



County of Monterey

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

Legislation Details (With Board Report)

File #: 14-1338 **Name:** Interlake Tunnel Project; Additional funding
Type: General Agenda Item **Status:** Approved
File created: 12/3/2014 **In control:** Board of Supervisors and Monterey County Water Resources Agency Board of Directors
On agenda: 12/9/2014 **Final action:** 12/9/2014
Title: Consider authorizing the CAO to negotiate, subject to Monterey County Board of Supervisors approval, a funding agreement between Monterey County and the Monterey County Water Resources Agency for additional funds necessary to perform geotechnical and final design engineering; permitting and environmental approval; financing plan preparation and implementation; and, program management services all for the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is financed.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Completed Board Order

Date	Ver.	Action By	Action	Result
12/9/2014	1	Joint Meeting of the MoCo Board of Supervisors and MoCo Water Resources Agency BOS	approved	Pass

Consider authorizing the CAO to negotiate, subject to Monterey County Board of Supervisors approval, a funding agreement between Monterey County and the Monterey County Water Resources Agency for additional funds necessary to perform geotechnical and final design engineering; permitting and environmental approval; financing plan preparation and implementation; and, program management services all for the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is financed.

RECOMMENDATION:

It is recommended that the Monterey County Board of Supervisors authorize the CAO to negotiate, subject to County Board of Supervisors approval, a funding agreement between Monterey County and the Monterey County Water Resources Agency for additional funds necessary to perform geotechnical and final design engineering; permitting and environmental approval; financing plan preparation and implementation; and, program management services all for the Interlake Tunnel Project, said funds to be reimbursed to Monterey County if the Project is financed.

SUMMARY/DISCUSSION:

This matter is a companion item to an Agency item also appearing on the agenda for the Joint meeting of the County Board of Supervisors, Agency Board of Supervisors, and Agency Board of Directors on December 9, 2014. In that item, it is recommended that the Agency Board of Supervisors request that the County negotiate a funding agreement regarding the proposed Interlake Tunnel Project. The agreement is necessary to fund additional work to prepare the Project for a vote on the formation of an assessment district to pay the capital costs of construction.

The Project was previously authorized by the Agency Board of Directors and Agency Board of Supervisors on June 3, 2014, and the County Board of Supervisors approved a funding agreement to provide \$500,000 of the

\$2.5 million required to prepare the Project for assessment district formation.

On October 28, 2014, at a joint meeting of the Agency Board of Directors and Agency Board of Supervisors, a report on the findings developed during the preliminary engineering phase of the Project was presented. To summarize, a baseline hydrologic model has been developed; simulation modeling has been accomplished for the reservoirs and tunnel; water rights issues have been investigated; and, a preliminary assessment of environmental and permitting requirements has been made.

From this work it was determined that construction of the Project will result in an average increase of 16,327 acre-ft./year (20,686 acre-ft./year with reservoir level increase) in total controlled releases available, and a reduction in flood spill occurrences of 60%. Average annual transfers of water through the tunnel are estimated at 46,527 acre-ft. (50,179 acre-ft. with reservoir level increase). Operation of the Interlake Tunnel and outlet structure modifications optimize total reservoir storage without affecting water rights.

As of October 31, 2014, \$214,000 has been spent on preliminary engineering and program management. Through December 31, 2014, it is estimated that an additional \$186,000 is required to complete preliminary engineering, prepare a Project Description for permitting, prepare RFPs for design and environmental consultants, and perform the associated program management services.

The Interlake Tunnel Project requires an additional \$2.3 million in funding the following tasks which are required to be accomplished prior to a vote on establishing an assessment district:

(In thousands)

Phase 2: Permit applications (75% environmental complete)	\$	899
Phase 3: Geotechnical and final design (75% complete)		899
Phase 5: Financing		257
Program Management: Phase 2 - Permitting		150
Program Management: Phase 3 - Design		<u>93</u>
TOTAL	\$	<u>2,298</u>

It is anticipated that the Agency will request that the County provide the funding to undertake these remaining tasks.

OTHER AGENCY INVOLVEMENT:

The County Administrative Officer and County Counsel have collaborated in the preparation of this report.

FINANCING:

Total Project cost has been updated and is estimated at \$48 million, including \$9.5 million in contingency, without modifications to the dam to provide a water level increase. Total Project cost including modifications to the dam is preliminarily estimated at \$63 million. Depending upon the degree of environmental documentation required, the Project will require three and one-half years to complete.

Should the County Board of Supervisors agree to provide the necessary additional interim funding of \$2.3 million, the source of those funds would need to be determined, but such funds would be reimbursable to the County if the Interlake Tunnel Project is permanently financed.

State and federal grants will be sought for the Interlake Tunnel Project; however, the non-grant funded portion will require the successful formation of an assessment District

Prepared by: _____ Approved by: _____
J. Girard Lew C. Bauman
Chief Asst. County Counsel CAO

Leslie