



MEMORANDUM

DATE: NOVEMBER 8, 2011
TO: WATER AGENCY BOARD OF DIRECTORS
FROM: NASH GONZALEZ, DIRECTOR PLANNING & BUILDING SERVICES/WATER AGENCY
RE: ***WORKSHOP TO REVIEW STATUS OF MENDOCINO COUNTY WATER AGENCY/CURRENT OBLIGATIONS-CONTINUED FROM JUNE 7, 2011***

WATER AGENCY WORKSHOP OUTLINE

I. Workshop Objective- Board Policy Direction on the following Issues:

1. Direction on Agency Debt Retirement
2. What is Primary Focus of Agency
3. Direction on Use of Outside Partners
4. Role of Agency in NPDES Compliance
5. Direction on Staffing for Agency Obligations
6. Participation in NCIRWMP

II. Legal Requirements/Mandates of Agency:

The Water Agency is a district that was established in 1949 to provide a mechanism for local participation in the construction of Coyote Dam on the East Fork of the Russian River. Subsequently, the Mendocino County Russian River Flood Control and Water Conservation Improvement District was formed as the vehicle for local participation in building Coyote Dam. In 1971, a tax not exceeding \$.06 per \$100 of assessed valuation was adopted to cover the expenses of the "District," which covers the expenses of the Water Agency. Until 1987, the County Department of Public Works administered the District and the monies were primarily expended for small flood control activities and for water matters as they arose on an ad hoc basis, primarily FERC relicensing of the Potter Valley Power Project and changes in Sonoma County Water Agency's Russian River water rights.

The Mendocino County Water Agency is a special district that encompasses all of Mendocino County and is governed by the Board of Supervisors. The overall mission of the Water Agency has been to protect and develop the water resources of the County and ensure that an adequate quantity and quality of water is available to meet the present and future needs of the County. The Water Agency has provided to the extent feasible or economical, for the control of storm and floodwaters. The Water Agency also conducts technical studies and served as a policy coordinator and policy advisor to the Board of Supervisors, and has been coordinating the County's federally mandated storm water runoff pollution control program.

III. Current Budget Status of Agency:

When Planning and Building Service assumed the responsibility of the Water Agency it was determined that a budget shortfall was going to be experienced. This seems to have been the result of having

County general funds removed from the Water Agency's budget and then subsequently not realizing the grant funding that was to fill in the gap. In response to this, staffing in the Water Agency was reduced from 4 FTEs down to one 0.5 FTE. However, this mitigation was not timely to prevent a fund draw of \$109,602 on the Water Agency fund that only had a beginning balance of only \$6,252 for FY 2010/2011. All of this has then resulted in a negative balance of \$130,350 to kick off FY 2011/2012.

For FY 2011/2012, PBS staff prepared the current recommended budget which was balanced to a zero fund draw, not realizing the state of the Water Agency's fund balance. Having now recognized the current state of the Water Agency's fund, the budget has been revised to provide for an estimated \$49,810 fund contribution.

This revision does not include any new fees that were previously proposed for the Water Agency for stormwater implementation. Under the current FY 2011/2012 budget strategy, and with similar budgeting planned for subsequent years, the drawn down district fund will be replenished and should show a positive fund balance of approximately \$27,360 by the end of 2014

IV. Projects/obligations of Agency at Time of Merger with PBS:

On June 7, 2011, staff presented to the Board of Supervisors a status report of existing projects and obligations for the Water Agency. Staff provided a memorandum containing an overview of historical background, purpose of the Water Agency, current funding issues and status of current projects/obligations. Staff reviewed ten projects/obligations being undertaken or initiated by the Water Agency prior to the merger with Planning and Building Services. These projects include:

- A. NPDES Phase II Stormwater Management Compliance
- B. Noyo/Big River Integrated Coastal Watershed Management Plan
- C. North Coast Integrated Regional Water Management Plan
- D. SBx7-6 Ground Water Monitoring
- E. SB 1610 – UVAP Water Study
- F. Greater Ukiah Valley Groundwater Study
- G. Navarro River/Agricultural Water Use Inventory Project
- H. Water Supply projects (Scout Lake, Coyote Dam Feasibility Study, Mendocino College Reservoir feasibility Study, Calpella Reservoir Feasibility Study)
- I. Green Business Program
- J. North Coast Energy Independence Program
- K. Noyo River/Navarro River Stream Gauge Monitoring

V. Current Agency Projects/obligations:

After reviewing the list of obligations and from the discussion with the Board on June 7, 2011, staff has revised the list obligations/projects that would need to be addressed. The projects include:

1) NPDES Phase II Storm Water Management Compliance

The Clean Water Act established requirements to regulate point and nonpoint source pollution to the nation's waterways through the national Pollutant Discharge Elimination System (NPDES) permit program. The NPDES program was implemented in two phases. In 1999, Phase II extended NPDES authority to address storm water from cities and counties with populations under 100,000 that have municipal separate storm sewer systems (MS4), and construction sites of one acre or more. Phase II used a new regulatory approach by requiring management measures to be implemented, rather than applying effluent standards.

Status

Each Phase II community is required to develop a comprehensive stormwater management plan that includes six minimum management measures:

- a) public education and outreach;

- b) public involvement;
- c) illicit discharge detection and elimination;
- d) construction site stormwater runoff control;
- e) post-construction stormwater management in new and redevelopment; and
- f) pollution prevention or good housekeeping for municipal operators

NPDES permits are good for five years and then the permit holder is required to re-apply. The County of Mendocino currently holds a NPDES Phase II permit as an operator of a small municipal separate storm sewer system (MS4). The County was required to develop a Storm Water Management Program and implement practices to control polluted runoff in the unincorporated urbanized areas of Ukiah and Fort Bragg. The current permit expired in 2008, but is still in effect until the State Water Resources Control Board (SWRCB) adopts a new statewide general permit for small MS4s.

The SWRCB released a draft of the proposed permit in June 2011, the public comment period ended in September, 2011. It is anticipated that in November the final version of the permit will be released, there will be a hearing on the permit by SWRCB in December 2011, and adoption may occur in February 2012.

The draft permit has provided some insight as to what new requirements may be imposed on small MS4s. For instance, a Storm Water Management Program from each regulated community will no longer be required. Rather the new permit is more prescriptive in that it details specific tasks, implementation levels, and deadlines to accomplish the task. The draft permit provides additional minimum control measures such as industrial and commercial inspection and monitoring programs, and for larger populations (>25,000) a trash reduction program. In addition, the proposed permit outlines a watershed based approach, as well as a robust annual reporting requirement that would be conducted online.

Some of the comments the SWRCB received in response to the proposed permit is that the new requirements go above and beyond the six minimum control measures and that every provision has been ramped up and the bar raised. There is some redundancy in the requirements of the proposed draft permit with the Industrial and Construction NPDES permits that are currently in effect and that these redundancies will increase the cost of implementing the permit unnecessarily.

Once a new Phase II permit is adopted by the SWRCB, the County will need to renew its permit electronically by filing a Notice of Intent and submitting an appropriate fee within two months of the General Permit effective date. The proposed permit provides a waiver program from the General Permit requirements if the regulated area can "*certify that its discharges do not cause or contribute to, or have the potential to cause or contribute to a water quality impairment*", and meet a specified waiver option outlined in the draft permit, none of which it appears applies to the County.

As previously noted, the Water Agency has dedicated 0.5 FTE to the administration of the County's Storm Water program. The Water Agency has also hired an outside consultant, Ms. Rebecca Kress who conducts the majority of the public outreach and education programs. Much of the outreach in the past has been devoted to classroom outreach in the local schools, which is what Ms Kress is primarily responsible for.

Water Agency staff has been coordinating with Environmental Health, Department of Transportation, Planning and Building Services and County General Services Agency for specific responsibilities associated with the County's Storm Water Permit. It has been identified that further effort is needed in the following areas:

- a) Water Agency coordination with cities of Fort Bragg and Ukiah on more adult education regarding stormwater runoff, as well as , proper cigarette butt disposal;
- b) County inter-departmental stormwater training, especially within the Planning Department staff that interact with the development community contractors;
- c) County Department of Transportation (DOT) mapping of the County storm drain system;
- d) PBS needs to establish a formal Development Review team, as well as a tracking mechanism for

post construction BMP maintenance, and provide more educational outreach to developers.

Planning staff will also be assigned to the new MS4 permit and responsible for coordinating efforts with the state on the new application in 2012.

It will be essential that adequate resources and staffing are dedicated to this task. The draft MS4 permit that is likely to be adopted in 2012 contains a provision which states:

“Section 309 of the Clean Water Act (CWA) provides significant penalties for any person who violates a permit condition implementing Parts 301, 302, 306, 307, 308, 318, or 405 of the CWA or any permit condition or limitation implementing any such section in a permit issued under Part 402. Any person who violates any permit condition of this General Permit is subject to a civil penalty not to exceed \$27,500 per calendar day of such violation, as well as any other appropriate sanction provided by Part 309 of the CWA.”

This mechanism is expected to remain in the final permit according to the Water Board. A question that warrants asking, is it likely that a violation will place the County in a financially liable situation? This will depend on how the County responds in addressing any violations or permit oversights. It is likely that a Notice of Violation will be the Water Boards first approach and will entail staff closely working with the Water Board in resolving any issues. Therefore staffing resources should be allocated to this task, which will include analyzing the draft permit, monitoring actions by the Water Board, and once the final permit is adopted, adequate resources and training will need to be allocated to be able to stay in conformance with the new permit. This will involve training staff in the Planning Division, Building Division, Code Enforcement and continued training in the Water Agency. It should also be noted that the MS4 requirements do not only affect PBS/WA, but they also affect the County Department of Transportation as well. County DOT is responsible for mapping efforts of the County storm drain system, and resources will need to be allocated to this effort as well.

e) Mill Creek Gate Failure Mitigation Measures

In December 2004, the Upper Dam base gate valve stuck open, and water drained from the reservoir and released a substantial amount of sediment into Mill Creek between the Upper Dam and the Middle Dam. In the fall of 2005, the County installed a standpipe to act as a temporary water and sediment control system. Winter storms at the end of 2005 moved the release sediment into the reservoir area behind the Middle Dam and an adjacent landslide in the Spring 2006 did further damage to habitat in the area.

Status

As a result an EIR was prepared by the County to evaluate alternatives for managing the Upper, Middle and Lower Dams on Mill Creek and for mitigating for the release of sediment into the creek in December 2004. The Final EIR was completed in February 2008, which provided two alternative mitigation measures (A or B) as contained in the EIR. As a result of the certification and commitment by the County, the County is obligated to complete the following:

- A.** Securing a streambed alteration agreement from the Department of Fish and Game for the initial damage and work has been already secured.
- B.** Preparation and implementation of a Stream Restoration Plan. The Plan was prepared by Entrix, the same consultant who prepared the EIR. It is recommended that staff can work with the RCD in the implementation of the plan in order to address the mitigation measures required in the EIR
- C.** Securing a Streambed Alteration Agreement for Long term Operations and maintenance of the Mill Creek Dams. It is recommended that both the PBS Director and the Director of Transportation coordinate efforts and work with DFG in securing the stream alteration agreement. However, current Water Agency staff can assist in assembling background materials and drafting language necessary for submittal to DFG for the alteration agreement.
- D.** Selection and commencement of Implementation of the Off-Site Fish passage Improvement projects.

This project is currently in the initial stage of implementation by the County's Department of Transportation on Feliz Creek. Additionally, the Mendocino County Resource Conservation District (RCD) has been working with the County and DFG in the implementation of the removal of the fish barrier on Feliz Creek, which will address the mitigation relative to off-site improvement projects.

- E. Conduct dam safety engineering investigations. This will be an on-going task, and because of the limited expertise in Planning and Building Services, this task will be assumed by the Department of Transportation, as that department has engineering staff that can best address the dam safety issues.

In conclusion, much of the work has already been achieved, with the exception of long term monitoring of the dam structures; implementation of the Stream Restoration Plan and securing a second Stream Alteration permit from DFG for the long term operations and maintenance of the dam structures.

Staff proposes to work in concert with the RCD, Department of Transportation and DFG to commence processing the second alteration agreement to address one of the remaining mitigations. Because of other commitments in the Planning and Building Services Department, existing staff in the Water Agency will need to assist in preparing language for the alteration agreement as well in gathering the necessary documentation and information for the submittal to DFG. All interactions with DFG will be conducted by the Director of Planning and Building Services.

Relative to annual dam inspection, Planning and Building Services is currently responsible for the oversight of all annual inspections at the Mill Creek dams. This involves coordination between the state inspector, the County General Services Agency, the Executive Office and the County Department of Transportation. PBS can continue assisting in this effort, however, it would be best to transfer this responsibility to GSA, since it currently involves coordinated efforts for gate access through GSA.

f) North Coast Integrated Regional Water Management Plan

This is a seven (7) county effort involving Sonoma, Mendocino, Humboldt, Del Norte, Trinity, Siskiyou and Modoc counties. It has been determined that this is an important effort involving Mendocino County, which has resulted in significant funding for a variety of projects coming into the County for grants, restoration projects, watershed planning efforts, etc. Previously it was reported that the previous Water Agency manager was the chairperson of the technical advisor panel and served the County well in this position.

Status

In June staff had reported that there was no staff assigned to this effort due to staffing cutback in the Water Agency. Since that time, the Director of Planning and Building Services attended the policy review panel meeting in Weaverville in July of this year. Also since that time, staff (Director) has been allocating some time to this effort recognizing the need for further County staff involvement. Staff has committed to attending the meetings that will be held three to four times per year throughout the North Coast and will report to the Board on the status. Additionally, in order for staff to be able to participate in the technical review committee process, the Board will need to appoint staff or perhaps some else to represent the County.

g) SBx 7-6 Groundwater Monitoring (new state law)

This is a new State law requirement that groundwater elevation monitoring in designated groundwater basins occur. There are approximately 20 groundwater basins in Mendocino County. The Water Agency currently monitors groundwater elevations in 3 ground water basins. The new state law provides that local jurisdictions step forward and commit to groundwater elevation monitoring and reporting of said groundwater elevation data to the State, or risk becoming ineligible for state grant funding.

Status

This project has not been initiated by the County. It should be noted that the deadline for identifying

those local jurisdictions that will be responsible for groundwater monitoring, and the groundwater basins was January 1, 2011. Previously Water Agency staff had been in discussions with some of the local jurisdictions in the Ukiah Valley, and based on the discussions it was determined that the Water Agency would be the most logical entity to take on this task of coordinating and reporting groundwater elevation data for at least some of the groundwater basins in the County. However, additional outreach and coordination was still needed. It was reported in June that staff had not been assigned to this project due to staff reductions in the Water Agency. Since June 2011, staff has been in discussions with the RCD and this could be a coordinated effort with the RCD administering the project and with current Water Agency staff assisting with data collection, this effort could be achieved.

Recommendation: Direct staff to work with Water Agency staff and the RCD to develop a work plan and cost estimate and report back to the Board with both a cost estimate and scope of work. In essence, the RCD will manage the project on behalf of the Water Agency, with Water Agency staff providing technical expertise and data compilation.

h) Greater Ukiah Valley Groundwater Study

As previously reported, this is a long term effort designed to compile existing information regarding groundwater availability and the hydrological conditions of the greater Ukiah valley. Information would be utilized for long term water supply planning and impact evaluations.

Status

The Water Agency had been previously compiling relevant data from miscellaneous studies and well log data reported by well drillers into a single data base. Prior to staff reductions in the Water Agency, staff had been seeking grant funding to hire a consultant who would analyze the information and prepare a revised ground water assessment report previously prepared by the U.S. Geological Survey in 1986. Staff has been discussing this effort with the RCD and it had been determined that between \$5,000 to \$6,000 would be required to research funding sources and apply for funding. According to the RCD, it will be necessary to coordinate with existing Water Agency staff in the development of any grant proposals.

Recommendation: Direct staff to work with Water Agency staff and the RCD to develop a work plan and cost estimate and report back to the Board with both a cost estimate and scope of work for the RCD to seek grant funding to initiate and complete this study.

i) Navarro River Agricultural Water Use Inventory Project

As previously reported, this project is designed to characterize agricultural water use in Anderson Valley (Navarro River Watershed) and would be conducted by the UC Extension and would be modeled after a prior study conducted for the Russian River. It was previously reported that field work and data analysis had been completed. However, the project had been put on hold until funding could be secured to complete the study. It is estimated that the study would cost approximately \$15,000. The purpose of the study is intended to address, in part impacts of viticulture activities on Navarro stream flows. Staff had also reported previously that staff had not been assigned to this project as a result of reductions in staff/personnel in the Water Agency.

Status

Staff has been discussing with the RCD the possibility of the RCD assisting the Water Agency with this project, which will involve researching grant funding to fund the UC Extension to complete the study. Preliminarily, the RCD has identified potential grant funding through the Coastal Conservancy, and would likely require approximately \$3,000. to fund the grant search.

Recommendation: The RCD could be very helpful in seeking and securing funding and managing this project. Staff recommends that the Board Direct staff to work with the RCD to develop a work plan and cost estimate and report back to the Board with both a cost estimate and scope of work for the RCD to seek grant funding to provide the UC Extension to complete this study. Once grant funding is identified the determination will need to be made as to who will need to apply for the funding (Water Agency or

MCRCD). If it is determined by the nature of the grant that it is the County, staff will report to the Board on the necessary actions to be taken.

j) Noyo River/Navarro River/Gualala River Stream Gauge Monitoring

As previously reported, the Navarro River gauge was originally established in 1950 and the Noyo River gauge was subsequently established in 1951 by the U.S. Geological Survey (USGS). These two gauges are considered the oldest stream flow gauges in Mendocino County. These gauges are utilized for the collection of water temperature and water heights. The Water Agency has been historically collecting the data and providing it to the USGS, which publishes and provides this information to the public. Historically there has been a 60/40 (local/federal) contribution split, with the State of California until about 3 to 4 years ago providing the local match. Currently the local match for the Noyo River gauge has been split between the City of Fort Bragg, Campbell Hawthorn Timber and the Mendocino County Water Agency (Water Agency contribution \$4,480); and the Water Agency's contribution for the Navarro River gauge is \$5,200. The USGS has discontinued the Big River gauge, however, the equipment remains and the Water Agency has historically continued to take the readings and data for this gauge (no cost other than travel and staff time for this gauge). As with all aspects of government funding the cost to maintain the gauges continues to go up each year and it is expected to rise this year. The cost for the Noyo gauge is expected to have one additional contributor (Georgia Pacific) this year to further defray the cost to all entities currently contributing at this time.

It should be noted that the Navarro gauge also serves for flood monitoring during the winter months and Water Agency staff currently services both of these gauges monthly. Many depend on these gauges, including agricultural, government, environmental, etc. and loss of this program would impact many segments of the community.

There is currently one other gauge that is operated under the current USGS program, which is the North Fork Gualala River above the south Fork near Gualala. However, the Water Agency only serves as a pass through for this gauge and the funding for this is covered completely by the North Gualala Water Company.

The cost of the program is as follows:

Station Name	MCWA Funds	USGS Funds	Total Funds
Navarro River Gauge	\$13,450	\$8,950	\$22,400
Noyo River Gauge	\$13,450	\$8,950	\$22,400
N. Fork Gualala River	\$13,450*	\$0000	\$13,450

**pass through and not funded by MCWA*

Recommendation: Because of the technical expertise and background that current Water Agency staff poses regarding the gauges, staff recommends that current staff continue to serve these gauges and that the Board provide direction to staff regarding exploring funding from community partners and those that directly benefit from the two gauges to help off-set the cost and minimize the expense to the Water Agency.

k) Garcia River Stream Gauge Monitoring

In 2011, the Nature Conservancy awarded a contract to the Mendocino County Water Agency (MCWA) for the MCWA to install a water level sensor (stream gauge) on the Garcia River. The purpose of the gauge is to spot depth and velocity on the River. The Water Agency has installed and deployed the sensor, and will now be responsible for servicing and monitoring and providing the data to the Nature Conservancy. This project has provided additional revenue for the Water Agency, approximately \$9,378 for staff time. The award is a yearly contract and can be renewed on a yearly basis. Because of staff's expertise, there is a strong likelihood that this contract will be renewed next year.

Recommendation: As with the other stream gauges, it is recommended that current Water Agency staff

continue to work with the Nature Conservancy and maintain the operations of this new stream gauge.

l) Proposition 84 Grant (Jump Start Integrated Water Plan)

The Water Agency was awarded a grant through the North Coast Integrated Regional Water Management Plan program in the amount of \$400,000. The grant is intended to implement 7 LID and sustainable practice projects, linked to educational opportunities via college courses and county workshops. The project also entails the County campus parking lot to be retrofitted to treat stormwater runoff with LID techniques before entering Orr Creek. The project at the County campus will also provide for the turf to xeric conversion at the County roundabout demonstrating a beautiful landscape while saving water.

The grant is also to benefit Mendocino College whereby recycling irrigation water from the sports fields irrigation will reduce potable water consumption, up to 1 million gallons per month during peak demand. Two rainwater and catchment and xeric landscape conversion to be installed at the College, however a specific location has yet to be determined.

This was a grant that the Water Agency previously applied for and once the management of the Agency shifted to Planning and Building Services, the grant also shifted to PBS.

Tasks to be completed include:

County Campus Facilities

Mendocino College

Stormwater Treatment
Rain water capture
Xeric landscaping

Irrigation recycling
Vernal pool construction
Bioswale/wetland construction
Rain water capture/xeric landscaping installation

Status

Staff has been in discussion with the MCRCD regarding this grant and would potentially entail a cost of \$25,000 for the RCD to manage the grant. The alternative would be for current Water Agency staff to manage this grant, which the grant as currently written and allocated would provide a minimal amount of funds for its administration and regardless of who administers the grant a modification would need to be sought before proceeding forward.

Staff will be meeting with Humboldt County staff, who will be taking the lead on overall administration of the grant

Recommendation: The Board of Supervisors direct staff to explore the following options:

1. Discuss with Humboldt County the potential to amend the grant to allow for additional monies for either Water Agency staff or the RCD to fully manage the grant, and if monies are available for either to manage the grant, then staff to bring a recommendation to the Board on the management of the grant; or
2. Rescind the grant only for the County's portion, working with Mendocino College for the College to take on the complete management of the grant, finding that appropriate funding is not available for the County due to insufficient staffing.

** It should be noted that the purpose of this project is to create a demonstration project and further educate the public on stormwater issues and management by establishing an example.*

m) Land Use and Development Code

The Department of Planning and Building Services will need to undertake the preparation of a new land use code as an implementation of the General Plan, UVAP and Housing Element. The County was recently awarded grant funding to initiate and complete the Code update. The Water Agency is to receive

approximately \$7,757 for its portion of work on this project. This work will entail assisting PBS with current practices, state and federally mandated requirements that will need to be considered in the development of the new code.

Status

Staff is currently working with HHS in securing the overall funding mechanism to allow the County staff to commence the project. An MOU has been approved for the Water Agency's portion of the tasks to be completed, but work cannot be commenced by PBS until the Department's MOU is approved. Work to be prepared by the Water Agency will be under direct supervision and would be brought forth to the Planning Commission and Board of Supervisors for consideration during the public review process. Planning and Building Services will be the lead on this project.

Recommendation: That County staff proceed accordingly toward the initiation and completion of the Land Use Code.

n) 5-County Salmonid Conservation Effort Program

In 1997, the Counties of Del Norte, Humboldt, Mendocino, Siskiyou & Trinity agreed to collaborate on a proactive, positive response to the federal listings of salmon as Threatened species by forming the Five Counties Salmonid Conservation Program (5C). The goal is to seek opportunities to contribute to the long-term recovery of salmon & steelhead in Northern California. Objectives include evaluating options for improving County plans, policies & practices to provide or improve salmonid habitat; identifying areas where Counties might be vulnerable to challenges under the Endangered Species Act; and upgrading training programs as well as monitoring & reporting procedures.

The role of the Water Agency staff has been to assist the process by bringing 5-C items forward to the BOS for action, attend and assist in various 5-C trainings, write grants, act as Project Manager for specific projects, and assist in field assessments of road and planning projects. The 5-C program has brought in over \$8 million for projects throughout the 5-counties, primarily for fish passage improvement projects, followed by sediment reduction projects. Typically, Water Agency staff wrote up grants for DOT to implement a specific project(s). Staff primarily devotes approximately 40 hours a year.

Recommendation: That current staff continues to be devoted to this effort, primarily due to the benefit provided to the five counties in securing funding for projects. Additionally, current staff has over fifteen years of knowledge and expertise with the 5-Counties effort and would not be feasible to re-assign this project to other staff.

VI. Staff Recommendations on Policy Questions:

Considerations: Currently the Water Agency has been reduced to 0.5 FTE's with the management of the Water Agency being assigned to the Director of Planning and Building Services. In addition the Department of Planning and Building Services has absorbed the financial and fiscal responsibilities for the Water Agency as well as the Fish and Game Commission. With the recent adoption of the County's Stormwater Ordinance and the SUSUMP, staff time will need to be devoted to the implementation of this program. Planning and Building Services staff has been assigned to the Stormwater Program, which will include working with state agencies, County Departments, public and public outreach efforts.

Additionally, Water Agency staff will be providing some technical assistance to PBS staff in the preparation of the County's new Land Use and Development Code and therefore staffing resources from the Water Agency will also need to be committed to this task over the next 18 months. Water Agency staff should continue to be involved with the monitoring and servicing of the USGS stream gauges due to staff's expertise in this project. Given that Water Agency staffing is at 0.5 FTE, it would be appropriate for staff to just focus on these limited tasks (Land Use Code, stream gauges, staff assistance to PBS on the Mill Creek Dams and any other areas where staff currently lacks expertise in the field of hydrology). It should be further recognized that costs associated with participating in the 5-County Salmonid effort are reimbursed back to the County from the 5-C's program, which include travel costs and staff time. In addition, staff provides expertise to the 5-C's programs allowing for grants to be secured by the Program

and monies in the past have been provided back to the counties through their departments of public works or in the case of Mendocino County, the Department of Transportation for implementation.

Based on the review of current projects the following projects that have either been completed, removed from consideration or were discussed on June 7, 2011 for postponement are shown with strike-out to illustrate a comparison of those projects to be retained/removed from the list of obligations.

- A. NPDES Phase II Stormwater Management Compliance
- ~~B. Noyo/Big River Integrated Coastal Watershed Management Plan~~
- C. North Coast Integrated Regional Water Management Plan
- D. SBx7-6 Ground Water Monitoring
- ~~E. SB 1610 UVAP Water Study~~
- F. Greater Ukiah Valley Groundwater Study
- G. Navarro River/Agricultural Water Use Inventory Project
- ~~H. Water Supply projects (Scout Lake, Coyote Dam Feasibility Study, Mendocino College Reservoir feasibility Study, Calpella Reservoir Feasibility Study)~~
- ~~I. Green Business Program~~
- ~~J. North Coast Energy Independence Program~~
- K. Noyo River/Navarro River Stream Gauge Monitoring

Recommendations: Given the current staffing levels in the Water Agency, direct staff to utilize outside partners such as the Mendocino County Resource Conservation District (MCRCD) for many of the tasks previously undertaken by the Water Agency with the exception of river gauge monitoring and the continued compilation of data to be utilized to formulate the Greater Ukiah Valley Groundwater Study. The tasks that could be performed by the RCD would include the exploration and potential development of new water resources within the County; the Navarro River Agricultural Water Use Inventory; and potentially the administration of the Prop 84 grant (Jump Start Integrated Water Plan).

As noted above, the responsibility of the Mill Creek Gate Failure Mitigation Measures that include the Feliz Creek Passage Project has been assigned to the Mendocino County Department of Transportation. Water Agency staff can assist in the development of language for the second Stream Alteration Permit for the ongoing maintenance and operations of the Dams. The permit will be filed by the Director of Planning and Building Services in conjunction with the Director of County Transportation. Both the Planning and Building Services Director and the Department of Transportation Director will be the point contact person with the Department of Fish and Game in securing the Stream Alteration Permit.

Considering the limited time currently allocated to Water Agency staff (0.5 FTE), and given tasks to be retained by staff, it recommended that the Board consider allowing staff to work with the RCD on those projects that cannot be completed by existing staff in the Water Agency, and thus allowing current staff to be devoted to stream gauge monitoring program, to the 5-County Salmonid effort, data collection and providing assistance to PBS staff on the land use code update, as well as education and stormwater training of staff.

Staff has provided recommendations to continue to utilize existing staff on a limited number of projects based on staffing resources as well as working with the MCRCD to take on a variety of projects that cannot be achieved by current staff due to the limitations associated with a 0.5 FTE only allocated to the Water Agency at this time. However, staff requests input and direction from the Board regarding the prioritization of current obligations and tasks that were previously to be undertaken by the Water Agency.

Specific direction on the six issues listed at the beginning of this memo follow:

1. Direction on Agency Debt Retirement.

Recommendations: That the Board of Supervisors direct staff to continue in the direction of reducing the Fund draw as outlined above in Item III ("Current Budget Status of Agency"), and work on restoring a positive fund balance by 2014. That the Board direct staff to report bi-annually to the Board on the status of the fund repayment. This report will consist reporting on status of the priorities established by the Board and direct relationship to the fund recovery.

2. What is Primary Focus of Agency.

Recommendations: Validate the Water Agency's primary focus on the following:

- A.** Data gathering and technical studies related to the projects A, C, D, F, G & K listed above;
- B.** Serve as policy advisor to the Board on regional water-related issues;
- C.** Provision of community education on water-related issues and storm water management;
- D.** Pursue grant monies as appropriate to partially underwrite the costs of Water Agency tasks and defray the Agency budget.

3. Direction on Use of Outside Partners.

Recommendations: Given the current staffing levels in the Water Agency, direct staff to utilize outside partners such as the Mendocino County Resource Conservation District (MCRCD) for many of the tasks previously undertaken by the Water Agency with the exception of river gauge monitoring and the continued compilation of data to be utilized to formulate the Greater Ukiah Valley Groundwater Study. The tasks that could be performed by the RCD would include the exploration and potential development of new water resources within the County; the Navarro River Agricultural Water Use Inventory; and potentially the administration of the Prop 84 grant (Jump Start Integrated Water Plan).

4. Role of Agency in NPDES Compliance.

Recommendations: Direct staff to implement the revised storm water ordinance applicable to the surrounding areas of Ukiah and Fort Bragg. A good portion of the implementation will include education and preparation of materials for the public. One of the first priorities will be to train staff in all divisions, including the Planning and Building Divisions. Currently, one of the planners has a background in storm water compliance and implementation and will be allocated to the function of storm water management/compliance. However, there will need to be a prioritization of tasks currently being undertaken by staff. This will include shifting planning entitlement and permit processing to other staff. This will no doubt result in additional work loads to other staff and result in possible delays to other obligations.

5. Direction on Staffing for Agency Obligations.

Recommendations: The Board of Supervisors as a whole must decide what direction the Water Agency shall focus on, in order to properly devote resources. Shall the Water Agency be primarily focused on protection of water resources? Shall the Water Agency be focused on the development of water resources to meet present and future needs of the County as a whole? Or should the Water Agency be focusing on resource conservation issues?

The Water Agency's mission has been to protect and develop the water resources of the County and ensure that an adequate quantity and quality of water is available to meet the present and future needs of the County. Given the reduction in staffing in the Water Agency, budgetary issues and limited time to devote to all efforts previously being undertaken by the Agency, it is therefore recommended that efforts be focused on those items/tasks identified above under Recommendation 2:

- a.** Primary focus be given to the NPDES and storm water compliance.
- b.** Continue educational outreach efforts as they relate to water related issues and storm water education and compliance, with more emphasis on the development community;
- c.** That grant funding be pursued for classroom education, including administrative costs for administering such grants be covered to off-set any costs incurred by the Water Agency
- d.** Attention be devoted to the Mill Creeks Dams and that staff work towards securing the required alteration permits from the Department of Fish and Game, and the implantation of the Restoration Plan;

- e. Water Agency staff continue to focus on stream gauge efforts, but work with community partners to absorb the costs of servicing and maintaining the stream gauges to the point where the Water Agency has defrayed the cost of the entire obligation previously carried by the Agency;
- f. The Water Agency continue to serve as a policy advisor to the Board on regional water related issues;
- g. Water Agency staff continue to gather data that will be utilized in the formulation of groundwater studies and that grant funding be explored to cover the cost of such studies;
- h. That Water Agency staff continue to work with the 5-County effort, so long as Water Agency involvement is reimbursed and or there is minimal expenditures encountered by the Water Agency;
- i. Water Agency staff be continued to be utilized for technical assistance in the development of the County Land Use and Development Code, including the integration of the County's Storm Water Ordinance into the code.

With the exception of participation by the Director in the NCIRWMP, and the participation by Water Agency staff in the 5-C effort, all other conservation efforts such as the Prop 84 grant (Jump Start – Integrated Water Plan) be removed from the Water Agency's responsibility and other community partners assume the responsibility for management due to the limited availability of staff and resources. It is further recommended by staff that the Board direct staff to focus on restoring the Water Agency's fund over the next three years, resulting in a positive fund balance as presented in this report. Staff's recommendation is that the tasks noted above (a-l) be focused on and as the Water Agency's fund.

Considering the mandated efforts that need to be addressed, primarily NPDES compliance, the Board may wish to entertain fees for service that could be charged by the Water Agency, Department of Transportation and Planning and Building Services that would be administered by the Water Agency as a special fund to cover the cost of implementation of the MS4 permit requirements, including education, mapping of the County's Storm Drain System and staff time that will be incurred through MS4 implementation

6. Participation in NCIRWMP.

Recommendations: Direct staff to continue participating in this effort allowing for the County to stay informed on the actions of the NCIRWMP and that the Board schedule for discussion the appointment of a representative to fill the void left by the departure of the Water Agency General Manager.

Attachments:

1. Figure 1- MCWA Revenues 2010/2011
2. Figure 2- MCWA Budget 2010/2011
3. Figure 3- MCWA Fund Balance
4. Board Action Minutes, June 7, 2011
5. Board Agenda Summary, June 7, 2011
6. Staff Memo Dated June 7, 2011
7. Board Agenda Summary, August 6, 2010
8. Board Action Minutes, August 17, 2010