



# TODAY'S ACTION

Consider adopting a resolution approving and authorizing forgiveness of the loan of \$950,000 issued to Monterey County Water Resources Agency, financed by Monterey County's General Fund Cannabis Tax Assignment (BSA 001-3132) for the Pajaro River Flood Risk Management Project Design Phase



# Pajaro River Flood Risk Management Project

- History
  - Built in 1949 by the United States Army Corps of Engineers (“USACE”)
  - Currently maintained jointly by the Santa Cruz County Flood Control and Water Conservation District – Zone 7 (“Zone 7”) and the Monterey County Water Resources Agency (“MCWRA”).
  - Multiple floods (recently in ’95, ’97, and ’98)
  - Provides only 8-year protection along the Pajaro River and two Pajaro tributaries ( 2016 USACE analysis)
- The Project
  - A new levee over 10 miles of setback levee
    - To be constructed by USACE
    - with contributions from Zone 7 and MCWRA,
    - Provides 100-year flood protection and
    - Re-establish over a hundred and ten acres of historical floodplain.
    - Addressing public health and safety by protecting the environment and supporting the local economy

# Prior BOD/BOS Action

July 7, 2020 :

The Monterey County Board of Supervisors and Monterey County Water Resources Agency Board of Supervisors authorized a loan to MCWRA from the Cannabis Tax Assignment of up to \$1,000,000 to pay its non-federal cost share of the Pajaro River Flood Risk Management Project Design Phase.

November 16, 2021 :

Monterey County Board of Supervisors authorized a loan up to \$950,000 over two years to MCWRA for the same purpose with the condition that it will be repaid with reimbursements from CA Department of Water Resources (DWR).

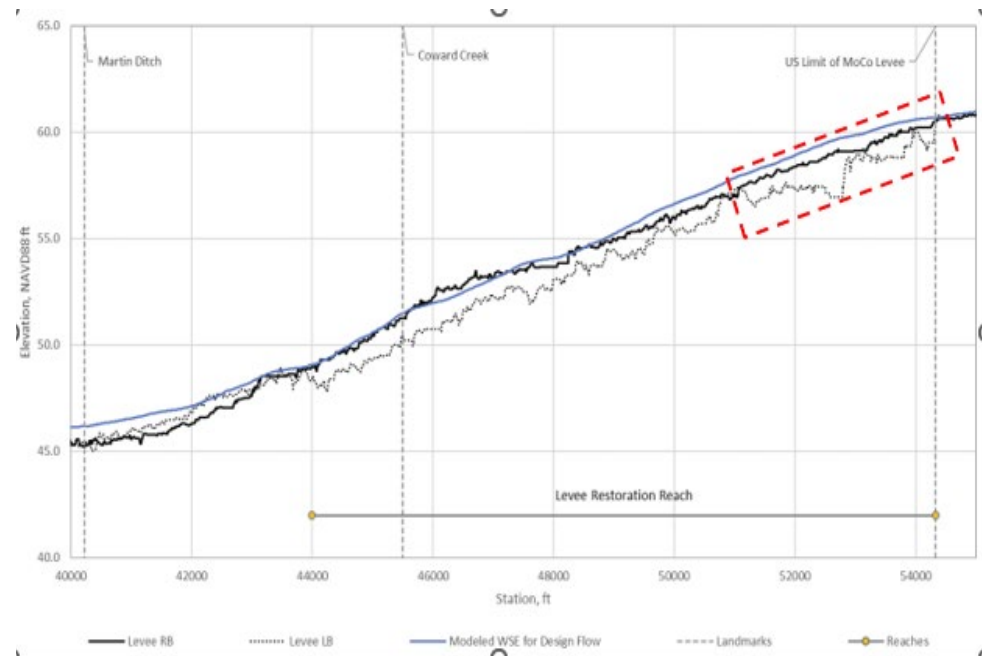
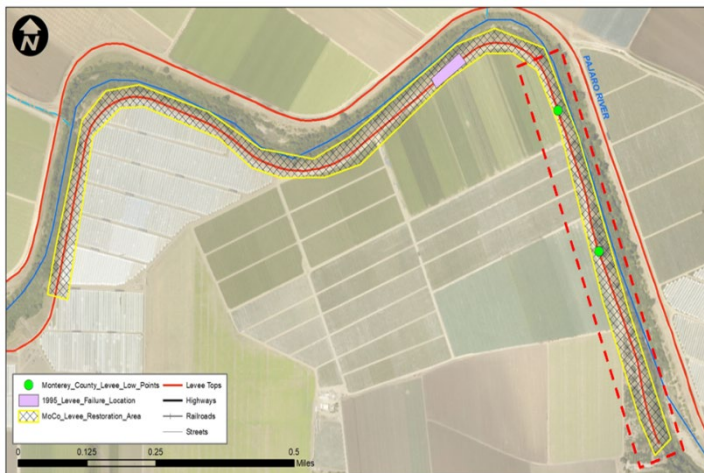
# Discussion

- Use of the loans:
  - \$950K Loans from the County for the Pajaro Project
    - Used to pay the United States Army Corps for the Pajaro River Flood Risk Management Project Design Phase
      - \$658,500 borrowed in FY22
      - \$291,500 borrowed in FY23
    - Plan to repay the County with reimbursements from DWR under Subventions Agreement and or Coastal Watershed Grant
      - Reimbursements are expected
        - » After October 2022 for the amount borrowed in FY22
        - » After January 2023 for the amount borrowed in FY23

# Discussion (Continued)

## ■ Pajaro Levee Survey

- Performed in May 2022 by the Pajaro Regional Flood Management Agency (PRFMA)
- A section of the levee crest on the Monterey County side requires restoration to original elevation
  - Has settled due to time, seismic activity, and poorly compacted underlying soils
  - Is upstream of the USACE Levee Project
  - This section was identified as the most likely to experience negative impacts during a high-water event
- Cost Estimates of Full Restoration : \$3.5 ~ \$4 million assuming construction in 2026



# Discussion (Continued)

- Pajaro Levee Survey
  - Need for Proactive Actions:
    - Winter rainfall/river flows are unpredictable
    - The question is Not If the River will flow but When it will Flow
      - Modeling identifies this section as potential for overtopping of levee during a high water event
    - Requires proactive actions for potential flows
  - Proposal as a Temporary Measure:
    - Install 10,510 feet of Muscle Wall as a temporary fix for the high priority areas.
    - Secured 1,000 feet of Muscle Wall from DWR.
    - Estimates of the complete cost of Muscle Wall
      - \$859,227.53 for materials AND
      - Additional cost for storage and labor
      - MCWRA to pay materials and additional work costs
      - Installation will be performed by the PRFMA.
    - Estimates provided to MCWRA on June 22, 2022 after adoption of FY22-23 Budget

# Discussion (Continued)

## ■ MCWRA Fund Balances

### • Fund 112 Fund Balances :

#### • Zone 1/1A Assessment Rates:

- Adopted in July 1996
- Subject to annual cost of living adjustment (COLA)
  - » No COLA between FY2005-06 and FY2012-13

#### • Fund 112 is not sufficient to pay for Muscle Wall

- FY22 Ending Fund Balance Estimate (ending AP12, FY22) is \$457,213
- FY23 Budget plans to use \$275,824 from Fund 112 fund balance
- FY23 Ending Fund Balance Estimate is \$181,389

### • Other MCWRA Funds :

- 9 Zone Restrictions of benefits assessment
- 2 Debt Service Funds – reserve for one-year payments
- Fund 111 – Admin and other zones without benefit assessments
- Fund 130 – Hydro-Electric Revenue



# Discussion (Continued)

- Funding Source identified for Muscle Wall:
  - \$950K Loans from the County for the Pajaro Project
    - Used to pay USACE for the Pajaro Project Design Phase
    - Plan to repay the County with reimbursements from DWR
      - Reimbursements are expected
        - » After October 2022 for the amount borrowed in FY22
        - » After January 2023 for the amount borrowed in FY23
  - **Request is to forgive the Loans**
    - Use reimbursements from DWR to pay for Muscle Wall

# Financial Impact

- To the Agency;
  - Fund 112 is not sufficient to pay for the temporary measures
  - Use reimbursements from DWR to pay for Muscle Wall, instead of repaying the County
  - Fund 112 FY23 Adopted Budget
    - Includes a repayment to the County: \$593,010 (90% of \$658,500)
    - A budget amendment will be needed
  - Other funding sources will be needed if the request to forgive the loan is denied

# Financial Impact

- To the County;
  - No change to County's FY 2022-23 Adopted Budget
    - It does not include a re-payment from MCWRA for the loan.
  - Lower Cannabis Tax Assignment balance than expected in FY24 with forgiveness of the loan

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