



# Monterey County

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## Budget Committee

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**Current Status:** Agenda Ready

**Matter Type:** Budget Committee

Support the request to:

- a) Receive Sustainable Groundwater Planning Grant from the California Department of Water Resources in the amount of \$250,000 for the Salinas Valley Groundwater Basin Study (SAP No. 4600011476); and
- b) Authorize the Auditor-Controller to amend the budget for the Resource Management Agency (RMA001-001-3000-8172) for FY2016-17 by increasing appropriations and revenues in the amount of \$220,100 where the funding sources is the Department of Water Resources Grant (SAP Contract No. 4600010476).

### RECOMMENDATION:

It is recommended that the Budget Committee support the request to:

- a) Receive Sustainable Groundwater Planning Grant from the California Department of Water Resources in the amount of \$250,000 for the Salinas Valley Groundwater Basin Study (SAP No. 4600011476); and
- b) Authorize the Auditor-Controller to amend the budget for the Resource Management Agency (RMA001-001-3000-8172) for FY2016-17 by increasing appropriations and revenues in the amount of \$220,100 where the funding sources is the Department of Water Resources Grant (SAP Contract No. 4600010476).

### SUMMARY:

A total of \$799,766 is anticipated to be spent this third year (FY2016-17) on the Salinas Valley Groundwater Basin Study. On June 1-2, 2016, during the budget hearings, the Board of Supervisors increased appropriations by \$565,000 in the Resource Management Agency Planning budget (RMA001-001-3000-8172) to fund the Salinas Valley Basin Study. On September 20, 2016 a grant agreement was executed with the Department of Water Resources (DWR) for \$250,000. In FY2016-17 \$220,100 of the Salinas Valley Groundwater Basin Study expenditures will be reimbursed with funds from the DWR grant.

### DISCUSSION:

The County is conducting a five-year study of the water supply and groundwater quality in Zone 2C of the Salinas River Groundwater Basin (Study Area). As part of this investigation, a new groundwater model of the basin, the Salinas Valley Integrated Hydrologic Model (SVIHM), is being developed by the United States Geological Survey (USGS) for Zone 2C. Completion of the first iteration of the SVIHM, which will be an historical model with data through 2014, is expected by the end of May 2017. Immediately following completion of the 2014 historical model, updates will begin in order to capture data from 2015 and 2016. The completed SVIHM will allow for modeling of groundwater levels, seawater intrusion, and analysis of a water budget as required by the Zone 2C Study. Results and products from the SVIHM analyses will be presented at a public meeting in Summer 2017.

The Agency is also working concurrently to begin recruitment of a professional to conduct an economic forecasting analysis of land use and crop patterns in the Salinas Valley, which will be incorporated into later phases of the Zone 2C Study.

On December 8, 2015, the Board of Supervisors adopted Resolution 15-108 which authorized the submittal of a grant application to the California Department of Water Resources to obtain a 'Counties with Stressed Basins Grant' under the Sustainable Groundwater Planning (SGWP) Grant Program for work to be done on the Salinas Valley Groundwater Basin Assessment and Modeling project. At that time the Board authorized the Director of the Resource Management Agency to prepare the necessary data, conduct investigations, file such application, and execute a grant agreement with the California Department of Water Resources (DWR). On September 20, 2016 a grant agreement was executed with the DWR for the awarded Grant amount of \$250,000.00. See 'Attachment 1' - Executed Grant Agreement with DWR.

A Memorandum of Understanding ("MOU") between The Monterey County Water Resources Agency ("Agency") and the County of Monterey ("County") regarding Supervision and Management of the 2010 General Plan Salinas Valley Groundwater Basin Zone 2C Study was approved by the Board of Supervisors on May 13, 2014, which set forth the responsibilities of each entity with respect to the Zone 2C Study and the compensation to be paid to the Agency. Pursuant to the MOU, the anticipated costs for services rendered by the Agency shall average approximately \$75,000 per year and the Zone 2C Study will take approximately five (5) years to complete. The Agency was reimbursed \$75,000 in FY2014-15 and FY2015-16 for a total of \$150,000. In early September 2016, the Agency requested a reallocation of the remaining funds to recognize the higher level of effort associated with the project in FY2016-17. Specifically, the Agency requested \$150,000 for FY2016-17, with an associated reduction in reimbursable costs for FY2017-18 and FY2018-19; resulting in the remaining \$75,000 to be distributed between the final two years. On September 16, 2016, in accordance with the terms of the MOU, the County confirmed and accepted the Agency's request to reallocate the funding distribution in order to recognize the higher level of front end work associated with the project in the current fiscal year. See 'Attachment 2' - Memo Reallocation of Funding.

#### OTHER AGENCY INVOLVEMENT:

The Monterey County Water Resources Agency is providing project management and technical support through MOU with the County. The California Department of Water Resources is a funding partner through its Proposition 1 - Sustainable Groundwater Planning grant program. The US Geologic Service is providing technical services and cooperative matching funds through Joint Funding Agreement with the County.

#### FINANCING:

The total cost to complete the entire five-year Salinas Valley Groundwater Basin Study is approximately \$2.46 million; the detail of costs and revenues is in Attachment 3. A total of \$799,766 is anticipated to be spent in FY2016-17, which is the third year of the Salinas Valley Groundwater Basis Study. Staff project resources will be expended as follows:

- Water Resources Agency = \$150,000
- Consultant - USGS = \$573,730
- Consultant - Martin Feeney = \$76,036

On June 1-2, 2016, during the budget hearing, the Board of Supervisors increased appropriations by \$565,000 in the Resource Management Agency Planning budget (RMA001-001-3000-8172) to fund the Salinas Valley Basin Study. Total anticipated expenditures for FY2016-17 exceed the \$565,000 appropriation by \$234,766. This is a result of Water Resources Agency requesting an additional \$75,000 to cover cost for higher level of front end work associated with the project and the cost of adjusting for USGS modeling time for July to September 2016 which corresponds to federal fiscal year FY2015-16, but occurred during the current County fiscal year 2016-17.

Of this \$234,766, the DWR grant will reimburse \$220,100 for FY2016-17 expenditures. Staff is requesting a \$220,100 increase in FY2016-17 budget appropriations to the Resource Management Agency Planning budget (RMA001-001-3000-8172), funded by the DWR grant. On a quarterly basis the County submits invoices to DWR for reimbursement under this grant agreement. It can take approximately 6-12 weeks to receive payment from DWR, resulting in a temporary impact to the Resource Management Agency Funds (RMA001-001-3000-8172), having to cash flow the costs until reimbursement is received. The remaining \$14,666 anticipated costs for the project will be covered by savings from staff turnover in RMA Planning's budget.

In addition to the above project funding sources, the SVGB Study has obtained matching contributions towards integrating climate change into the model through a US Bureau of Reclamation grant awarded to the WRA and the US Geologic Service has committed cooperative matching funds through Joint Funding Agreement with the County. Attachment 3 summarizes project revenues and expenditures to date.

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Approved by: Carl P. Holm, AICP, Resource Management Agency Director

The following attachments are on file:

Attachment 1 - Executed Grant Agreement with DWR

Attachment 2 - Memo Reallocation of Funding

Attachment 3 - Salinas Valley Groundwater Basin Study Revenues and Expenditures