



Legislation Details (With Board Report)

File #: 13-1108 **Name:** Co Adm Office Interim Cash Flow Funding for WRA
Type: General Agenda Item **Status:** Passed
File created: 10/16/2013 **In control:** Board of Supervisors
On agenda: 10/22/2013 **Final action:** 10/22/2013

Title: a. Approve and authorize the Auditor-Controller to increase appropriations in the County Administrative Office (1050) Other Financing Uses Budget Unit-001-1050-8038-CAO017-7614 by \$1,000,000 and increase revenues in the County Administrative Office (1050) Non-Program Revenue Budget Unit-001-1050-8041-CAO19-5870 by \$1,000,000 to provide the Monterey County Water Resources Agency interim cash flow funding for the Pajaro Excavation Project-Phase II, pending receipt of full grant reimbursements; (4/5th vote required) and
b. Authorize the Auditor-Controller to incorporate the approved appropriation and revenue modifications in the FY 2013-14 Adopted Budget.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Completed Board Order

| Date | Ver. | Action By | Action | Result |
|------------|------|----------------------|--------|--------|
| 10/22/2013 | 1 | Board of Supervisors | | |

a. Approve and authorize the Auditor-Controller to increase appropriations in the County Administrative Office (1050) Other Financing Uses Budget Unit-001-1050-8038-CAO017-7614 by \$1,000,000 and increase revenues in the County Administrative Office (1050) Non-Program Revenue Budget Unit-001-1050-8041-CAO19-5870 by \$1,000,000 to provide the Monterey County Water Resources Agency interim cash flow funding for the Pajaro Excavation Project-Phase II, pending receipt of full grant reimbursements; (4/5th vote required) and
b. Authorize the Auditor-Controller to incorporate the approved appropriation and revenue modifications in the FY 2013-14 Adopted Budget.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

a. Approve and authorize the Auditor-Controller to increase appropriations in the County Administrative Office (1050) Other Financing Uses Budget Unit-001-1050-8038-CAO017-7614 by \$1,000,000 and increase revenues in the County Administrative Office (1050) Non-Program Revenue Budget Unit-001-1050-8041-CAO19-5870 by \$1,000,000 to provide the Monterey County Water Resources Agency interim cash flow funding for the Pajaro Excavation Project-Phase II, pending receipt of full grant reimbursements; (4/5th vote required) and
b. Authorize the Auditor-Controller to incorporate the approved appropriation and revenue modifications in the FY 2013-14 Adopted Budget.

SUMMARY/DISCUSSION:

January 2008, Santa Cruz Flood Control District (“District”) and Monterey County Water Resources Agency (“Agency”) were awarded a \$6.2 million Proposition 50 Grant for preparing and constructing the Pajaro River Bench Excavation Project (“Project”). The Project was split in to Phase I and Phase II. The grant funds allocated \$1.6 million for planning and permitting and \$4.6 million for construction. Phase I was planned for implementation and completion, while pertinent construction milestones were pursued for Phase II.

December 2012, the Santa Cruz District Board approved a Notice of Completion for Phase I and the County of Monterey Board approved a request from the Agency for a Dry Period Loan of \$949,025 to provide interim financing for Phase I. The full Project construction cost was estimated at \$9 million. To cover the additional amount needed for construction, beyond the available \$4.6 million, the District applied for a \$2.95 million Local Levee Assistance Program Grant Award-Proposition 84.

April 2013, the District Board approved a grant agreement in the amount of \$2.95 million for the Project; and the County of Monterey Board approved and authorized the County Administrative Office (CAO) to execute a Phase II Funding Agreement between the County and Agency. Of the available \$4.6 million, \$2.11 million was utilized for Phase I construction, leaving an available balance of \$2.49 million. The District and Agency plan to expend approximately \$2.0 million to where they estimated the Phase II project cost of \$4.4 million is fully funded.

The terms of the Proposition 50 Grant agreement require the District and Agency to pay the contractor's invoices and then to submit reimbursement claims with California Department of Water Resources (DWR). DWR will then reimburse 90% of the claim, holding ten (10) percent until Project completion. For Phase II, the District and Agency have agreed to equally advance funds, making the Agency's share \$2.2 million. Of this amount, DWR will reimburse \$1.98 million while withholding \$220,000 until the full Project is completed.

The Agency does not have sufficient available funds to advance its share of the Phase II cost. It was deemed Phase II (as with Phase I) provides a direct benefit to the residents of Monterey County due to the flood protection provided to the citizens of the County adjacent to the Pajaro River and determined it is in the best interest of Monterey County to facilitate completion of Phase II. The County entered into a funding agreement ("Funding Agreement") with the Agency where the County will provide the necessary funding; and the Agency will remit grant proceeds to the County to reimburse the County for all sums paid by the County to allow the Pajaro Bench Excavation Phase II project to proceed.

The County will be reimbursed by the Agency immediately upon receipt from the various Grant proceeds received by the Agency, but in any event the Agency commits to reimburse the County from any available funds no later than June 30, 2014.

OTHER AGENCY INVOLVEMENT:

The District previously certified an environmental impact report for the entire project. The Agency proposes to enter into an agreement with the District for construction of Phase II. The Funding Agreement had been reviewed and approved by the Board of Directors of the Agency, the Office of the County Counsel, and the Office of the County Administrative Officer.

FINANCING:

Phase II of the Pajaro River Excavation project was budgeted by the Agency and in the FY 2013-14 Adopted Budget. The recommended budget modifications where appropriations are increased in the County Administrative Office (1050) Other Financing Uses Budget Unit-001-1050-8038-CAO017-7614 by \$1,000,000 and revenues are increased in the County Administrative Office (1050) Non-Program Revenue Budget Unit-001

-1050-8041-CAO19-5870 by \$1,000,000. The action allows the interim funding provisions of the Project Funding Agreement to be met pending receipt of grant reimbursements.

The funding requested represents the approximate amount for invoices received from the Agency. As more expenditures and verification of revenue becomes available, the CAO-Budget and Analysis Division may require an additional increase in appropriations and revenue.

By June 30, 2014, the County will be reimbursed by the Agency by any available funds regardless of reimbursement performance.

Prepared by:

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Approved by:

Dewayne Woods
Assistant County Administrative Officer

Dated: October 22, 2013