

**FIRST AMENDMENT  
TO  
SECOND REIMBURSEMENT AND FUNDING AGREEMENT  
BETWEEN THE COUNTY OF MONTEREY  
AND  
THE MONTEREY COUNTY WATER RESOURCES AGENCY  
FOR  
PRELIMINARY ENGINEERING AND DESIGN; SPILLWAY MODIFICATION  
FEASIBILITY; TECHNICAL SUPPORT; ENVIRONMENTAL CONSULTING; AND  
PROGRAM MANAGEMENT, RELATING TO THE INTERLAKE TUNNEL PROJECT**

**THIS FIRST AMENDMENT TO SECOND REIMBURSEMENT AND FUNDING AGREEMENT** (“First Amendment, Second Agreement”) between the County of Monterey, a political subdivision of the State of California (hereinafter, “County”) and the Monterey County Water Resources Agency (“Agency”), a public agency created pursuant to the Monterey County Water Resources Agency Act (Cal. Water Code, Appendix Chap. 52.) is hereby entered into (collectively, the County and Agency are referred to as the “Parties”).

1. The County of Monterey entered into a Reimbursement and Funding Agreement with the Agency on July 2, 2014 in an amount not to exceed \$500,000, agreeing to reimburse the necessary funds for such preparatory work on the condition that the County shall be repaid such funds if the Project is financed through an assessment district, grants or other financing mechanism.
2. At a December 9, 2014, Special Joint Meeting, the 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 direction authorized an additional amount 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.
3. The Spillway Modification Feasibility Study and the technical support to the Agency during design and environmental consulting work were added to Phase 1 of the Preliminary Engineering. The work authorized by the December 9, 2014, direction entailed an increase in the amount for required services from \$500,000 to \$3,000,000.
4. On March 17, 2015, the Board approved the Second Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency. The Second Reimbursement and Funding Agreement was executed as of April

9, 2015, and effective as of February 1, 2015. The Second Agreement authorized 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. The March 17, 2015, action increased the amount reimbursable to the Agency by an additional \$600,000 for FY 2015 to include the additional scope of work.

5. Through this First Amendment, Second Agreement, the parties wish to amend the Second Agreement to make available in the First Quarter of FY 2015-2016, unexpended funds that were authorized under the Second Reimbursement and Funding Agreement.

**NOW, THEREFORE**, the Parties agree to amend the SECOND REIMBURSEMENT AND FUNDING AGREEMENT as follows:

1. Amend Section 1 “Reimbursement and Funding” by deleting the current text thereof and substituting in its place the follow text:

Subject to all other terms of this Second Reimbursement and Funding Agreement (“Agreement”) for expenses incurred during FY 2014 and the first quarter of FY 2016, the County shall reimburse to the Agency up to the sum of \$600,000 (The “Reimbursement”) for the purpose of funding to perform an updated scope of work, that would include the Spillway Modification at San Antonio, and to perform geotechnical and final design engineering, permitting and environmental approval; financing plan, preparation and implementation; technical support to the Agency, and implementation and program management services. (This sum is in addition to the sum of \$500,000 that was to be reimbursed under the Reimbursement and Funding Agreement with the Agency of July 2, 2014 (“First Reimbursement”).) The Reimbursement shall be used to pay for third-party consultant work on these tasks only, and shall not be used to fund Agency staff work on the Project.

The sum of \$600,000 shall be available for expenditures incurred through September 30, 2015. (This sum is in addition to the sum of \$500,000 that was to be reimbursed under the First Reimbursement.) Funding for services after September 30, 2015 in Fiscal Year 2015-2016 will be provided in a Third Reimbursement and Funding Agreement subject to appropriations being approved in the Fiscal Year 2015-2016.

The Reimbursement shall be provided to the Agency within 30 working days of the receipt of Agency documentation verifying covered expenditures. Reimbursements for expenditures incurred during FY 2014-2015 and FY 2015-2016 under this Agreement shall be provided for 60 calendar days following September 2015.

2. Amend Section 3 “Repayment” by deleting the second sentence thereof and substituting the following text in its place:

Notwithstanding the foregoing, the County shall have no obligation to provide any Reimbursement beyond June 30, 2016 for any expenses incurred by the Agency under the First Reimbursement and Funding Agreement, dated July 2, 2014.

3. Except as set forth in this First Amendment, Second Agreement, the Second Reimbursement and Funding Agreement, dated April 9, 2015 remains in full force and effect.

4. This First Amendment, Second Agreement shall be attached to the Second Reimbursement and Funding Agreement and incorporated therein as if fully set forth in the Second Reimbursement and Funding Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment, Second Agreement as of the day and year written below:

DATED: \_\_\_\_\_

COUNTY OF MONTEREY

By \_\_\_\_\_  
Lew C. Bauman  
County Administrative Officer

DATED: \_\_\_\_\_

WATER RESOURCES AGENCY

By \_\_\_\_\_  
David E. Chardavoyne  
General Manager, Water Resources Agency

APPROVED AS TO FORM AND LEGALITY

CHARLES J. MCKEE, County Counsel

By \_\_\_\_\_  
Leslie J. Girard  
Chief Assistant County Counsel