



County of Monterey

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

Legislation Details (With Board Report)

File #: WRAG 20-291
Name: Pajaro Subventions Agreement - Finance
Type: WR General Agenda
Status: Agenda Ready
File created: 7/1/2020
In control: Water Resources Agency Board of Directors
On agenda: 7/10/2020
Final action:
Title: Support recommending that the Monterey County Water Resources Agency Board of Supervisors:
a. Approve the terms of the generic model Funding Agreement Between the State of California Department of Water Resources and the joint non-federal sponsors under the Flood Control Subventions Program; and
b. Authorize the General Manager to sign the agreement upon State identification of funds and completion of Exhibits A, B, C, and H; and
c. Adopt the Local Public Agency Authorizing Resolution. (Exhibit E of the Agreement)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Draft Pajaro Subventions Agreement

Date	Ver.	Action By	Action	Result
7/10/2020	1	Water Resources Agency Board of Directors		

Support recommending that the Monterey County Water Resources Agency Board of Supervisors:
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c. Adopt the Local Public Agency Authorizing Resolution. (Exhibit E of the Agreement)

RECOMMENDATION:

It is recommended that the Finance Committee support recommending that the Monterey County Water Resources Agency Board of Supervisors:

a. Approve the terms of the generic model Funding Agreement Between the State of California Department of Water Resources and the joint non-federal sponsors under the Flood Control Subventions Program; and
b. Authorize the General Manager to sign the agreement upon State identification of funds and completion of Exhibits A, B, C, and H; and
c. Adopt the Local Public Agency Authorizing Resolution (Exhibit E of the Agreement)

DISCUSSION:

The Pajaro River Federal Flood Control Project was built in 1949 by the United States Army Corps of Engineers ("Corps" or "USACE") and is maintained jointly by the Santa Cruz County Flood Control and Water Conservation District - Zone 7 ("District" or "Zone 7") and the Monterey County Water Resources Agency ("MCWRA"). The Corps Director's Report signed and released on December 12, 2019, confirms the federal authorization to rebuild and enhance the existing flood risk reduction facilities on the Pajaro River and Salsipuedes Creek.

USACE has developed a draft Design Agreement (“DA”) that will need to be signed by both non-federal sponsors (Zone 7 and MCWRA). The DA describes the financial commitment of the federal government and the non-federal sponsors, who will share in the costs to complete the preconstruction engineering and design under the first construction contract. The cost-share allocation is 65% federal and 35% non-federal. The non-federal sponsors’ share will be split 50/50 between Zone 7 and MCWRA. The DA describes a projected cost estimate of \$7,100,000, the federal government’s share projected to be \$4,615,000 and the non-federal sponsor’s share to be \$2,485,000, over multiple fiscal years. MCWRA’s projected share is \$1,242,500.

Water Code 12687.5 authorized the State to provide subvention funds to the Project in 2006, to be used for planning, engineering, designing, and constructing the project in the absence of federal funding in an amount that would be the equivalent state share if there was federal project funding. The Water Code allows the State’s share to be increased up to a maximum of 70% if DWR determines that the project will increase the level of flood protection for disadvantaged communities and increase the level of flood protection for state transportation facilities or state water supply facilities. The Project qualifies for the increased amount from the State.

The Project’s Subventions authorization requires public notification of the draft non-federal cost-share report. The report identified a proposed cost share from the state of 70% of the non-federal eligible costs. The public comment period for the report closed on April 27, 2020, and no comments were received. DWR will now route a legislative report summarizing the cost-share proposal and demonstrating the Project’s compliance with the California Water Code requirements for funding eligibility. The report will be transmitted to the Director’s Office of DWR, as well as to the Legislature. The routing process will take approximately 4-5 weeks, during which the terms of the funding agreement can be negotiated. The funding agreement cannot be executed until program funds have been identified, which may happen as early as July 1, but could occur at a later date depending on the bond funding source. While 70% of all non-federal sponsor payments will be reimbursed under our State Subventions authorization (including the federal cost-share payments mentioned above), we do not expect these reimbursements to occur until late 2020 or early 2021.

Attached for your consideration is a draft model Subventions Funding Agreement. Highlighted entries will be adjusted to reference our project and the identified funding source, and Exhibits A, B, C, and H will be completed to reference the project being designed by the USACE. The project cost and funding amounts will mirror the costs identified by the USACE in the Design Agreement. A new Subventions Funding Agreement or amendment will be struck when the next federal agreement (the Project Partnership Agreement) or contract is struck, as we move through phased implementation with the USACE. If federal appropriations falter and an alternative project implementation pathway is followed, a separate Subventions Funding Agreement will be developed to describe those costs, funding amounts, and schedule.

We are requesting the Board authorize the General Manager to sign the agreement upon State identification of funds and completion of Exhibits A, B, C, and H. Also attached is Exhibit E to the Subventions Funding Agreement, a Local Public Agency Authorizing Resolution. Adoption of the resolution is required to complete the Subventions Funding Agreement package.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the draft documents that were prepared by the Corps, Santa Cruz County’s Zone 7 and MCWRA staff.

FINANCING:

MCWRA FY21 approved budget includes \$300,000 for the Project as well as staff time. MCWRA has requested that Monterey County issue a short-term loan, up to \$1,000,000, to cover MCWRA’s share of non-federal sponsor for the Project to be repaid to the County at the time the State Subvention Funds are received.

Prepared by: Shaunna Murray, Senior Water Resources Engineer, (831) 755-4860

Approved by: Brent Buche, General Manager, (831) 755-4860

Attachments:

Draft Subventions Funding Agreement