funding/financing mechanisms for implementing water resource management projects. Jeff provided an overview of these financing/funding mechanisms. He noted the increasing water resource challenges and stressors in California, and the inadequacy of traditional public funding and financing mechanisms to address infrastructure needs. What these non-traditional, alternative mechanisms have in common is that they tend to link infrastructure with the outcomes that infrastructure provides. The projects tend to be multi-benefit with multiple beneficiaries. Most importantly, these types of funding/financing mechanisms are collaborative – community-based and partnership driven.

Jeff explained three types of collaborative financing:

1. Environmental Impact Bonds (EIBs): With EIBs, the payment is tied to the successful outcomes of the project. Private investors share in a project's success and also in the risks.

2. Revolving Loan Funds: These are not State Revolving Funds, but rather a financing mechanism where pools of investors contribute to projects that have a revenue stream. The revenue stream is then re-invested.
3. Private-Public Partnerships (P3s): The P3 transfers risk from the project proponents to the project investors, leveraging a portfolio of private and public financing. Jeff gave the example of the Yuba Forest Resilience Bond, involving treatment on hundreds of thousands of acres of forest in the Sierra. The bond was created by [Blue Forest](#). In this model, the investment is provided to the “implementer,” which in this case was the National Forest Foundation. Outcomes of the project are identified, capital is provided upfront by investors, the beneficiaries pay the value of the benefit into the bond as outcomes are achieved, and then the bond re-pays the investors. Yuba Water Agency played a big role in the Yuba Forest Resilience Bond by providing upfront funds.



Jeff summed up the benefits of collaborative finance:

- Risk transfer: Investor repayment is tied to project outcomes, not completion.
- Provides up-front capital; it is not reimbursement-based like most water infrastructure financing or funding.
- Leverages public and private funding sources for timely portfolio of resources. A model such as this can attract financing *faster*.
- Promotes equitable outcomes through meaningful stakeholder participation.

Jeff concluded with a few examples from across the country, and noted potential applications for groundwater recharge and recovery projects, sustainable recreation, and sewer energy and recovery projects. Jeff noted that he and his colleague Vance Russell have been meeting with a small group of RWMG members recently to brainstorm possible applications for alternative financing for projects in the Greater Monterey County IRWM region, using Central Coast Wetlands Group’s Castroville to the Coast project as a working model.

Heidi Niggemeyer asked how EIBs are developed. Jeff explained that EIBs are developed by a bond developer who has the expertise to do so. The process entails monetizing benefits and assigning values, and determining how the bond should be structured (e.g., tiered, where repayment has different levels of interest depending on project outcomes). EIBs tend to be 30-year bonds, and rates tend to be higher than State Revolving Fund loans but lower than typical municipal bond rates.

Horacio Amezcuita asked about programs available for small farmers. Jeff responded that none of these approaches are well suited to small projects in general. The project cost level needs to be worth the cost of setting up the bond or other mechanism. The project cost threshold is typically \$3M - \$5M. But there may be an option to bundle smaller projects together.

3. Vote on New RWMG Executive Committee Members: Susan noted that the term limits for three out of four RWMG members on the Executive Committee have been exceeded, and it is time to select new representatives. There are four “categories” of RWMG membership on the Executive Committee, plus the Program Director: 1) Conservation/Watershed (served by Ross Clark, Central Coast Wetlands Group), 2) Agency (Mike McCullough, Monterey One Water), 3) Water Supply/Management (Elizabeth Krafft, Monterey County Water Resources Agency), and 4) Disadvantaged Community (Horacio Amezcuita, San Jerardo Cooperative, Inc.). Previous to the meeting, the following RWMG members had stepped forward to volunteer for the following seats:

- 1) Conservation/Watershed: Paul Robins, RCD of Monterey County
- 2) Agency: Oscar Antillon, City of Soledad
- 3) Water Supply/Management: Donna Meyers, Salinas Valley Basin GSA

Susan noted that Monique Fountain (Elkhorn Slough National Estuarine Research Reserve) had submitted a vote via email prior to the meeting in favor of approving the above-named RWMG members to serve on the Executive Committee. Rachel Saunders made a motion to approve these individuals for the Executive Committee. Bridget Hoover seconded the motion. All voted in favor (total votes: 12), none opposed, none abstaining. Susan thanked Ross, Mike, and Elizabeth for their service on the Executive Committee over the past few years.

4. IRWM Implementation Grant - Round 2: Susan outlined the Department of Water Resources’ (DWR) latest anticipated timeline for Round 2 of the Proposition 1 IRWM Implementation Grant:

Summer 2021: Draft Proposal Solicitation Package (PSP)

Late 2021 (December): Final PSP

There will be optional 2-hr meetings with DWR to discuss projects, anytime

Application deadline: Regions can choose either:

- March 2022, or
- September 2022

Susan noted that this timeline may change: Given the large amounts of funding earmarked in the State’s 2021-2022 Budget for drought, and DWR’s limited staff capacity to administer several grant programs at once, the schedule may get pushed back considerably. Susan noted that if the RWMG should select the March 2022 application deadline date, the project solicitation to accept projects into the IRWM Plan should begin soon – in order to give people time to develop their projects, and the RWMG time to deliberate and select projects for Round 2 by the time the final PSP is released (assuming December 2021). However, if the RWMG should select the September 2022 application deadline date, then beginning the project solicitation in July would seem very premature. She asked for input.

Several members voiced preference for the later deadline. Heidi pointed out that waiting until the September 2022 application date may allow project proponents to use American Rescue Plan money as match. Ross Clark noted that the Central Coast Wetlands Group is in the process of developing several concept projects; the more time the better. Mike McCullough added that more will be known about what is happening with the drought after this summer. Others, including Rachel Saunders and Paul Robins,

voiced concurrence. Tom West asked if there might be a difference in the funding amounts available between the two submission dates. Susan responded no, since the Greater Monterey County region signed an MOU with the other Central Coast regions and the grant funding allocations have been established. Brian True asked how much is available for Round 2; Susan responded about \$4 million. All generally agreed in favor of the later (September 2022) application deadline for Round 2.

[Note actual amount available for Round 2: \$3,560,340. Of that amount, \$492,517 is available for disadvantaged community implementation projects; \$3,067,823 is available for general implementation projects. DAC projects can also be funded out of the general implementation funds.]

5. News and Goings On:

City of Salinas: Heidi reported on the status of the City's Community-based Private-Public Partnership (CBP3). The City had proposed developing a storm water utility to pay for a three-year \$50 million bond; however, the new City Manager has different priorities, and the plan has been shelved for now. City Management is in the process of developing a \$5 million pilot to get the CBP3 started, which would be supported through American Rescue Plan Act funds. If approved by the City Council, they may then begin implementing a green streets program.

Big Sur Land Trust: Rachel announced that the CEQA document for Carr Lake has been released, with comments due June 28. Assuming a final CEQA document, the Planning Commission review will be July 7. The Planning Commission will make recommendations to the City Council for approval of site plan review, a zoning change, and a General Plan amendment. If the City Council approves (in August), BSLT can move forward with final design and permitting. BSLT applied for Prop 68 State Parks grant funds for final design and construction of the 6-acre portion of the Carr Lake property devoted to traditional park. BSLT has applied to the Wildlife Conservation Board for final design and permitting for the remaining 67 acres for restoration. This is a non-competitive grant. If approved, will have final design by early 2022. Construction would begin in 2024. Estimate for all work is \$18-20 million. Rachel encouraged people to write letters of support to the Planning Commission and/or City Council on CEQA. In other news, the County Board of Supervisors has approved Carmel River FREE (Floodplain Restoration and Environmental Enhancement), so that project can now move forward.

Monterey County Water Resources Agency: Alex Henson reported on the status of the Round 1 IRWM Implementation grant agreement. MCWRA submitted responses to DWR's changes, and just received DWR's responses in return; so contract execution is close. All sub-agreements are in place; just need a signature on one of Monterey One Water's sub-subagreements.

California State University Monterey Bay: John Olson reported that they have finalized a report on farming practices and associated discharges. That report will be made public (John will share with Susan to share with the group). Next summer, they will be looking at the effects of Arundo removal in the Salinas River (including effects on aquatic invertebrates and bats), working with the RCD.

RCD: Paul Robins said the RCD is working with Pathways for Wildlife to track movement of terrestrial species in areas cleared of Arundo and in unaltered areas. Paul said they have made progress in removing Arundo halfway down the Salinas River. They began the effort in earnest in 2014, and are now just downstream of Soledad. They have treated 700-800 acres thus far with 800-900 acres remaining.

Sustainable Conservation: Kelli McCune reported that Sustainable Conservation is working on a strategy to explore the current state of water quality in the region, with the final product being a visual narrative about water resources (expected in October). She will share it with the group when released. They are also working on programmatic permits for restoration, a simplified permitting process.

Salinas Valley Basin GSA: Donna Meyers announced that the GSA has received approval from DWR on the 180/400 GSP (one of two in the state approved thus far). Emily Gardner added that they are busy working on the other GSPs. Version 1 is available on the [GSA's website](#) for the Forebay, Upper Valley, Langley, and Eastside subbasins. Version 2 will go to the board in August, with formal public comment period September – December, and all final plans submitted to the State in January 2022. The GSP will be co-hosting a workshop with MCWRA on June 30 at 1:00PM on groundwater models. Emily also announced that DWR will be conducting AEM (airborne electromagnetic) surveys via helicopter in the State's high- and medium-priority groundwater basins to collect additional data about aquifers, water levels, geology, etc.

Marina Coast Water District: Brian True reported that the district is busy building recycled water distribution mains. Next up: replacing old army infrastructure on Fort Ord.

Central Coast Wetlands Group: Jenny Balmagia said the CCWG was invited to submit a full proposal to the Ocean Protection Council for Castroville to the Coast planning and design. They are busy working on that now.

San Jerardo Cooperative/SAFER Advisory Committee: Horacio Amezcuita announced that the SAFER Advisory Committee recently released a Needs Assessment of water systems throughout the state. The estimated cost to address problems is \$10-11 billion. The Advisory Committee is making a \$5 billion request to the Governor to address the highest priority issues. Horacio noted special challenges involved with disadvantaged communities, including lack of project sponsorship and lack of community organization. He emphasized, "Now is the time to apply if you don't have clean water!"

Monterey Bay National Marine Sanctuary: Bridget Hoover said the Sanctuary has been working on permit streamlining with the RCD and others through a 319h grant. They are close to the finish line! Meanwhile, the Healthy Soils Grant continues. And the Sanctuary now has a new acting Supervisor.

The next RWMG meeting will be held on August 18, 2021, 1:30PM – 3:30PM.