

their clean-up related expenditures of approximately \$127,000 for the Nacimiento leak and over \$1.2 million for the San Antonio leak. Additional remediation and monitoring activity, however, is required at both sites.

On July 31, 2007 the County entered into a *Settlement Agreement* (hereinafter the “Settlement Agreement”) with concessionaires. The County also entered into an associated *Agreement of Purchase and Sale of Assets* with Water World dated July 31, 2007 and an *Agreement of Purchase and Sale of Assets* between the County and Lake Resorts dated July 31, 2007 (hereinafter the purchase and sale agreements are collectively referred to as the “Purchase/Sale Agreements”). Under the Settlement Agreement and the Purchase/Sale Agreements, the County assumed liability for all costs related to the fuel spill clean-up at Nacimiento and San Antonio Reservoirs.

Since October 2007, the Agency has provided to the County fuel spill clean-up project management services, and expended over \$750,000 for that purpose including costs for the clean-up Consultant’s (GeoRestoration, Inc.) monitoring and fuel extraction expenses, and regulatory reporting activities. That amount includes \$147,428 in Agency direct and indirect labor charges.

The Agency was reimbursed the amount of \$151,086 by the County and received the amount of \$307,069 from the State UST Fund. Consequently, there is an outstanding balance of \$335,556 in unreimbursed Agency expenditures.

On June 12, 2012, the Agency suspended fuel spill clean-up activities due to unavailability of funds and has notified the State Water Resources Control Board.

The County desires that the Agency continue providing fuel spill clean-up project management services, regulatory reporting, as well as the hiring and managing of a fuel spill clean-up Consultant for monitoring and fuel extraction. The attached agreement between the County and the Agency provides for reimbursement of the unreimbursed Agency expenditures to date and for reimbursement of Agency costs related to these two fuel spills for the next five fiscal years.

County Counsel, County Risk Management, Auditor’s Office and CAO’s office will work together with Monterey County Water Resources Agency to identify the appropriate funding source, which may include the GL-ISF.

OTHER AGENCY INVOLVEMENT:

The Board of Directors of the Monterey County Water Resources Agency and the Board of Supervisors of the Monterey County Water Resources Agency concur with and approve this agreement

County Counsel, County Risk Management, Auditor’s Office and CAO’s office will work together with Monterey County Water Resources Agency to identify the appropriate funding source, which may include the GL-ISF.

Due to the late submission of this Board Report, the CAO Budget and Analysis Division was not provided adequate time to fully review for potential fiscal, organizational policy or other implications to the County of Monterey.

County Counsel and the Auditor-Controller have reviewed this report and submit it for approval.

FINANCING:

County Counsel, County Risk Management, Auditor’s Office and CAO’s office will work together with Monterey County Water Resources Agency to identify the appropriate funding source, which may include the

GL-ISF and the funds will be deposited into Monterey County Water Resources Fund 116.

Prepared by: Patrick McGreal, Deputy County Counsel, (831) 755-5313

Approved by: Lew Bauman, County Administrative Officer, (831) 755-4

Attachments:
Fuel Spill Agreement