



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: WRAA 16-027, **Version:** 1

Consider:

- a. Approving and recommending that the Monterey County Water Resources Agency Board of Supervisors approve the Third Amendment to the Third Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency relating to preliminary expenditures for the Interlake tunnel and Spillway Modification Projects;
- b. Authorizing the Monterey County Water Resources Agency General Manager to execute the Third Amendment to the Third Reimbursement and Funding Agreement; and,
- c. Authorizing the Auditor Controller to amend the Monterey County Water Resources Agency FY 2016-17 Adopted Budget for Fund 116 Dam O&M, WRA 006 to increase revenue and appropriations by \$279,352 financed by a transfer from the County of Monterey General Fund XXX, XXX (4/5th vote required).

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Directors:

- a. Approve and recommend that the Monterey County Water Resources Agency Board of Supervisors approve the Third Amendment to the Third Reimbursement and Funding Agreement between the County of Monterey and the Monterey County Water Resources Agency relating to preliminary expenditures for the Interlake tunnel and Spillway Modification Projects;
- b. Authorize the Monterey County Water Resources Agency General Manager to execute the Third Amendment to the Third Reimbursement and Funding Agreement; and,
- c. Authorize the Auditor Controller to amend the Monterey County Water Resources Agency FY 2016-17 Adopted Budget for Fund 116 Dam O&M, WRA 006 to increase revenue and appropriations by \$279,352 financed by a transfer from the County of Monterey General Fund XXX, XXX (4/5th vote required).

SUMMARY/DISCUSSION:

This is, in effect, a request that the Board allow an extension of time to expend \$279,352 in this fiscal year that was appropriated for expenditure in the fiscal year just ended. This is not a request for additional new County funding.

In December of 2014 the Board of Supervisors of the Agency authorized staff to proceed with work on the proposed Interlake Tunnel Project (“Project”) and authorized the County to reimburse the Agency \$3,000,000. Due to a lack of available funds at the Agency for certain preparatory work, the County and the Agency entered into a series of Reimbursement and Funding Agreements whereby the County would reimburse the Agency for certain preparatory expenses on the condition that the County would be repaid for such reimbursements if the Project proceeded and financing was obtained that permitted such reimbursement. Most recently the County and the Agency entered into the Third Reimbursement and Funding Agreement, which brought the total amount then eligible for reimbursement to \$2,071,000 of which \$1,369,648 was disbursed through July 30, 2016. The expenses eligible for reimbursement were limited to preliminary engineering and design, spillway modification feasibility, technical support, environmental consulting, and program management.

Subsequently, the Agency Board of Supervisors directed that a project labor agreement (“PLA”) be negotiated for the Project. Those negotiations necessitated the retention of a lawyer experienced in PLAs. On April 12, 2016, the Agency requested from the Water Resources Board of Supervisors that such services be eligible for reimbursement in the First Amendment to the Third Reimbursement and Funding Agreement. This action did not add any additional funding for reimbursement purposes.

Pursuant to direction of the Monterey County Board of Supervisors on March 22, 2016, funding alternatives were discussed between Agency Staff and the CAO-Budget and Analysis Division, including a process to seek Board consideration for funding during the FY 2016-17 Budget Hearings. That discussion led to the Second Amendment to the Third Reimbursement and Funding Agreement for an additional amount of \$1,351,000 for fiscal year 2015-16 deferred project activities: hydrologic modeling, LiDAR Survey, preparation of a draft EIR, and continued Program Management. The Agency did not expend all the funds appropriated by the County in fiscal year 2015-16, for reasons of more effective task sequencing and phasing. Accordingly, this amendment requests those funds in the amount of \$279,352 be expended in fiscal year 2016-17 along with the already appropriated amount of \$1,351,000. The total of all funding and reimbursement agreements, as amended, will not exceed the original committed total amount of \$3,000,000.

OTHER AGENCY INVOLVEMENT:

The County Counsel assisted in providing information for this report.

FINANCING:

Amendment No. 3 to the Third Funding and Reimbursement Agreement requests the County of Monterey to reimburse the Agency in the FY 2016-17 Adopted Budget, \$279,352 in addition to the \$1,351,000 approved by the BOS and appropriated to the Agency by the County on June 21, 2016. As of July 31, 2016 the County has reimbursed \$1,369,648 of the total approved amount of \$3,000,000.

Prepared by: Cathy Paladini, Finance Manager II, (831) 755- 4860

Approved by:

David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

1. Board Order
2. Third Reimbursement and Funding Agreement between the County of Monterey and Monterey County Water Resources Agency
3. ILT & Spillway Mod Cumulative Cash Flow
4. ILT & Spillway PowerPoint Presentation to DWR on 10/6/16