



County of Monterey

Item No.

Board Report

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

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June 17, 2024

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Consider authorizing the General Manager to enter into Amendment No. 2 to the Subgrant Agreement between the Salinas Valley Basin Groundwater Sustainability Agency and Monterey County Water Resources Agency, related to Grant Agreement Number 4600014638 Sustainable Groundwater Management Act Implementation Grant, to decrease the subgrant eligible fund amount by \$341,000 for a total contract amount not to exceed \$3,480,000; and revise the work plan.

RECOMMENDATION:

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

Authorizes the General Manager to enter into Amendment No. 2 to the Subgrant Agreement between the Salinas Valley Basin Groundwater Sustainability Agency and Monterey County Water Resources Agency, related to Grant Agreement Number 4600014638 Sustainable Groundwater Management Act Implementation Grant, to decrease the subgrant eligible fund amount by \$341,000 for a total contract amount not to exceed \$3,480,000; and revise the work plan.

SUMMARY/DISCUSSION:

On September 19, 2022, the Board of Directors authorized the General Manager to enter into a Subgrant Agreement with the Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA) to receive funding related to Grant Agreement Number 4600014638 Sustainable Groundwater Management Act Implementation Grant, in the amount of \$3,690,000, to financially support the Monterey County Water Resources Agency's (Agency) involvement with certain components of the SVBGSA's Phase 1 Implementation projects (Attachment 1).

The work plan in the Subgrant Agreement provided funding for the Agency to work collaboratively with the SVBGSA on activities associated with planning, development, preparation, and/or implementation of the Dry Chlorine Scrubber Upgrade; Castroville Seawater Intrusion Project Distribution System Upgrades; Interested Parties Outreach and Engagement; Feasibility Studies on Aquifer Storage and Recovery; Demand Management Feasibility; Compliance Reporting and Data Expansion; Operationalizing Deep Aquifers Study Recommendations, and grant administration tasks (Attachment 2).

Subsequently, the SVBGSA requested additional assistance from the Agency on Component 9: Seawater Intrusion Feasibility Study, for Agency staff to conduct water quality sampling for the SVBGSA during the summer of 2023 to provide data that will be used by the SVBGSA to evaluate the potential location of wells for a seawater intrusion extraction barrier and brackish water treatment plant. Amendment No. 1 to the Subgrant Agreement, dated 6/30/2023, revised the work plan to

include a new task under Component 9; amended the Budget to include an additional \$131,000 in grant funding to support the Agency's work on Component 9; and amended the Schedule to provide that all work associated with Component 9 be completed by January 31, 2025 (Attachment 3).

One of the critical tasks related to the Component 3, Castroville Seawater Intrusion Project (CSIP) Distribution System Upgrades, Category (b) Task 1. Hydraulic Modeling has been delayed. This delay of model completion is due to the need to conduct additional data verification in support of calibration of the model during the growing season. Regrettably, the delays in planning tasks for this component have resulted in the determination that it will not be possible to construct and complete the A-1 junction improvement during the grant term, which ends in March 2025. In lieu of implementation of this project, staff has requested several budget adjustments to redistribute funds in Component 3 to cover other costs related to the existing grant work plan. These modifications include increasing Component 2 by \$310,000 for the completed Dry Scrubber implementation; and \$867,000 in additional planning and design work related to Component 3: CSIP Distribution System Upgrades to support optimization improvements.

The SVBGSA requested \$310,000 of the grant money be returned for completion of other critical work plan items. This includes \$285,000 for Component 7, Category (c) to cover monitoring well construction costs and under Component 9, a total of \$56,000 of unspent funds. SVBGSA has informed MCWRA that no additional samples need to be taken and therefore requested that this money be returned so it can be used for other aspects of the feasibility study.

Several work plan modifications are also requested to accompany the budget changes in order to align grant deliverables with the grant deadline of March 2025. These budget and work plan modifications are detailed in Attachment 4. The SVBGSA will work with the State of California Department of Water Resources (DWR) to make modifications to the grant agreement and the subgrant agreement amendment will follow shortly after.

At its June 7, 2024 meeting, the Finance Committee recommended that the Board of Directors authorize the General Manager to enter into Amendment No. 2 to the Subgrant Agreement between the Salinas Valley Basin Groundwater Sustainability Agency and Monterey County Water Resources Agency, related to Grant Agreement Number 4600014638 Sustainable Groundwater Management Act Implementation Grant, to decrease the subgrant eligible fund amount by \$341,000 for a total contract amount not to exceed \$3,480,000; and revise the work plan.

OTHER AGENCY INVOLVEMENT:

State of California Department of Water Resources, Salinas Valley Basin Groundwater Sustainability Agency, Monterey One Water

FINANCING:

Funding expenditures under this subgrant agreement are reimbursable by DWR for a total amount of \$3,480,000.

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Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:

1. Board Order 22-56 Subgrant with SVBGSA
2. Original Subgrant Agreement with SVBGSA
3. Subgrant Agreement Amendment No. 1
4. MCWRA letter requesting Amendment No. 2
5. Board Order