



County of Monterey

Item No.2

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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March 03, 2023

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Consider recommending that Monterey County Water Resources Agency (MCWRA) Board of Supervisors approve and authorize the MCWRA General Manager to execute an amended Cost Share Agreement with the City of Watsonville, Santa Cruz Flood Control and Water Conservation District -Zone 7, and the Pajaro Regional Flood Management Agency to fund activities of the Pajaro Regional Flood Management Agency.

RECOMMENDATION:

It is recommended that the Finance Committee:

Consider recommending that the Monterey County Water Resources Agency (MCWRA) Board of Supervisors approve and authorize the MCWRA General Manager to execute an amended Cost Share Agreement with the City of Watsonville, Santa Cruz Flood Control and Water Conservation District -Zone 7, and the Pajaro Regional Flood Management Agency to fund activities of the Pajaro Regional Flood Management Agency.

SUMMARY/DISCUSSION:

The Pajaro Regional Flood Management Agency ("PRFMA") was formed under the Joint Exercise of Powers Act, Government Code section 6500 *et seq.*, pursuant to a Joint Exercise of Powers Agreement ("JPA Agreement") dated July 21, 2021 in order to coordinate, finance, acquire, construct, improve, operate or maintain flood management infrastructure on the Pajaro River in Santa Cruz and Monterey Counties.

The Member Agencies of the PRFMA are County of Santa Cruz, Santa Cruz County Flood Control and Water Conservation District, Zone 7 ("Zone 7"), County of Monterey ("County"), City of Watsonville, and the Monterey County Water Resources Agency ("MCWRA" or "Agency"). The PRFMA is the lead local agency to work with the United States Army Corps of Engineers in continuing the Pajaro River Federal Flood Control Project, which is currently maintained jointly by Zone 7 and MCWRA.

A Cost Share Agreement was proposed by PRFMA to allocate annual contributions of Watsonville, Zone 7, and MCWRA ("Cost Share Agencies"), and to fund operating expenses of the PRFMA by dedicating existing revenues generated within the boundaries of the PRFMA. The proposed Fiscal Year (FY) 2022-2023 allocations for MCWRA is \$443,700, which is subject to an annual cost-of-living adjustment by the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-Hayward area during the previous fiscal year ending June 30.

MCWRA is currently negotiating an Operations, Maintenance, Repair, Rehabilitation and

Replacement Agreement (“OMRR&R Agreement”) with the PRFMA to transfer MCWRA’s assets, current responsibilities, operation and maintenance activities, capital projects, flood monitoring, and related emergency response, all of which relate to Infrastructure in Zone 1/1A, to the PRFMA.

The Cost Share Agreement was authorized and approved by the MCWRA Board of Directors on August 15, 2022 and by the MCWRA Board of Supervisors on September 13th, 2022. However, PRFMA’s transitional phase to hire staff and better standup their organizations and continued negotiation of the OMRR&R Agreement has delayed executing the Cost Share agreement. The amended Cost Share Agreement includes minor changes in timing of payments for other partner agencies. It has same terms and conditions applicable to the MCWRA as the previously approved agreement.

Staff plans to complete both the Cost Share Agreement and the OMRR&R Agreement, effective June 1, 2023.

OTHER AGENCY INVOLVEMENT:

MCWRA is working with PRFMA.

FINANCING:

Of the combined total contribution of \$443,7000 allocated to MCWRA and County in FY2022-23, MCWRA will dedicate \$250,000 of Zone 1/1A flood benefit assessments revenue to PRFMA in FY23 and request County to contribute up to \$193,700 in FY 2022-23. County’s annual contributions will continue for the next seven years until the final contribution in FY2029-30, for the annual amount not to exceed \$193,700. It is expected that as the operations and responsibilities of PRFMA grows, Zone 1/1A flood assessment that MCWRA can contribute to the PRFMA Cost Share Agreement will increase while County’s contributions will decrease.

Actual contribution amount to the PRFMA in FY2022-23 will be reduced by offsetting expenses incurred by the MCWRA during FY2022-23. Sufficient appropriations for the Cost Share Agreement are available in Agency’s FY 2022-2023 Adopted Budget Fund 112-9300-WRA002- UNIT 8484. Zone 1/1A flood benefit assessments in FY 2022-23 is estimated at \$506,290.

Prepared by: Nan Kyung Kim, Finance Manager III, (831) 755-4860
Approved by: Lew Bauman, Interim General Manager, (831) 755-4860

Attachments:

1. Amended Cost Share Agreement with PRFMA