

Kim Shirley's Council Report for Tuesday, December 17, 2024

Wednesday, November 13th- Technical Advisory Committee for the Seaside

Groundwater Basin Watermaster- As the vice chair of this committee, I ended up chairing today's meeting since we were missing our chair and barely met quorum. After approving the minutes, we reviewed the Salinas Valley and Marina Coast Water District Groundwater Sustainability updates from our staff. I specifically asked questions about the proposed seawater intrusion extraction barrier and desalination project that is being reviewed to protect further seawater intrusion in the 180/400 ft aquifer. It's an impressive amount of water that they would need to process in order to achieve the protective barrier. To meet the objectives they would need to extract between 40,000 and 100,000 acre-feet/yr with a recovery of about 70% (they would produce 70% of what they extract). I was curious to know if the Seaside Basin would be allowed to purchase any of this water to protect our basin (we would need roughly 3,600 acre-ft/yr). At this time, the plan is to deliver water only to those that are associated with their basin, but our staff will remain involved in these discussions and will bring it up again if they indeed move forward with this project.

Next we approved contracts for services that the Watermaster will be using in 2025. Nothing was out of the ordinary and they were easily approved.

Tuesday, November 19th- City Council Meeting- We began our city council meeting with a very informative presentation from Dave Stoldt, General Manager of the Monterey Regional Water Management District (MRWMD). With the expansion of Pure Water Monterey coming online by the end of 2025 it's now up to the Water Management District to allocate the "extra" water to jurisdictions and other agencies who are looking towards growth. For jurisdictions, MRWMD looked at the AMBAG Regional Growth Forecast along with the Regional Housing Need Allocations (RHNA) to begin those calculations. As a reminder, this water being discussed is only applicable to our current built footprint of DRO. Our Ft. Ord property will be getting its water from Marina Coast Water which is a separate water provider so our new allocation will only apply to construction within our current residential and commercial areas. After looking at the AMBAG reports and considering our RHNA growth will mainly be located in former Ft. Ord, the Water Management District has decided to allocate a total of 13 Acre Feet/year for the next 25 years with an initial allocation of 6 AFY (for reference, our current 5yr demand within our city is 113 AFY). This water can be used for ADUs, additional bathrooms, and other potential projects with water needs. It will be important for the council to have discussions and create policies around prioritizing projects for the release of this new water which becomes available to us in February 2025. Unfortunately, the peninsula is still bound by the state cease and desist order so this water wouldn't be able to be used for projects that would require a new meter.

MRWMD will be going to the state to make the case that the cease and desist order is no longer necessary given this extra water and it's been years since we've been overdrafting the Seaside Basin and are no longer taking extra water from the Carmel River. Regardless, it's great to be getting this new source of water, so if YOU have thoughts on how it should be used, let me know.

Under Old Business we discussed the passage of our ballot measure which will allow us to raise our transient occupancy tax (TOT) from 10% to 12%. With this added income, which may roughly equate to \$30,000, City Manager John Guertin presented the possibility that we use some of that money to hire a service that will help us manage our short term rentals (STRs) which is the only source of our TOT. I really like the idea of relieving our city staff from monitoring our STRs and the time it takes to manage the collection of taxes. No doubt these services are expensive but I'm happy we're looking into them and I look forward to talking more about this in the coming months.

Lastly, under New Business we discussed and approved a contract for the work that will be done to fix the portion of Rosita Rd that's slipping into the creek (the uphill portion, above the intersection of Angelus and Rosita). I'm grateful that staff applied for a FEMA grant to fix this portion as the project came in at \$410,410 plus a 15% contingency. I know residents have been hesitant to drive over that portion of the road and they'll be happy to see it fixed. The work should begin in January (weather permitting) and take about 30 days to complete. In the discussion, City Manager Guertin also talked about building a sidewalk along that edge, which I think is a great idea. I'd love to see us incorporate that as a future project.

Friday, November 22nd- ReGen Monterey Board Meeting- This was our last meeting of the year and thankfully, we didn't have too many things on the agenda. After passing the consent agenda, we had a presentation from the Sitos group about the biochar pilot program, which will end in July 2025. As a reminder, the Sitos group is using slow pyrolysis, with mainly large wood waste material as feedstock, to create biochar that sequesters carbon and can be put into soil to enhance our agricultural industry through increased soil health and improved plant nutrition. Apparently, this pilot program is the only one that has a focus of creating customizable biochar for agriculture. Unfortunately, or fortunately since this is a pilot project, they ran into several problems over these past 15 months that they finally just worked out. They've only been able to produce up to 40% capacity because they've had lots of problems with moisture, both in the feedstock but also combined with the moisture of our local climate. This discovery has led them to design a dryer that will be installed in the next version of their setup. They've also been working towards improving the quality of the biochar, understanding what other feedstock they might be able to use, as well as working on their air quality permitting (pyrolysis is not considered incineration or combustion, but they were finding an increase in lead that was being released). In the end, I think they were very pleased with everything they've learned with this pilot program and they look forward to creating a larger capacity facility

somewhere locally where they will see revenue streams from not only selling the biochar to the agricultural industry, but they will also make money from energy sales and carbon credits.

Our only discussion item for this meeting was discussing our new approach for dealing with our CalPERS unfunded actuarial pension liability, which is currently at \$19.7 million (actually it's higher since that was the number from 2023, which is the most recent accounting). We were presented with four options and after some discussion we went with the staff recommendation which is to make an "extra payment" of at least \$500,000 at the beginning of the calendar year in addition to keeping up with our minimal payments that we've been making every year. This plan will reduce our interest we accrue and will pay off the "unfunded" portion in roughly 13 years. The Board will have the flexibility to either pay more or less when the time comes, but this gives the staff the direction to incorporate that amount into our budgeting process every year. I greatly appreciated this item and am happy the staff worked to address this issue.

After getting the financial update, we moved on to elect our officers for the 2025 calendar year. I'm very proud that the committee opted to stay with the status quo—keeping me as chair for another year and keeping Mayor Bruce Delgado as vice chair. This recommendation received a unanimous vote of support. I am very honored to remain ReGen's board chair for 2025. It's been a great learning experience for me and I truly love what our organization does (just ask my family members...I'm *a/ways* the one that is obsessed with recycling, reusing, and composting!).

Monday, November 25th- Special Monterey-Salinas Transit Board Meeting- This meeting was called because during the week prior, it was discovered that not all of the federal funding that we were planning on getting to fund the SURF! project was actually going to come through (higher construction costs have raised the total). Luckily, staff were thinking quickly on their feet and were able to come up with the necessary funding from other pots that will allow us to show we have "committed" funds which releases the funding that has been promised for this project. This meeting was to approve those two additional pots of money. The largest portion of the needed money (almost \$26 million) is now coming from State SB 125 funding, which had already been set aside for MST, mostly with the idea that it would cover our shortfalls. Thankfully, at this point, our budget looks good and since the SURF! project is also an eligible project for those funds, we felt it was ok to move them over. SB 125 funds are also very flexible, so if the SURF! project doesn't use all of the funds, they could easily be transferred back for another use. The second portion (\$2 million) is coming from our Capital Reserves. As these funds get transferred to this project, we'll actually receive funds from the Federal Highway Administration which will reimburse us for the use of those funds. The one resolution that covered these actions was easily passed by the board.

Monday, November 25th- Monterey One Water Board Meeting- The two discussion items in tonight's meeting were related in that they addressed the energy projects M1W will be focusing on in the future. The larger picture is that through the Inflation Reduction Act, M1W will be eligible for Investment Tax Credits (ITC) which will reimburse M1W (on average 30%) for investments in renewable energy projects. In order to capitalize on these projects prior to the new administration, 5% of the project cost needed to be incurred prior to the end of 2024 and that's what these two agenda items were addressing. The first was an amendment to a contract for electrical design work for interconnection between the Regional Treatment Plant, Salinas Valley Reclamation Plant, and the Advanced Water Purification Facility. The second item listed the projects they are hoping to use for the ITC as well as authorizing a purchase for linear generators which will improve reliability as they move forward with these renewable energy projects. Both of these items easily passed. I'm always impressed with how forward thinking M1W is for the benefit of not only the ratepayers but the planet, too.