





TODAY'S ACTION

Support a recommendation
that the Board of Supervisors
approve a request for a Budget
Augmentation
for the Interlake Tunnel and San Antonio
Spillway Modification Project (ILT).

Financial Impact

- In June 2014 the Agency entered into a funding agreement with Monterey County in an amount eventually not to exceed \$3M in support of the ILT
 - All funds will be reimbursed to Monterey County if the ILT is approved and financed
 - \$2M of the \$3M has previously been appropriated
- Request \$891,795 budget augmentation funded by Monterey County for Fiscal Year (FY) 2018-19

Discussion

- The ILT meets the Monterey County Board of Supervisor's key objective of protecting the water quality and providing for adequate water supply



Discussion (cont.)

- The Agency received a Grant Agreement with Department of Water Resources (DWR) for \$10M in support of the ILT Project
- The \$10M Grant Agreement, coupled with the \$3M funding agreement allows ILT Project eligibility for Proposition 218 Vote
- The \$3M funding agreement was anticipated to be used for unallowable expenditures and cover cash flow shortfalls between invoice payments

Discussion (cont.)

There is an \$891,795 cash flow shortfall in FY 2018-19 for the ILT Project comprised of 4 factors:

Description	Amount	Note
Geotechnical Exploration of the San Antonio Dam	\$ 382,038.00	Division of Safety of Dams required additional work to ensure dam stability. Estimated cost from GEI
DWR Retention 7.01.2017-6.30.2018	\$ 296,157.00	5% retention held for each reimbursement, increased to 10% in Jan of 2018.
Proposition 218 Election Preparation	\$ 210,000.00	Non reimbursable through DWR Grant.
Other Direct Costs	\$ 3,600.00	Non reimbursable through DWR Grant (estimated @ \$300/month x 12 months).
Total	\$ 891,795.00	



Effects of Non-Funding

- Agency will not be able to finance the cash flow associated with the ILT Project



Summary

- The only revenue forecasted for ILT Project in FY 2018-19 is the DWR Grant funding & the requested augmentation of \$891,794
- Monterey County funding is needed to manage the cash flow between DWR reimbursements
 - Payments from DWR are on a quarterly basis after review and approval of the submitted invoice and progress report



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