



# Monterey County

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## Board Report

Legistar File Number: 15-0270

March 17, 2015

Introduced: 3/13/2015

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Approve the Second Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency for Preliminary Engineering and Design, further Water Rights Analysis, Spillway Modification Feasibility, Technical Support to the Monterey County Water Resources Agency during design, Environmental Consulting Services, and Program Management, relating to the Interlake Tunnel Project;
- b. Increase the amount reimbursable to the Agency to include the additional scope of work and reimbursement by \$600,000 for total reimbursement up to \$1,100,000 for FY 2014-15; and
- c. Authorize the Auditor-Controller to modify the FY 2014-15 Adopted Budget by increasing appropriations in CAO017-001-1050-8038-7614 and decreasing appropriations in CAO020-001-1050-8034-7811 by an equal amount of \$600,000. (4/5th vote required)

### RECOMMENDATION:

It is recommended that the Board of Supervisors of the Water Resources Agency:

- a. Approve the Second Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency for Preliminary Engineering and Design, further Water Rights Analysis, Spillway Modification Feasibility, Technical Support to the Monterey County Water Resources Agency during design, Environmental Consulting Services, and Program Management, relating to the Interlake Tunnel Project;
- b. Increase the amount reimbursable to the Agency to include the additional scope of work and reimbursement by \$600,000 for total reimbursement up to \$1,100,000 for FY 2014-15; and
- c. Authorize the Auditor-Controller to modify the FY 2014-15 Adopted Budget by increasing appropriations in CAO017-001-1050-8038-7614 and decreasing appropriations in CAO020-001-1050-8034-7811 by an equal amount of \$600,000. (4/5th vote required)

### SUMMARY/DISCUSSION:

At a December 9, 2014, Special Joint Meeting, the Monterey County Board of Supervisors, Board of Supervisors of the Water Resources Agency and the Water Resources Agency Board of Directors authorized the Monterey County Water Resources Agency to proceed with the Interlake Tunnel Project. The direction included work on the Spillway Modification at San Antonio as a key component of the Interlake Tunnel Project. The Board directed the County Administrative Officer and General Manager to negotiate a reimbursement agreement toward funding the entire project estimated not to exceed \$2.5 million to perform geotechnical and final design engineering, permitting and environmental approval, financing plan preparation and implementation, and implementation and program management services, all for the Interlake Tunnel Project.

In addition to approval of the above dollar increase of Phase 2, the following tasks were added to Phase 1 of the Preliminary Engineering: Spillway Modification Feasibility Study and the technical support to the Agency during design and environmental consulting work. The work

authorized by the direction requires an increase in the amount for FY 2014-15 services from \$500,000 to \$1,100,000.

The attached Capital Cash Flow Forecast dated February 5, 2015, projects the management costs associated with the additional services through August of 2016. The Second Reimbursement and Funding Agreement (Second Agreement) agrees that County may reimburse the Agency up to \$1,100,000 (in the aggregate-both funding agreements) for the performance of services needed for the updated scope of work. The Second Agreement agrees to make available an additional \$600,000 in this fiscal year, consistent with the Capital Cash Flow. This additional funding and the retroactive commencement date of the Second Agreement makes it available for reimbursement of expenses associated with the Project this fiscal year, without a gap in authority or funding.


The Second Agreement anticipates that funds sufficient to keep the project on track for FY 2015-2016 will be made available through the negotiation of a third agreement and the appropriation of funds in the FY 2015-16 budget as necessary. In this way, the Second Agreement recognizes the availability of appropriations in each fiscal year, and recognizes the Agency's ongoing efforts in seeking grants and other funds to finance the project. The Second Agreement also clarifies that the San Antonio Spillway modification is part of the project, adds technical design and environmental services to the scope of work, adds technical support to the Agency to the scope of work and maintains EPC Consultants as program managers.

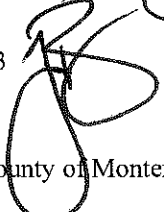
OTHER AGENCY INVOLVEMENT:

The County Administrative Officer and County Counsel have been involved in the negotiation and processing of the County side of the Funding Agreement.

FINANCING:

These additional expenses were not included in the Three-Year Forecast and will add additional fiscal strain on the General Fund both in the current year and during the building and balancing of Fiscal Year 2015-16 Recommended Budget. Any additional commitments to the Water Resource Agency will require an equal reduction in General Fund programs and may result in major service level impacts to core General Fund operations. Currently, Contingencies has a balance of \$2,096,645, this action will reduce available contingencies to \$1,496,645. The appropriation for continued reimbursement will be dependent on approval of appropriations by the Board in FY 2015-16.

Prepared by: Dewayne Woods, Assistant County Administrative Officer, x5309 

Approved by: Lew Bauman, County Administrative Officer, x5113 

Attachments:

1. Second Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency.
2. Exhibit 1 - Development Capital Cash Flow Forecast dated February 5, 2015.