



TODAY'S ACTION

Consider Receiving a Project Status Report on the Interlake Tunnel Project and Spillway Modification Project Prior to a Future Request for Approval of Amendment No. 1 to the Second Reimbursement and Funding Agreement Between the County of Monterey and the Monterey County Water Resources Agency





Interlake Tunnel Progress Report

June 16, 2015

1. WRABOS Board Order WRAG 14-023
2. Accomplishments (since December, 2014)
3. Challenges
4. Revised Schedule Required
5. Revised Schedule
6. Future BOS Required Action

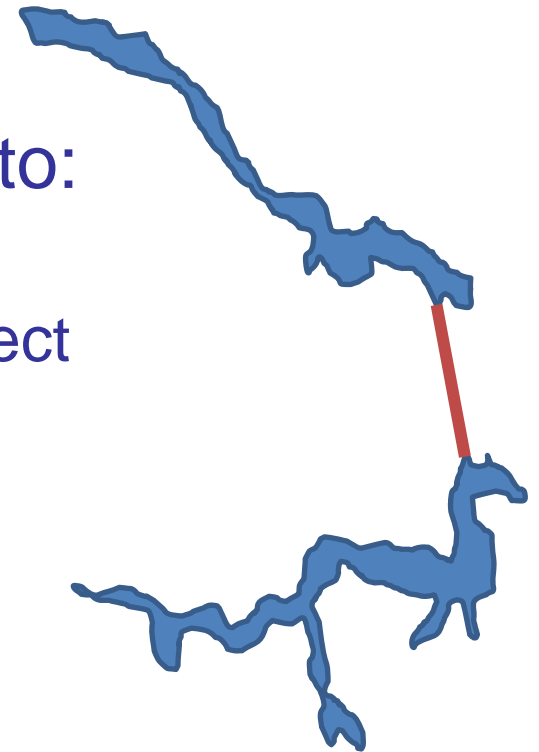




Board Order WRAG 14-023

December 9, 2014 the Board of Supervisors authorized the Agency to:

1. Proceed with the Interlake Tunnel Project and Spillway Modification Project
2. Prepare and issue Requests for Proposals for geotechnical and final design engineering and permitting and environmental approval





Accomplishments (since Dec. 2014)

- ✓ Jan 23, 2015: Technical workshop conducted to develop feasible options for San Antonio spillway modification
- ✓ Feb 26, 2015: Conducted evening public meeting at Lake Nacimiento and later met with SLO Officials
- ✓ Mar 16, 2015: 2nd Funding Agreement between Monterey County and MCWRA approved (\$600k)
- ✓ Mar 20, 2015: Met with CA Division of Fish and Wildlife exploring solutions to white bass transference





Accomplishments (cont.)

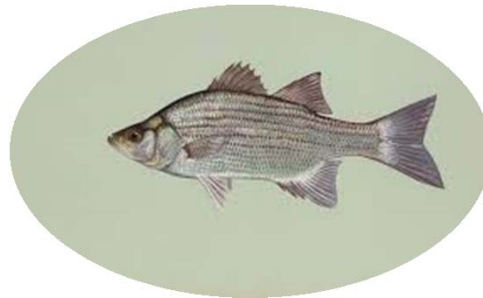
- ✓ Mar 31, 2015: Advertised RFPs for preliminary engineering and environmental services
- ✓ April 16, 2015: Mandatory Pre-Proposal Meeting
- ✓ June 5, 2015: Received five Engineering and four Environmental Services Proposals





Challenges

- **Biological – Avoidance of White Bass Transference**
 - Evaluating engineering solutions based on success of other projects, including CA Division of Fish and Wildlife
 - Promising mechanical solutions include fish screens, filter media, and combinations of systems
 - Innovative solutions have been offered by prospective engineering consultants
 - Prioritizing resolution of the issue with engineering and environmental consultants





Challenges (cont.)

- **Geologic – Fault Avoidance**
 - Prioritized tunnel alignment and geotechnical analysis in early phase of design
- **Potential Contamination – Mercury in Lake Nacimiento**
 - Innovative solutions have been offered by prospective engineering and environmental consultants
- **Cost Control**
 - Added specific cost control requirements for consultants to design project within budget



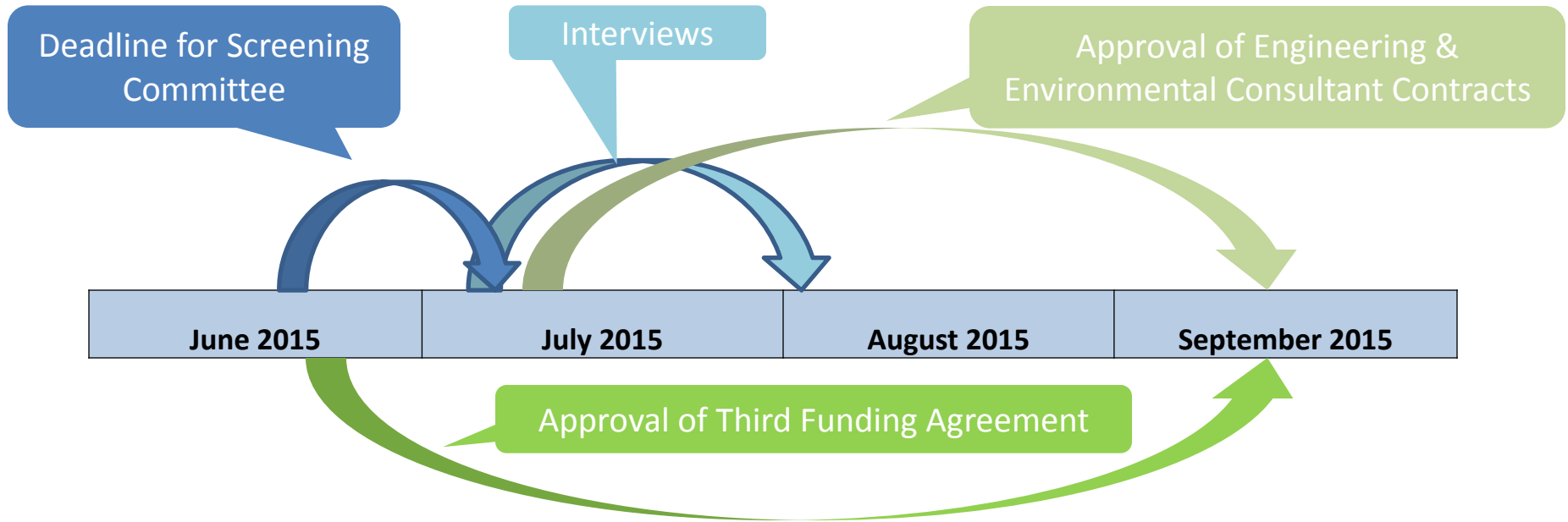
Revised Schedule is Required

- **Actions Requiring More Time:**
 1. Review of proposals by Screening Committee due to comprehensiveness of submittals
 2. EPC investigation of white bass solutions
- **Funds are still available from the Second Funding Agreement to continue Preliminary Engineering through September 30th**

First and Second Funding Agreements	\$ 1,100,000.00
Projected Expenditures to June 30th	650,000.00
Amount Remaining	\$ 450,000.00



Revised Schedule



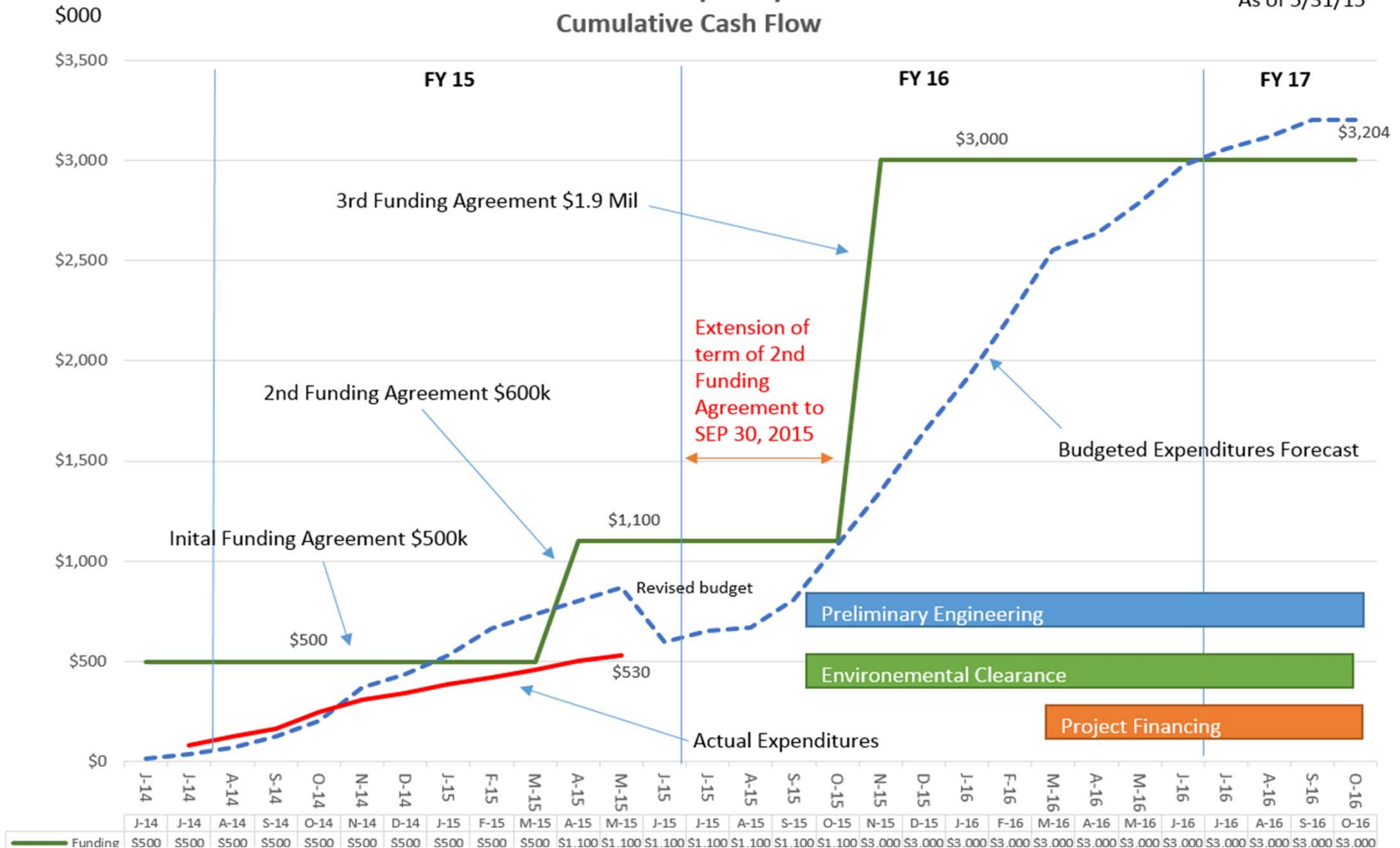
Milestone	Original Schedule Post Spillway Modification	Revised Schedule Allowing More Time for Proposal Review
Dead line for Screening Committee	June 19, 2015	July 8, 2015
Interviews of Short-listed Firms	Week of July 6th, 2015	Week of Aug 3rd 2015
Approval of Third Funding Agreement	June 23, 2015	Mid-Sept, 2015
Approval of Engineering and Environmental Consultant Contract	July 21, 2015	Mid-Sept, 2015



Budget Forecast and Interim Financing Plan

Interlake Tunnel and Spillway Modification Cumulative Cash Flow

As of 5/31/15





Future Agency Board of Supervisors Action Required on June 23, 2015

- Approval of Resolution extending the Second Funding Agreement expiration from June 30, 2015 to September 30, 2015
- Direction to the CAO Office to reserve \$1.9 million for the Third Funding Agreement for awarding of the Engineering and Environmental consultant contracts



TODAY'S ACTION

Receive a Project Status Report on the Interlake Tunnel Project and Spillway Modification Project
Prior to a Future Request for Approval of Amendment No. 1 to the Second Reimbursement and Funding Agreement Between the County of Monterey and the Monterey County Water Resources Agency







TODAY'S ACTION

Consider Approving and Recommending that the Monterey County Water Resources Agency Board of Supervisors Approve Amendment No. 1 to the Second Reimbursement and Funding Agreement Between the County of Monterey and the Monterey County Water Resources Agency; and, Authorize the General Manager to Execute the Amendment. This Amendment Solely Extends the Term from June 30, 2015 to September 30, 2015.





Committee Action

- No Committee Action has been taken on this item.





Prior BOD/BOS Action

- The Second Reimbursement and Funding Agreement in the amount of \$600,000 was negotiated between the Agency and Monterey County and subsequently approved March 16, 2015.
- Agency Consultant staff's work in addressing the white bass issue, and the approaches to the white bass issue identified in the proposals, should result in the Agency returning to the Board to approve engineering and environmental contracts in September 2015, along with the Third Funding Agreement.





Financial Impact

- The Interlake Tunnel expenditures are anticipated to be approximately \$650,000 by June 30, 2015.
- This amendment extends the timeline to September 30, 2015 enabling the Agency to utilize \$450,000 of the \$600,000 provided for in the Second Reimbursement and Funding Agreement.
- The Agency will request that \$1,900,000 be reserved from the County General Fund for anticipated expenditures from October 2015 through June 2016.





Discussion

- The interim financing in the amount of \$3 million to advance the Project through design, environmental clearance, permitting and the acquisition of permanent financing is being provided by Monterey County through a series of financing agreements between Monterey County and the Monterey County Water Resources Agency. The financing agreements are summarized as follows:
 - Financing Agreement No. 1: \$500,000 (July 2014)
 - Financing Agreement No. 2: \$600,000 (March 2015)
 - Financing Agreement No. 3: \$1,900,000 (September 2015 - pending)





Summary

- Permanent financing for the Project in the estimated amount of \$63 million is planned to be a combination of State grants and Proposition 218 Tax Assessment bonds.





TODAY'S ACTION

Approve and Recommend that the Monterey County Water Resources Agency Board of Supervisors Approve Amendment No. 1 to the Second Reimbursement and Funding Agreement Between the County of Monterey and the Monterey County Water Resources Agency; and, Authorize the General Manager to Execute the Amendment. This Amendment Solely Extends the Term from June 30, 2015 to September 30, 2015.







TODAY'S ACTION

Consider Approving and Recommending that the Monterey County Water Resources Agency Board of Supervisors Receive the Monterey County Water Resources Agency's Supplemental Funding Strategic Plan for Pursuing Grants and Other Funds for the Interlake Tunnel Project and Other Agency Projects





Committee Action

- None





Prior BOD/BOS Action

- At May 19, 2015 Budget Workshop and June 3, 2015, Budget Hearing, Agency Supervisors directed staff to:
 - Develop a detailed action plan to aggressively pursue grant and loan opportunities , and
 - Report status to include milestones, time lines, and next steps.





Financial Impact

- No financial impact from the receipt and approval of this “Supplemental Funding Strategic Plan”





Discussion

- Historically, the Agency has utilized grants strategically over time
- Grants have augmented finite Agency resources
- Agency has received grants from both state and federal sources:
 - AB3030, 205(j), 319(h), EPA earmarks (STAG grants), as well as Proposition 50 and Proposition 84.





Discussion (cont.)

- Agency BOS directed Agency staff to develop a detailed action plan to aggressively pursue grant and loan opportunities
- Result is the “Agency Supplemental Funding Strategic Plan” (Plan)
- Plan includes Agency’s existing Funding Strategies and Accelerated Grant Funding Activities





Monterey County Water Resources Agency
893 Blanco Circle
Salinas, CA 93901



Agency Supplemental Funding Strategic Plan June 2015

Agency Supplemental Funding Strategic Plan 8

funding opportunities, as illustrated in the Agency Grant Tracking.

ted with one or more of the partners previously identified and assistance. At this time, only one of the four has been awarded. m Maintenance Program. In addition, The Ag opportunities and completed the evaluation of f was submitted (see below).

Requested \$	Alert to Alert P
585,000	Alert to Alert 2
1,190,000	Salinas and Carmel R
276,000	Salinas River Stream
65,000	Salinas River Stream
Total	\$2,116,000

	Status
cy Plan	Application by MPWMD for its pr and MRWPCA due June 23, 2015
n Update	Process of determining if project Applications due July 2, 2015
n Update	Reviewing draft guidelines for cor Comments due Aug. 21, 2015

	Reason not submit
ce	50% match required for \$3 million project not to submit application.
	Requires construction start date of April 2 identified.
	No applicable project; no repayment sour
	No applicable project; no repayment sour
	Loan program. No funding available for successful 218 process

Funding Area	Legislative Allocation
North Coast	\$26,500,000
San Francisco Bay Area	\$65,000,000
Central Coast	\$43,000,000
Los Angeles	\$98,000,000
Santa Ana	\$63,000,000
San Diego	\$52,000,000
Sacramento River	\$37,000,000
San Joaquin River	\$31,000,000
Tulare/Kern	\$34,000,000
North/South Lahontan	\$24,500,000
Colorado River	\$22,500,000
Mountain Counties	\$13,000,000
TOTAL	\$610,000,000

Agency Supplemental Funding Strategic Plan 23





Discussion (cont.)

- Agency has received over \$4.3M in grant funding in last four years...
 - Currently, \$565,000 in grants:
 - \$500,000 from IRWMP Program Proposition 1E: Pajaro Levee Project
 - \$ 65,000 from the California Coastal Conservatory: Salinas River Stream Maintenance Program

- Agency is a founding member of IRWM Regional Water Management Groups for both the SV (2005) and GMC IRWM (2008) Plans
 - Also member on Peninsula RWMG





Discussion (cont.)

- Plan will assist with:
 - Applying for current and future grant opportunities / programs
 - Collaboration efforts between Agency and County grant consultant
 - Developing partnerships with other entities
 - Agency's need to acquire supplemental funding, in light of SGMA, and the overall sustainability of water in Monterey County





Discussion (cont.)

- Agency being proactive in strategizing how to secure alternative funds and rely on partnerships.
- Partners include:
 - Counties of Santa Cruz and San Luis Obispo
 - Groundwater Sustainability Agency (when formed)
 - Monterey County OES
 - Resource Conservation District of Monterey County
 - Salinas River Channel Coalition
 - The Nature Conservancy
 - Growers-Shippers Association
 - Monterey Peninsula Water Management District
 - Monterey Regional Water Pollution Control Agency





Discussion (cont.)

FY2014-15:

- Applied for four grants totaling >\$2 million
 - Awaiting award on three of the four submittals
 - \$65,000 awarded for the SRSMP

	Funding Agency	Requested \$	Project
1	Department of Water Resources (DWR)	585,000	Alert to Alert 2
2	Bureau of Reclamation (BOR)	1,190,000	Salinas and Carmel Rivers Study
3	California Coastal Conservancy	276,000	Salinas River Stream Maintenance Program
4	California Coastal Conservancy	65,000	Salinas River Stream Maintenance Program
	Total	\$2,116,000	





Discussion (cont.)

FY2014-15:

- Three grant opportunities currently being evaluated

	Funding Agency	Project	Status
1	US BOR	Drought Contingency Plan	Application by MPWMD for its project with the Agency and MRWPCA due June 25, 2015
2	US NOAA	Salinas River Lagoon Management Plan Update	Process of determining if project fits, identify partners. Applications due July 2, 2015
3	Ocean Protection Council	Salinas River Lagoon Management Plan Update	Reviewing draft guidelines for comments. Comments due Aug. 21, 2015





Discussion (cont.)

FY2014-15:

- Five grant opportunities evaluated; no application

	Funding Program	Project	Reason not submitted
1	Local Levee Assistance	Nacimiento Plunge Pool Repairs	50% match required for \$3 million project. Board directed staff not to submit application.
2	IRMWP Prop 84	Interlake Tunnel	Requires construction start date of April 2016. No matching funds identified.
3	Clean Water SRF Loan/Grant	None	No applicable project; no repayment source for loan
4	Drinking Water SRF	None	No applicable project; no repayment source for loan
5	I-Bank	Interlake Tunnel	Loan program. No funding available for loan repayment without successful 218 process





Discussion (cont.)

- Agency continues to review grant opportunities from:
 - Bureau of Reclamation
 - California Coastal Conservancy
 - California Department of Water Resources
 - California State Water Resources Control Board
 - Department of Agriculture
 - Federal Emergency Management Act
 - Infrastructure Bank
 - National Oceanic and Atmospheric Administration
 - Ocean Protection Council
 - State Revolving Fund





Discussion (cont.)

- Projects identified for immediate grant research:
 - Interlake Tunnel
 - Salinas River Lagoon Management Plan Update
 - Drought Contingency Planning
 - CSIP Expansion
- Possible other opportunities if Planning monies are available...





Discussion (cont.)

- Accelerated Grant Opportunities in FY2015-16
 1. California Department of Water Resources: Prop 1
 - Summer of 2015 Scoping
 - Fall of 2015 - Early 2016 Draft Guidelines
 2. California State Water Resources Control Board
 - June of 2015 Final Guidelines
 - Late Summer 2015 Application Submittal
 3. State Revolving Fund: IBank
 - Funding Fairs On-Going
 - Attend Funding Fair on Sept. 2, 2015





Discussion (cont.)

- Collaboration with Nossaman
 - Meet weekly to discuss grant funding options
 - Identify who will take the lead on submittals, tasks, timelines, and deliverables
 - Information summarized and reported to Legislative Committee

- Upcoming Events
 - Add Website Link
 - Work with Local Media
 - Increase Stakeholder Input
 - Increase Community Communication





Discussion (cont.)

- Next Steps

- Follow proposed time line for FY 2015-16

- Nossaman to “Identify Strategic Opportunities to meet with Key Decision Makers” regarding grant / loan opportunities

- Nossaman staff
 - Agency staff
 - Nossaman + Agency staffs
 - Nossaman + Agency + CAO staffs



Discussion (cont.)

Agency Funding Time line for FY 2015 – 16

Major Activities	Q-1	Q-2	Q-3	Q-4
Weekly Status Meetings	X	X	X	X
Evaluate SRF – Clean Water		X		
Evaluate SRF – Drinking Water		X		
Participate in Prop 1 Scoping	X			
Comment on Prop 1 Guidelines		X	X	
Revise Interlake Tunnel PD in IRWMP			X	
Submit Prop 1 application (if appropriate)				X
CA Financing Committee	X			
Evaluate Recycled Water Grant (apply if appropriate)	X			
Meet with NRCS and submit RCPP pre-proposal (if appropriate)	X			
Submit RCPP full proposal (if appropriate)		X		





Summary

- Agency has historically utilized grants strategically to supplement limited resources
- Supplemental Funding Strategic Plan provides direction for current and near-term grant opportunities
- Having a Supplemental Funding Strategic Plan does not guarantee that grants will be awarded to the Agency; but improves the probability...





TODAY'S ACTION

Approve and Recommend that the Monterey County Water Resources Agency Board of Supervisors Receive the Monterey County Water Resources Agency's Supplemental Funding Strategic Plan for Pursuing Grants and Other Funds for the Interlake Tunnel Project and Other Agency Projects







TODAY'S ACTION

Consider Approving and Recommending that Monterey County Water Resources Agency Board of Supervisors Approve a Request for Proposals for Financial Consulting Services for the Water Resources Agency





Committee Action

- No Committee action has been taken on this item.





Prior BOD/BOS Action

- The Monterey County Water Resources Agency Board of Supervisors approved the Agency's FY 2015-16 Recommended Budget at a Public Budget Hearing on June 3, 2015, and
- Directed the Agency General Manager to devote "top priority" status to "developing a financial plan, participating in the County's Strategic Grant Services Program and returning to the Board at its June 23rd meeting with an RFP for financial consulting services including a detailed action plan to aggressively pursue the identified grant opportunities."





Financial Impact

- The WRA BOS is requesting that the Agency pay for the cost of a Financial Consultant





Discussion

The Board of Supervisors outlined the scope of work for the consultant, to include the following:

- Cost of service analysis and verification of current assessments and water rate structures;
- Compare WRA Funding streams to similar agencies in California and recommend best practices;
- Review and evaluate existing financial policies and procedures;
- Review internal financial controls and cost accounting;
- Review of proposed capital projects and estimated construction and associated future operating costs;
- Estimate projected monitoring programs and associated costs required to comply with the Sustainable Groundwater Management Act;
- Evaluate the adequacy of projected revenues under existing assessments and rates to meet projected revenue requirements;
- Develop financing plans that produce revenues adequate to meet financial needs while recognizing grant opportunities, customer costs of service and local and state policy considerations such as Proposition 218; and,
- Recommend a sound financial plan covering a five-year period for both ongoing operations and planned capital improvements.





Summary

- The Agency's FY 2015-16 Budget has no money set aside for this service and will need to request from its Board of Directors authority to utilize monies from its Rate Stabilization Reserve once the amount of services is determined by the County's Purchasing Agent.





TODAY'S ACTION

Approve and Recommend that Monterey County Water Resources Agency Board of Supervisors Approve a Request for Proposals for Financial Consulting Services for the Water Resources Agency







TODAY'S ACTION

Consider Approving Amendment No. 1 to the General Services Agreement with Industrial Machine Shop, Inc. in the Amount of \$60,000 to Provide Repair, Fabrication and Machining Services of Components for Facilities and Projects Owned and Managed by MCWRA; Encumbering \$40,000 from Fund 118 for the Purpose of Rebuilding an Industrial Pump; and, Authorizing the General Manager to Execute the Amendment





Committee Action

- None to Date





Prior BOD Action

- On September 22, 2015 the Board approved a General Services Agreement with Industrial Machine Shop, Inc. in the amount of \$90,000 to provide repair, fabrication and machining services of components for facilities and projects owned and managed by MCWRA, and encumbered \$30,000 from Fund 122 for specified pump repairs.





Financial Impact

- \$40,000 Identified Fund 118- Pump repair, Lower Merritt Pump Station
- An additional \$20,000, for a new not to exceed amount of \$150,000 in potential repairs, from various funds.

Original Agreement	\$	90,000
<u>Amendment No. 1</u>	<u>\$</u>	<u>60,000</u>
Total:	\$	150,000

- Approximately \$63,000 of \$90,000 has been expended





Discussion (cont.)

- Services will be provided on an as needed basis
- Agency engineering and maintenance staff identifies repair and maintenance needs.
- Agency staff will identify appropriate funding source.
- Agency staff will set scope of work and negotiate price with contractor prior to the start of all work.





Discussion (cont.)

- Other funds covered under this agreement:
 - 112 Pajaro Levee
 - 116 Zone 2C
 - 128 Storm Maint.
 - 118 Lake Meritt
 - 130 Hydro Facility
 - 122 Zone 9
 - 131 CSIP O&M
 - 127 Moro Cojo Slough
 - 134 SRDF
- All repairs and services provided by Industrial Machine Shop, Inc. will be paid from those funds that cover the program or project from which the repaired component/components came from.





Summary

- The Agency desires to amend the 3-year general services agreement with Industrial Machine Shop, Inc., increasing the contract amount by \$60,000, to a new not to exceed amount of \$150,000.
- This amended agreement will provide as needed machining, fabrication and repair services of Agency facility and project components in various Zones of Benefit and multiple funds.
- \$40,000 will be encumbered from fund 118 for the purpose of rebuilding an industrial pump used by the Agency for flood control and management.





TODAY'S ACTION

Approve Amendment No. 1 to the General Services Agreement with Industrial Machine Shop, Inc. in the Amount of \$60,000 to Provide Repair, Fabrication and Machining Services of Components for Facilities and Projects Owned and Managed by MCWRA; Encumbering \$40,000 from Fund 118 for the Purpose of Rebuilding an Industrial Pump; and, Authorize the General Manager to Execute the Amendment







TODAY'S ACTION

Consider Receiving a Report Updating
Ongoing Hydrogeologic Analysis of Reservoir
Releases and Reservoir Operations
Committee Action Regarding Releases from
Nacimiento Reservoir





Committee Action

- The Reservoir Operations Committee discussed this item at their June meeting, and made a recommendation for the full Board to consider





Discussion

- At the last BOD meeting, BOD directed staff to temporarily increase Nacimiento Reservoir releases to 60 cfs
- BOD requested the Reservoir Operations Committee consider Nacimiento release options at their June meeting and to recommend to the BOD a permanent release schedule
- BOD directed staff to provide impact analysis of increase of releases





Discussion (cont.)

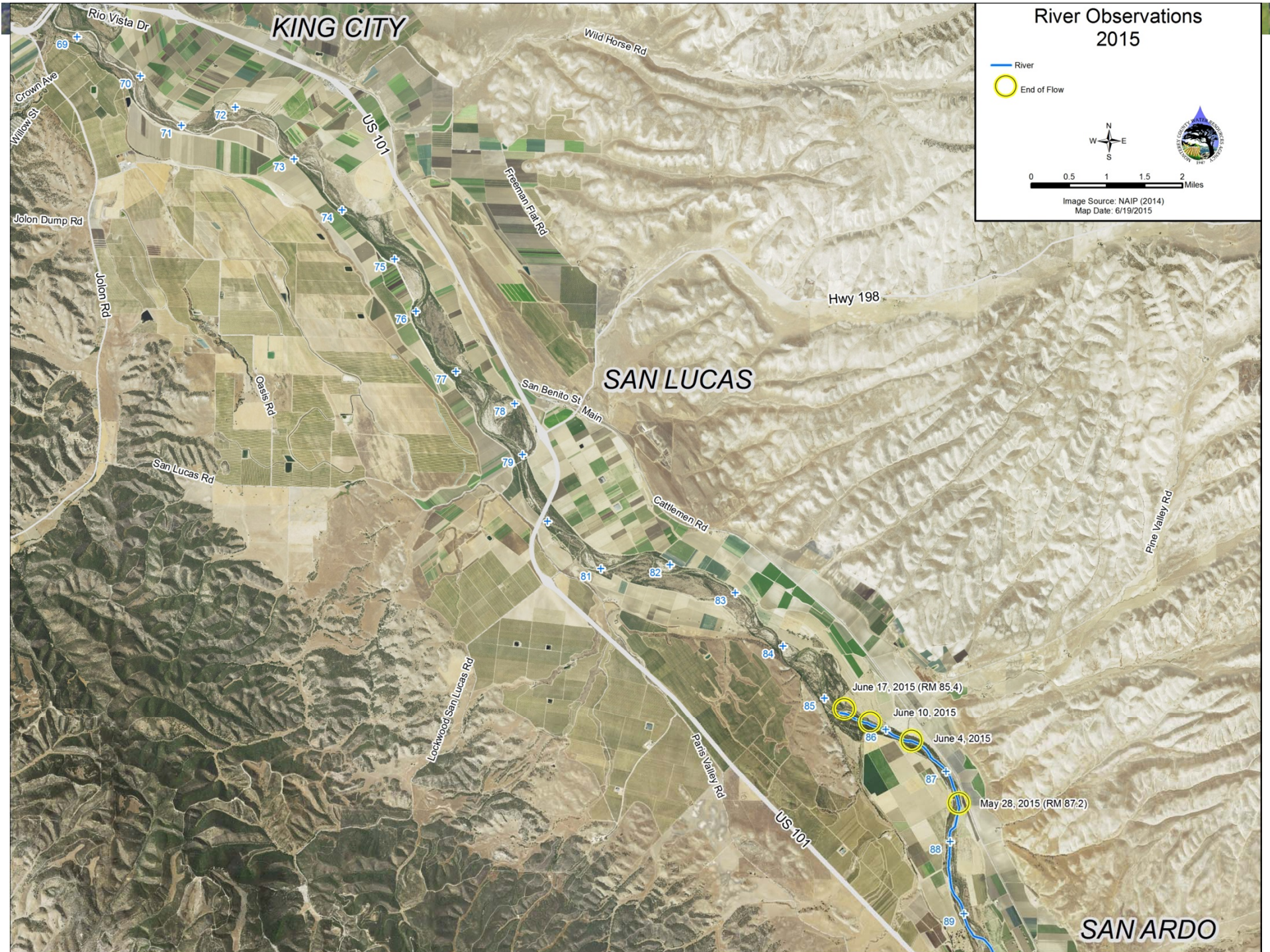
- Releases were incrementally increased from 30 cfs to 60 cfs from May 27th to May 30th
- Staff began monitoring Upper Valley shallow wells near the Salinas River and general conditions within the Salinas River riparian corridor



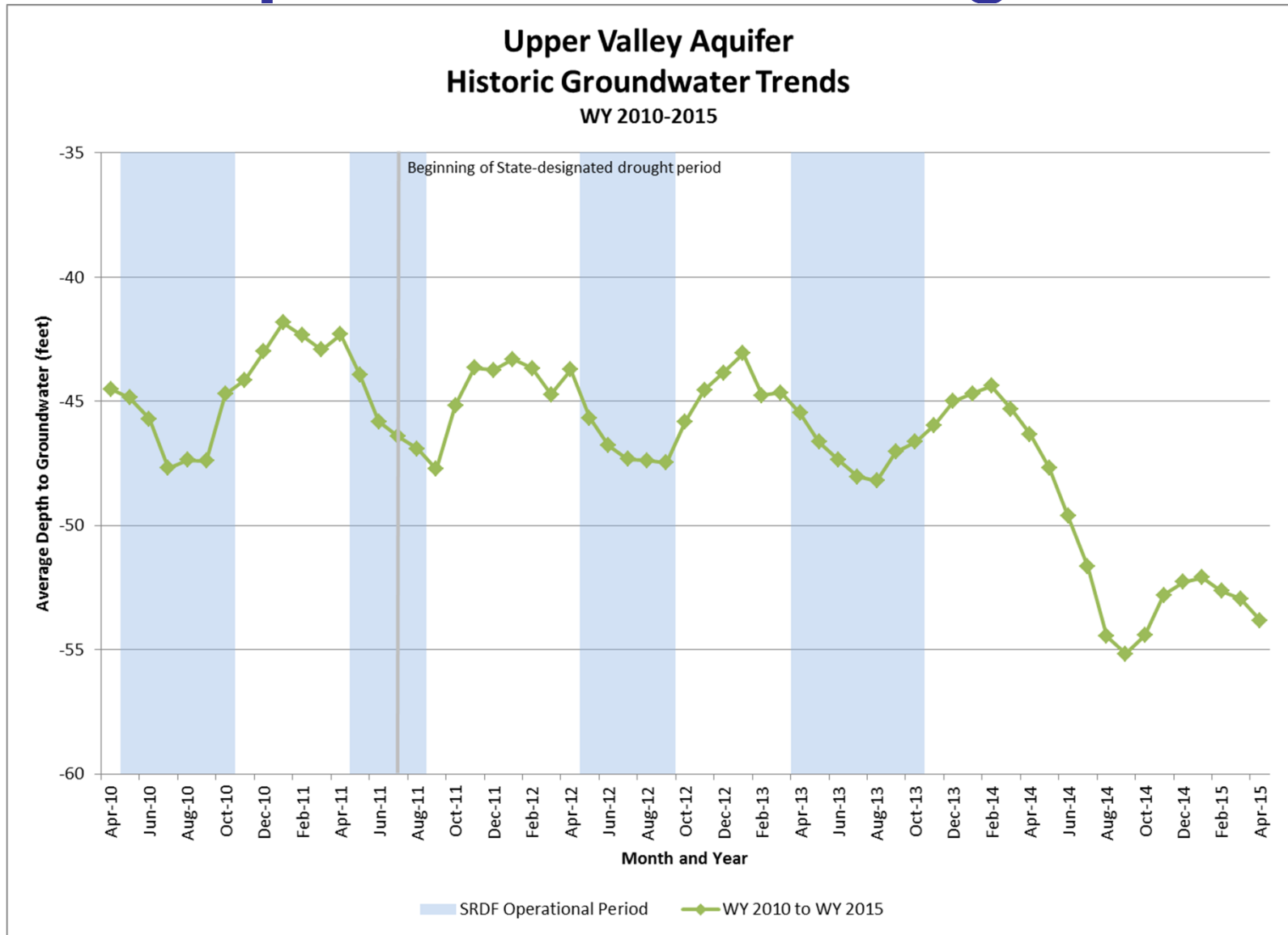


Near-Term Monthly Groundwater Level Trends in the Upper Valley





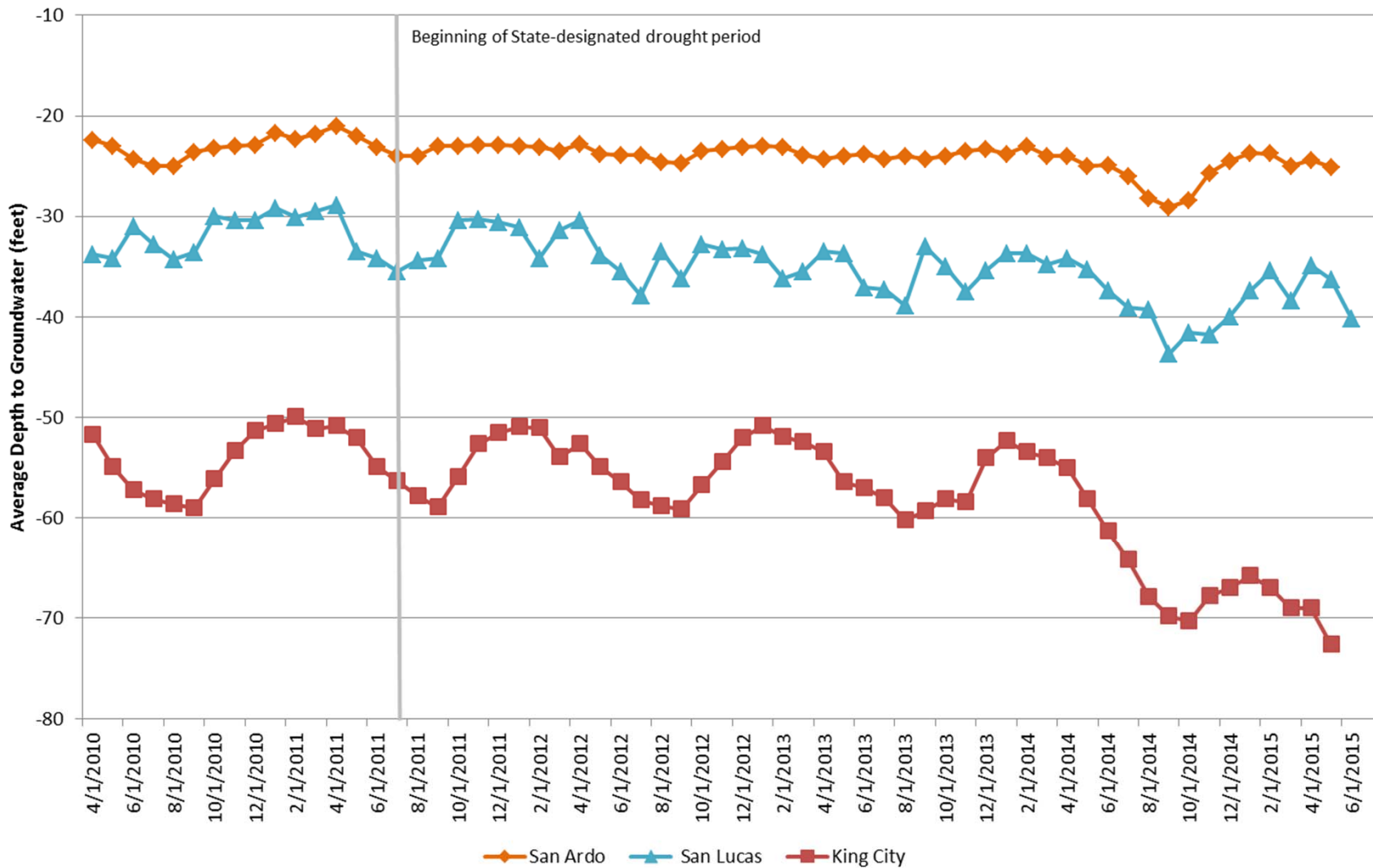
Update on the Drought





Upper Valley Aquifer Historic Groundwater Trends

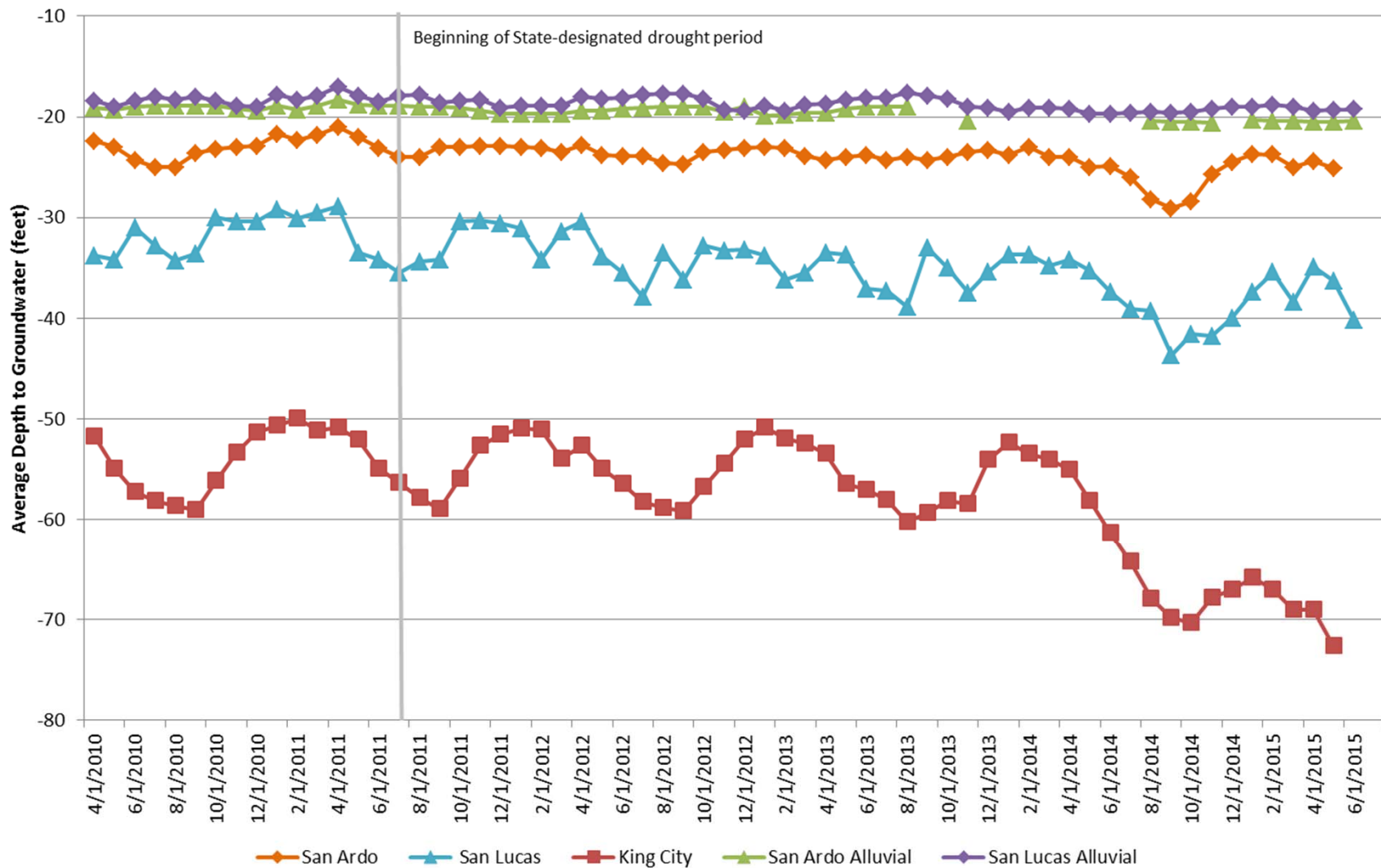
Comparison of Wells Along the Salinas River WY 2010-2015





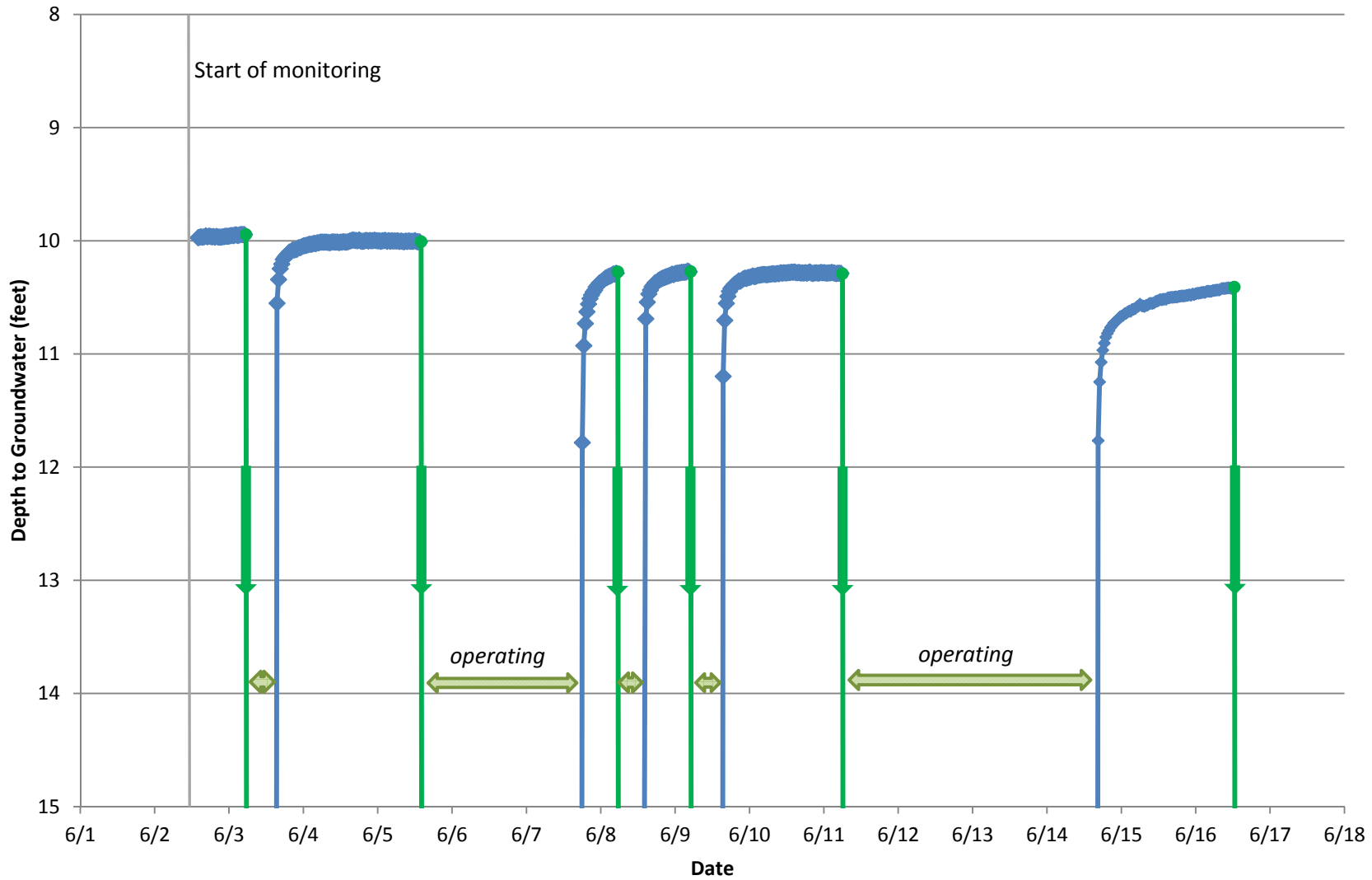
Upper Valley Aquifer Historic Groundwater Trends

Comparison of Wells Along the Salinas River WY 2010-2015





River Well Near San Lucas



- Static water level and level during recovery from pumping
- Water level during pumping





Salinas River Streamflow Recharge Analysis





Discussion (cont.)

- Assumptions:
 - Nacimiento Releases 60 cfs (65 cfs total)
 - End of Flow @ River Mile 85.4
 - Release Period July 1 – October 31, 2015
 - Total Reservoir Releases 15,867 acre-feet
 - Annual Salinas River ET Losses:
 - 39,361 acre-feet/year
 - Annual Data Reduced to Upper Valley ET Losses for Operational Period
 - Analysis Results
 - 12,100 acre feet potential groundwater recharge





Discussion (cont.)

- Assumptions (Option 2):
 - Nacimiento Releases 30 cfs (35 cfs total)
 - End of Flow @ River Mile 87.5
 - Release Period July 1 – October 31, 2015
 - Total Reservoir Releases 8,550 acre-feet
 - ET Losses:
 - 39,361 acre-feet/year
 - Annual Data Reduced to Upper Valley ET Losses for Operational Period
 - Analysis Results
 - 5,660 acre feet potential groundwater recharge





Discussion (cont.)

Reservoir Operations Committee action regarding releases from Nacimiento Reservoir

- At their June Meeting, the Reservoir Operations Committee considered the impacts of four release options presented by staff
- The Committee concluded that more information was needed before they could make a final recommendation to the BOD





Discussion (cont.)

Reservoir Operations Committee action regarding releases from Nacimiento Reservoir

Committee motion:

- Recommended keeping current Nacimiento releases at 60 cfs until their next meeting
- Developed specific questions that staff would need to answer to assist the Committee in reaching a recommendation on releases at their next meeting
- Requested the Board of Directors to give the Committee the authority to implement their decision immediately following their next meeting





Discussion (cont.)

Reservoir Operations Committee action regarding releases from Nacimiento Reservoir

Questions by Reservoir Operations Committee:

- Reservoir elevations and other impacts through September 2016 for minimum releases of 25, 40, and 60 cfs based on dry, normal, and wet winter scenarios
- What can be legally be done to remove beavers from the river?
- Clarification if releases over 60 cfs are conservation releases
- Results of monitoring groundwater impacts in the Upper Valley after Nacimiento releases were increased to 60 cfs





Discussion (cont.)

Reservoir Operations Committee action regarding releases from Nacimiento Reservoir

- Since the last Reservoir Operations Committee meeting, staff learned that the Committee has an advisory role in relation to the BOD
- Staff to inform Committee of this finding
- Staff plans to present information requested by the Committee along with direction received from today's Board action





TODAY'S ACTION

Receive a Report Regarding Ongoing Hydrogeologic Analysis of Reservoir Releases; Review Reservoir Operations Committee Action from the June Meeting; and Provide Direction to Staff

