



TO: Lew Bauman, Chief Administrative Officer, County of Monterey
FROM: Jennifer Capitolo, Senior Policy Advisor
Ashley Walker, Policy Advisor
DATE: October 25, 2018
RE: Funding for San Antonio Reservoir Spillway Repairs

Recently, the Monterey County Legislative Committee received a presentation from the Water Resources Agency regarding the need for funding for improvements to the spillway at San Antonio Reservoir. Nossaman was informed that the Board of Supervisors also received an update regarding the need for financial assistance. It is anticipated that the Legislative Committee will prioritize funding for San Antonio improvements in the next legislative session.

At the request of the County, Nossaman has reviewed current Federal and State funding programs and communicated with Federal and State agencies and departments to determine what existing and potential funding opportunities would be available for dam repairs. Nossaman has determined that there three federal and three state funding programs currently available, as well as potential for new funding opportunities in the 2019-2020 legislative session.

Nossaman will be in a better position to evaluate which programs are most compatible with San Antonio Reservoir project once the scope of the needed repairs and total budget are established.

Below please find a summary of our findings.

1. Federal and State Agencies and Departments Reviewed: Nossaman researched the following agencies and departments for potential funding programs.

FEDERAL:

- US Department of Agriculture
- Federal Emergency Management Agency
- US Fish and Wildlife Service
- National Oceanic and Atmospheric Administration
- US Army Corps of Engineers
- US Environmental Protection Agency
- Legislative History

STATE:

- Department of Water Resources

- Infrastructure Bank
- State Water Resources Control Board
- CA Department of Fish and Wildlife
- CA Office of Emergency Services
- Coastal Conservancy
- Coastal Commission
- Legislative History

2. Existing Funding Programs: Nossaman identified the following programs as potential funding sources for spillway repairs at San Antonio. All of these programs will need additional review for eligibility once the County finalizes the project description and budget. Also, Nossaman will need to evaluate competitiveness. For Federal funding programs, there are limited funds available and the County would be competing with projects across the country. For State funding programs, it's unknown at the moment which other state projects will be competing for these funds. According to the Water Resources Agency, there are many dams built around the same time as Oroville Dam with similar materials that may have similar structural issues.

FEDERAL:

- National Dam Rehabilitation Program: A grant program to assist local communities to rehabilitate, repair, or remove a high-hazard potential dam. The program has been allocated as follows, \$10 million for FY17-18, \$25 million for FY 19, \$40 million for FY 20 and \$60 million for FY 21-26 for a total authorization of \$445 million over ten years. This funding program must be authorized on an annual basis through the Federal appropriations process. The current allocation has not yet been approved by Congress.
Maximum grant: \$7.5 million.
Matching requirement: 35% minimum
- USDA NRCS Emergency Watershed Protection Program: A grant program that provides financial assistance to help local communities such as cities, counties and towns relieve imminent hazards to life and property caused by floods, fires, windstorms, and other natural occurrences that impair a watershed.
Maximum grant: Unknown
Matching requirement: 25% minimum
- FEMA Pre-Disaster Mitigation Grants: Grant programs that provide funding to protect life and property from future natural disasters and implement a sustained pre-disaster natural hazard mitigation program to reduce overall risk to the population and structures from future hazard events, while also reducing reliance on Federal funding in future disasters. In the history of this program, only one dam repair project was funded.
Maximum grant: \$10 million

Matching requirement: 25% minimum

STATE:

- Proposition 68: Chapter 11.5 includes \$550 million for flood protection and repair projects. Of the \$550 million, \$350 million is earmarked for the Central Valley. The remaining \$200 million is allocated to support projects that protect persons and property from flood damage. Of the \$200 million, \$100 million shall be available for the purposes of stormwater, mudslide, and other flash-flood-related protections. The bond language says that all grants will require a 25% match. Proposition 68 was passed by the voters in June 2018 and the program guidelines are under development.
- Proposition 3: Section 86041 includes \$100 million for grants to local agencies on a 50% matching basis to repair or reoperate reservoirs that provide flood control either as a principal purpose or as an indirect effect of their operation. Grantees must demonstrate that the proposed repair or reoperation will increase the amount of water stored in those reservoirs that could be put to beneficial use. No funds appropriated under this section shall be used to raise the height of any dam. Spillway modification projects that do not raise the crest height of the dam are eligible for grant funds. Proposition 3 will be voted on by the voters in the November 2018 election and funding would be available in late 2019.
- Infrastructure Bank: A loan program that provides low interest financing for infrastructure projects. Water projects usually fall under the CLEAN program. The I-Bank lending program is a higher interest rate than the State Revolving Fund, but money is available much quicker. The application review process is 3-5 months. They provide 30 year terms at around 3%. Applicants are capped at \$50 million in loans. This funding can serve as matching dollars for grant applications.

3. Creating a New Funding Opportunity through the State Budget/Legislative Process

There may be opportunities to create a new funding stream to fund the needed repairs at San Antonio Reservoir through the State Budget or the State Legislative process. The County could approach the local state legislative delegation and request funding for this specific project or the County could work with a coalition of similarly situated dam owners/operators across the State to request a larger funding allocation for multiple projects. The funding program could include grants and possibly low interest loans for dam rehabilitation. Nossaman could determine other dam owners/operators who need financial assistance and work through the State Budget process to secure the funding and possibly work through the legislative process to create a funding program.