



# Monterey County

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## Board Report

Legistar File Number: WRAG 14-053

December 09, 2014

**Introduced:** 11/20/2014

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** WRA General

### Consider:

- a. Authorizing the Monterey County Water Resources Agency to proceed with the Interlake Tunnel Project, including spillway modifications as a key component of the Interlake Tunnel Project;
- b. Authorizing the General Manager of the Monterey County Water Resources Agency to prepare and issue Requests for Proposal for geotechnical and final design engineering; permitting and environmental approval; and, financing plan preparation and implementation;
- c. Requesting the Monterey County Board of Supervisors to authorize proceeding with negotiation of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$2.5 million to perform geotechnical and final design engineering; permitting and environmental approval; financing plan preparation and implementation; and, program management services, all for the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is financed; and,
- d. Authorizing the Monterey County Water Resources Agency to negotiate a Project Labor Agreement to be utilized by the contractors selected to construct the Interlake Tunnel Project.

### RECOMMENDATION:

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

- a. Authorize the Monterey County Water Resources Agency to proceed with the Interlake Tunnel Project, including spillway modifications as a key component of the Interlake Tunnel Project;
- b. Authorize the General Manager of the Monterey County Water Resources Agency to prepare and issue Requests for Proposal for geotechnical and final design engineering; permitting and environmental approval; and, financing plan preparation and implementation;
- c. Request the Monterey County Board of Supervisors to authorize proceeding with negotiation of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$2.5 million to perform geotechnical and final design engineering; permitting and environmental approval; financing plan preparation and implementation; and, program management services all for the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is financed; and,
- d. Authorizing the Monterey County Water Resources Agency to negotiate a Project Labor Agreement to be utilized by the contractors selected to construct the Interlake Tunnel Project.

### SUMMARY/DISCUSSION:

In Board Order WRAG 14-023, the Agency was requested to return to the Agency's Board of Supervisors in July 2014 and present a Project Status Report on the results of (i) a hydrological study of the benefits of the Interlake Tunnel Project ("Project") and (ii) an investigation of water rights availability.

Further work on the Project was authorized by the Board of Directors and Board of Supervisors on June 3, 2014, and \$500,000 of the then estimated \$2.5 million required to prepare the Project to the point of bidding out a construction contract has been financed by the County Board of Supervisors, subject to reimbursement if the Project is permanently financed. A Funding Agreement between the County and Agency was approved on July 1, 2014 for the reimbursement of up to \$500,000.

On October 28, 2014, at a joint meeting of the Board of Directors and Board of Supervisors of the Water Resources Agency, a report on the findings developed during the Preliminary engineering Phase of the Interlake Tunnel Project was presented. To summarize, a baseline hydrologic model has been developed; simulation modeling has been accomplished for the reservoirs and tunnel; water rights issues have been investigated; and, a preliminary assessment of environmental and permitting requirements has been made.

A November 19, 2014 Interlake Tunnel Project Public Workshop was held to provide technical memoranda supporting Project feasibility, evaluation of environmental clearance, financial feasibility and schedule.

From this work it was determined that construction of the Interlake Tunnel Project will result in an average increase of 16,327 acre-ft./year (20,686 acre-ft./year with spillway modifications) in total controlled releases available, and a reduction in flood spill occurrences of 60%. Average annual transfers of water through the tunnel are estimated at 46,527 acre-ft. (50,179 acre-ft with spillway modifications). Operation of the Interlake Tunnel and spillway modifications optimize total reservoir storage without affecting water rights.

As of October 31, 2014, \$214,000 has been spent on preliminary engineering and program management. Through December 31, 2014, it is estimated that an additional \$186,000 is required to complete preliminary engineering, prepare a Project Description for permitting, prepare RFPs for design and environmental consultants, and perform the associated program management services.

The Interlake Tunnel Project requires an additional \$2.5 million in funding the following tasks which are required to be accomplished prior to a Proposition 218 vote:

	(In thousands)
Phase 2: Permit applications (75% environmental complete)	\$ 800
Phase 3: Geotechnical and final design (75% complete)	900
Phase 5: Financing	350
Spillway Modification Engineering	200
Program Management	250
TOTAL	<u>\$ 2,500</u>

#### OTHER AGENCY INVOLVEMENT:

The Monterey County Water Resources Agency Board of Directors will review this item concurrently with the Monterey County Water Resources Agency Board of Supervisors. The County Administrative Officer and County Counsel have been involved in this process.

FINANCING:

Total Project cost, including spillway modifications, is estimated at \$63 million. Depending upon the degree of environmental documentation required, the Project will require three and one-half years to complete.

Attached are the current Interlake Tunnel Project Cost Estimate and Cash Flow Schedule for work to the 75% design point.

If approved by the County Board of Supervisors, through one or more funding agreements, the County will provide a total of \$3.0 million in funds, reimbursable if the Interlake Tunnel Project is permanently financed.

State and federal grants will be sought for the Interlake Tunnel Project; however, the non-grant funded portion will require a successful Proposition 218 vote.

Prepared &

Approved by:

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David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

Interlake Tunnel - Development Capital Cash Flow Forecast

Interlake Tunnel & San Antonio Spillway Modification Cost Estimate