



# Monterey County

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## Board Report

Legistar File Number: WRAG 15-035

August 25, 2015

**Introduced:** 7/21/2015

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** WR General Agenda

- a. Approve Budget Amendment No.2 authorizing the Auditor-Controller to amend the FY 2015-16 Adopted Budget, Department 9300, Unit 8267, Fund 303 (Rate Stabilization Reserve), Appropriation Unit WRA0025, Account 6613, to increase appropriations in the amount of \$500,000 financed by unassigned fund balance to pay the initial installment identified in the Federal Cost Share Agreement (FCSA) executed by this Agency, U.S. Army Corps of Engineers (Corps), and Santa Cruz County Flood Control and Water Conservation District, to complete the General Reevaluation Report /Environmental Impact Statement (GRR) for the Pajaro River Flood Risk Reduction Project (4/5th vote required); and,
- b. Request that said funds be transferred directly to the Corps \$250,000 as initial payment identified in the FCSA to complete the GRR for the Pajaro River Flood Risk Reduction Project.

### RECOMMENDATION:

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

- a. Approve Budget Amendment No.2 authorizing the Auditor-Controller to amend the FY 2015-16 Adopted Budget, Department 9300, Unit 8267, Fund 303 (Rate Stabilization Reserve), Appropriation Unit WRA0025, Account 6613, to increase appropriations in the amount of \$500,000 financed by unassigned fund balance to pay the initial installment identified in the Federal Cost Share Agreement (FCSA) executed by this Agency, U.S. Army Corps of Engineers (Corps), and Santa Cruz County Flood Control and Water Conservation District, to complete the General Reevaluation Report /Environmental Impact Statement (GRR) for the Pajaro River Flood Risk Reduction Project (4/5th vote required); and,
- b. Request that said funds be transferred directly to the Corps \$250,000 as initial payment identified in the FCSA to complete the GRR for the Pajaro River Flood Risk Reduction Project.

### SUMMARY:

In May 2015, the Agency entered into a Federal Cost Share Agreement (FCSA) with the U.S. Army Corps of Engineers (Corps) and Santa Cruz County Flood Control and Water Conservation District, to complete the General Reevaluation Report /Environmental Impact Statement (GRR) for the Pajaro River Flood Risk Reduction Project. This amount represents the Agency's 50% cost share for the current federal Fiscal Year only. The Agency's overall financial commitment is \$500,000 which is fully reimbursable by the State of California's Department of Water Resources Proposition 1E grant funds.

### DISCUSSION:

On November 26, 2007, Monterey County and Santa Cruz County Flood Control and Water

Conservation District as Non-Federal Sponsors (NFS) entered into a design agreement with U.S. Army Corps of Engineers (Corps) to cost-share the “total design costs” to complete the General Reevaluation Report /Environmental Impact Statement (GRR) at a 75 to 25 cost share ratio. These costs included engineering and design, economic and environmental analyses as part of, final design report, and final construction plans and specifications.

At the time of the agreement, the total preliminary design costs were estimated at \$10,800,000 of which \$8,100,000 of Federal funds (75% share) were made available. The remaining balance of \$2,700,000 (25% share) was obligated by the NFS. The NFS sought and were awarded grant funding from the State of California’s Department of Water Resources through Propositions 1E and 50, which are being applied towards NFS match as reimbursements. Additional Corps analysis and diminished federal funding since that original design agreement, together with a new Corps planning process, exhausted those federal funds.

In 2014, the Corps instituted a new planning policy for studies that have languished over time without conclusion or a clear completion date. As a result, NFS were required to submit a Letter of Intent, participate in a planning Charette with Corps team (District, Division, and Headquarters) and regulatory agencies, and enter into a new Federal Cost Share Agreement (FCSA). NFS expressed their desire and financial commitment in completing a Corps recommended National Economic Development project for the Pajaro River.

Monterey County Board of Supervisors directed and authorized MCWRA General Manager to negotiate and execute the FCSA. MCWRA and Santa Cruz County Flood Control and Water Conservation District executed a new FCSA with the Corps in May 2015 to complete the GRR. Total project costs are currently estimated to be \$2,000,000, which will be equally split between the Corps and NFS. The MCWRA \$500,000 total share will be spread over federal FY 15 and 16, and will be reimbursable through an existing California Prop 1E grant administered by the Pajaro Valley Water Management Agency. Federal monies for this US FY 14-15 have been allocated but will not be released to restart Corps work until the NFS provide their share of \$500,000, according to Federal policy, risking potential scheduling delays.

The Agency is seeking approval of the first installment in the amount of \$250,000 as part of our share for completing the GRR in a timely fashion and will apply the second installment of \$250,000 near the end of FY 2015-16. This amount is fully reimbursable from Proposition 1E grant which has a remaining balance of \$2.9 million which is more than sufficient for reimbursement of the NFS total shares. A request for reimbursement will be submitted to the State Department of Water Resources immediately and we expect to be reimbursed fully within three months.

**CRITICAL MILESTONES (per most recent Corps schedule):**

Tentatively Selected Plan	28 Oct 2015
Agency Decision Milestone	4 May 2016
Draft NEPA/CEQA Public Review	24 Dec 2015
Division Engineer Transmittal	28 Oct 2016
Chief of COE signs Report	29 Mar 2017
FEIS Filed with EPA	TBD

OTHER AGENCY INVOLVEMENT:

On August 14, 2015, the Water Resources Agency's Finance Committee recommended approval of this item for consideration by the full Board. The Board of Directors will consider this matter during the regular Board of Directors meeting scheduled for August 24, 2015.

The Pajaro River Flood Risk Reduction Project involves ongoing collaboration among the Monterey County Water Resources Agency; Santa Cruz County Flood Control and Water Conservation District (Zone 7); U.S. Army Corps of Engineers; City of Watsonville; and, other outside consultants.

FINANCING:

The Agency is seeking approval of the first installment in the amount of \$250,000 as part of our share for completing the GRR in a timely fashion. Once the first installment of \$250,000 is reimbursed by proposition 1E funding, the Agency will apply the second installment of \$250,000 near the end of FY 2015-16. This will result in a total appropriation of \$500,000 from Fund 303 Rate Stabilization Reserve.

Prepared by: \_\_\_\_\_  
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Approved by: \_\_\_\_\_  
David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

1. Letter Invoice dated July 13, 2015
2. Federal Cost Share Agreement executed on May 5, 2015
3. Design Agreement executed on November 26, 2007