



County of Monterey

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

Board Report

File #: WRAG 16-007, **Version:** 1

Consider:

- a. Receiving an update on the Interlake Tunnel and Spillway Modification Projects;
- b. Supporting a Project Labor Agreement (PLA) related to AB 1585 in a process open to interested parties, and emphasizing timeliness and accountability;
- c. Directing Staff to begin negotiations with labor immediately on points not requiring design process information; and to provide the Board of Supervisors with bi-weekly progress reports; and
- d. Providing that implementation of a PLA is contingent upon adequate funding being made timely available through enactment of, and budget appropriation for, AB 1585.

RECOMMENDATION:

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

- a. Receive an update on the Interlake Tunnel and Spillway Modification Projects;
- b. Support a Project Labor Agreement (PLA) process related to AB 1585; with the process emphasizing timeliness and accountability rather than an arbitrary deadline;
- c. Direct Staff to begin negotiations with labor immediately on those points that do not require information from the design process;
- d. Direct Staff to provide the Board of Supervisors (or its designee) with progress reports every two weeks;
- e. Provide that implementation of an Agreement with labor is contingent upon funding provided in AB 1585 substantially in its current form and for the current amount; and,
- f. Require an open process (i.e., available to be observed by other interested parties, similar to negotiations for the Water Recycling Agreement, which entailed numerous meetings open to the stakeholders).

SUMMARY/DISCUSSION:

1. Pending state funding legislation and negotiation of a PLA. At the December 15, 2015, Monterey County Water Resources Agency (Agency) Board of Supervisors' meeting (WRABOS), the Agency provided an update on the Interlake Tunnel and Spillway Modification Projects (Projects), as well as an alternative funding method to facilitate keeping the Projects moving forward. At that meeting, the WRABOS approved the Third Reimbursement and Funding Agreement in the amount of \$971,000 for: 1) Phase 1 of the Environmental Consulting work, and 2) continued Program Management Services for the Projects. At that meeting, Assembly Member Luis Alejo spoke and indicated that he would seek to secure funding for the Projects via special legislation; however, it would take additional time.

Subsequent to the December 15, 2015, meeting, the Assembly Member introduced AB 1585 on January 6, 2016, with principal coauthor Senator Cannella and coauthor Senator Monning. The bill has been going through revisions, and a pdf copy of the current revised bill is attached to this report. If adopted and signed in its current form, AB 1585 would require no less than \$25M to be allocated, upon appropriation of the legislature, to construct (revision) both the tunnel and spillway modification components of the project, using a Project-Labor Agreement (PLA). Since AB 1585 is an urgency bill, it requires a 2/3 vote, and if passed becomes effective immediately. The first hearing of AB 1585 will be sometime between February 8 and the

beginning of March at a Policy Hearing.

The goal is to get AB 1585 to the Governor around the time he signs the state budget with the necessary funding so provisions of the bill go into effect as the monies are made available - which could be July 2016. Meeting the July 2016 goal is dependent on diligent movement through and consideration by the State Legislature without substantial amendments, approval by the Governor, and timely adoption of the State Budget.

Assembly Member Alejo has made it clear that the Agency/County needs to follow the process set forth in AB 155 related to the PLA to access funding related to AB 1585. In other words, the Assembly Member wants the PLA negotiated as soon as possible, and before AB 1585 is enacted. To that end, counsel has reached out to Building Trades representatives.

2. Important considerations in negotiating and approving a PLA for the Procurement Process. It is important to understand how the PLA negotiation process affects or is affected by using the AB 155 design-build or the Infrastructure Financing design-build-finance methods of awarding the construction projects. To assist in the decision-making process and facilitate the Board's action to keep the Projects moving forward, three informational attachments are included with this report. They are: 1) a Project Labor Agreement Overview Briefing; 2) a PLA Checklist; and 3) the DRAFT Decision Matrix discussed at the December 15, 2015 meeting. Attorney Joan Cox, the Agency's contract counsel, will present the PLA overview. Ron Drake, the Agency's consulting Project Manager, will be available to review the Draft Decision Matrix. Gaining an understanding of both these attachments will benefit those not familiar with PLA's and/or Decision Matrices, and keep this process transparent.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office - IGLA and County Counsel have been involved with the continued progress of the Projects.

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

FINANCING:

The Agency and County are following the progress of AB 1585 in hopes that no less than \$25 million will be allocated to the Projects. The total cost for both components of the Project is estimated to be \$68 million. A Proposition 218 ballot measure will be required to fill the gap between state-received monies and the total cost of the Projects.

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Approved by:

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Attachments:

1. AB 1585 As Proposed to be Amended
2. Checklist of Issues to Consider in Drafting a Project Labor Agreement
3. Interlake Tunnel and Spillway Modification - Delivery Approach Decision Matrix

4. PowerPoint Presentation