

**STATE OF CALIFORNIA  
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD  
CENTRAL COAST REGION**

**STAFF REPORT FOR REGULAR MEETING OF MAY 14, 2004**  
Prepared on April 19, 2004

**ITEM NUMBER: 6**

**SUBJECT: Former Pacific Gas and Electric Company, Moss Landing, Monterey County Supplemental Environmental Projects Update and Request for Project Coordinator Update and Request for Project Coordinator Funding**

**SUMMARY**

On July 11, 2003, the Central Coast Regional Water Quality Control Board (Regional Board) approved criteria for evaluating supplemental environmental projects (SEPs) to be funded by Pacific Gas and Electric Company (PG&E) through a court settlement agreement. Both the Board-approved criteria and the criteria contained in the consent judgment will be used to rank proposals and allocate funds to individual projects.

The approved criteria included a provision for Board review of awards greater than \$50,000, a provision for periodic assessment of the program, and a process for criteria and priority revisions if needed.

The purpose of this staff report is 1) to provide a report on progress toward awarding funds and 2) to obtain Board approval for funding a coordinator to administer funds.

**DISCUSSION**

**1) Background and Progress Report**

The Central Coast Regional Water Quality Control Board (Regional Board) and PG&E agreed to settle a dispute regarding alleged violations of the National Pollutant Discharge System Permits (NPDES permits) that were held by PG&E from 1974 through 1998 for the company's operation of the Moss Landing Power Plant in Monterey County. The alleged violations supported assessment of civil liability pursuant to Water Code Section 13385.

PG&E and the Regional Board agreed to settle the alleged civil liability of the company pursuant to a consent judgment providing for the payment by PG&E in a total amount of \$5,000,000 to fund the following Supplemental Environmental Projects:

- a) Payment of \$2,850,000 to establish a "Non-Point Source Projects Fund" through the Community Foundation for Monterey County. A portion of the funds can be used to administer a funding program.
- b) Payment of \$950,000 to establish a "Nonpoint Source Monitoring Fund" with the Community Foundation for Monterey County.
- c) Payment of \$950,000 to establish a Fund with the Community Foundation for Monterey County to supplement the Central Coast Ambient Monitoring Program's (CCAMP) activities in Monterey Bay and associated watersheds; and
- d) Payment of \$250,000 to fund Regional Board staff oversight costs.

Staff convened a technical advisory committee (TAC) to assist in criteria development and in developing priorities for fund use. TAC members include the Monterey Bay National Marine Sanctuary, Regional Board, Monterey County Resource Conservation District, USDA Natural Resources Conservation Service, UC Cooperative Extension, Moss Landing Marine Labs, California State University at Monterey Bay, UC Santa Cruz, UC Davis, the Coalition of County Farm

Bureaus, Monterey County Water Resources Agency, the Agricultural Land-Based Training Association, the Elkhorn Slough Foundation and the Community Foundation of Monterey County.

On December 18, 2003, the TAC met to review the settlement criteria and review a draft timeline for fund implementation. In addition, the TAC recommended hiring the Community Foundation as the project fund coordinator.

On March 11, 2004, Regional Board staff convened a daylong workshop to gain a common understanding of issues. TAC members reviewed water quality data (including TMDL listings), current restoration efforts, management practice costs, and visited potential site types for funding.

Examples of TAC discussions include;

- a) Recent studies by UC Cooperative Extension show that some on-farm management practices have not only upfront installation costs, but also appear as lost income in consecutive years. Other practices have an initial installation cost, but costs are recouped, and in some cases, appear as profit in later years. Management practices which ultimately lead to profitability may be better suited to loan programs, whereas practices which result in lost income year after year may lend themselves more to grant funding.
- b) The farming technical assistance agencies need to consider hydrology, geology, engineering, agronomy and other factors when designing plans to install projects. Farms with similar crop, soil, slope and rainfall may respond differently to management practices. This requires an adaptive management approach, whereby practices are evaluated and adjusted (if needed) to ensure the practice is fully meeting its design purpose. TAC members are recommending to staff that these types of activities be included for funding within individual proposals, since these activities represent standard practices.

This type of information helps Regional Board staff refine priorities, so that the practicalities of installing these projects are incorporated into our goal of water quality improvement.

On April 16, 2004, the TAC will meet again to provide Regional Board staff a list of recommendations on how to best direct the funds,

based the Board approved criteria and on the information discussed at previous meetings.

## 2) Hiring a Project Coordinator

In order to efficiently disperse funds and oversee a potentially large number of projects, a portion of the funds are proposed to be used to support a half-time position to provide administrative services such as developing Requests for Proposals, ranking the proposals, preparing grant documentation and developing workplans. The TAC recommended hiring the Community Foundation of Monterey Bay to fill this role. A summary of tasks and budget can be found on Attachments 1 and 2, respectively. Also included under the tasks is a timeline for tasks needed to implement funding. The amount requested is approximately \$150,000 for three years, to be dispersed in \$25,000 segments semiannually. Since the Regional Board and the Foundation are unsure as to the total number of applicants, the total amount of time needed to complete some of the tasks is unknown. Therefore, we propose adding up to 10% (\$15,000) over the course of three years if tasks require more time due to high numbers of applicants. Any expenditure over 10% would require Board approval. The duties of the position are summarized as follows:

- Develop an annual request for proposals (RFP), based on Board and Consent Judgment criteria, in consultation with Regional Board staff and a technical advisory committee. Staff recommends that the TAC that was convened to develop specific criteria for the funds continue to function in an advisory capacity for the review of projects.
- Release the RFP and perform outreach to potential applicants through established venues such as the Farm Bureau, Rural Development Center, Agricultural Land-Based Training Association (ALBA), and others
- Review and rank proposals in consultation with Regional Board staff and the technical advisory committee
- Develop and submit a list of priority projects to the Regional Board Executive Officer. Projects that request an amount greater than \$50,000 must be approved by the Regional Board at a public

meeting. Projects less than \$50,000 will be approved by the Executive Officer.

- Develop written agreements with recipients
- Oversee project planning and implementation
- Develop invoice template
- Submit invoices for payment
- Provide progress reports to Regional Board staff

**RECOMMENDATION**

Board approval to hire the Project Coordinator.

**ATTACHMENTS**

1. Project Coordinator workplan with timeline and hours
2. Project Coordinator Budget

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implementation\Board meetings, public letters\SEP Staff  
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