

Monterey County

*Monterey County Government Center
Board Chamber
168 W. Alisal St. 1st Floor
Salinas, CA 93901*



Meeting Agenda

Tuesday, December 9, 2014

2:00 PM

See separate agendas for Board of Supervisors and Board of Supervisors of the Monterey County Water Resources Agency

**Special Joint Meeting of the Board of Supervisors,
Board of Supervisors of the Water Resources
Agency and the Water Resources Agency Board of
Directors**

2:00 P.M. - Call to Order

Roll Call

Public Comment

This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board of Supervisors. Board members may respond briefly to the statement made or questions posed. They may ask a question for clarification; make a referral to staff for factual information or request staff to report back to the Board at a future meeting.

Scheduled Matters

1. Consider:
 - a. Authorizing the Monterey County Water Resources Agency to proceed with the Interlake Tunnel Project, including spillway modifications as a key component of the Interlake Tunnel Project;
 - b. Authorizing the General Manager of the Monterey County Water Resources Agency to prepare and issue Requests for Proposal for geotechnical and final design engineering; permitting and environmental approval; and, financing plan preparation and implementation;
 - c. Requesting the Monterey County Board of Supervisors to authorize proceeding with negotiation of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$2.5 million 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; and,
 - d. Authorizing the Monterey County Water Resources Agency to negotiate a Project Labor Agreement to be utilized by the contractors selected to construct the Interlake Tunnel Project.

Attachments: [Board Report](#)
[Interlake Tunnel Development Cost Cash Flow Forecast](#)
[Interlake Tunnel & Spillway Modification Cost Estimate](#)
[Interlake Tunnel - Jt. Bd. Slides.pdf](#)

2. 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.

3. Consider receiving a status report on the implementation of the Groundwater Sustainability Agency for areas of Monterey County that are not covered by another Groundwater Sustainability Agency.

Attachments: [Board Report](#)
[MCWRA Executed Board Order](#)

Adjournment



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: WRAG 14-053

December 09, 2014

Introduced: 11/20/2014

Current Status: Agenda Ready

Version: 1

Matter Type: WRA General

Consider:

- a. Authorizing the Monterey County Water Resources Agency to proceed with the Interlake Tunnel Project, including spillway modifications as a key component of the Interlake Tunnel Project;
- b. Authorizing the General Manager of the Monterey County Water Resources Agency to prepare and issue Requests for Proposal for geotechnical and final design engineering; permitting and environmental approval; and, financing plan preparation and implementation;
- c. Requesting the Monterey County Board of Supervisors to authorize proceeding with negotiation of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$2.5 million 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; and,
- d. Authorizing the Monterey County Water Resources Agency to negotiate a Project Labor Agreement to be utilized by the contractors selected to construct the Interlake Tunnel Project.

RECOMMENDATION:

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

- a. Authorize the Monterey County Water Resources Agency to proceed with the Interlake Tunnel Project, including spillway modifications as a key component of the Interlake Tunnel Project;
- b. Authorize the General Manager of the Monterey County Water Resources Agency to prepare and issue Requests for Proposal for geotechnical and final design engineering; permitting and environmental approval; and, financing plan preparation and implementation;
- c. Request the Monterey County Board of Supervisors to authorize proceeding with negotiation of a funding agreement between Monterey County and the Monterey County Water Resources Agency for an amount not to exceed \$2.5 million 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; and,
- d. Authorizing the Monterey County Water Resources Agency to negotiate a Project Labor Agreement to be utilized by the contractors selected to construct the Interlake Tunnel Project.

SUMMARY/DISCUSSION:

In Board Order WRAG 14-023, the Agency was requested to return to the Agency's Board of Supervisors in July 2014 and present a Project Status Report on the results of (i) a hydrological study of the benefits of the Interlake Tunnel Project ("Project") and (ii) an investigation of water rights availability.

Further work on the Project was authorized by the Board of Directors and Board of Supervisors on June 3, 2014, and \$500,000 of the then estimated \$2.5 million required to prepare the Project to the point of bidding out a construction contract has been financed by the County Board of Supervisors, subject to reimbursement if the Project is permanently financed. A Funding Agreement between the County and Agency was approved on July 1, 2014 for the reimbursement of up to \$500,000.

On October 28, 2014, at a joint meeting of the Board of Directors and Board of Supervisors of the Water Resources Agency, a report on the findings developed during the Preliminary engineering Phase of the Interlake Tunnel 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.

A November 19, 2014 Interlake Tunnel Project Public Workshop was held to provide technical memoranda supporting Project feasibility, evaluation of environmental clearance, financial feasibility and schedule.

From this work it was determined that construction of the Interlake Tunnel Project will result in an average increase of 16,327 acre-ft./year (20,686 acre-ft./year with spillway modifications) 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 spillway modifications). Operation of the Interlake Tunnel and spillway 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 \$2.5 million in funding the following tasks which are required to be accomplished prior to a Proposition 218 vote:

	(In thousands)
Phase 2: Permit applications (75% environmental complete)	\$ 800
Phase 3: Geotechnical and final design (75% complete)	900
Phase 5: Financing	350
Spillway Modification Engineering	200
Program Management	<u>250</u>
TOTAL	<u>\$ 2,500</u>

OTHER AGENCY INVOLVEMENT:

The Monterey County Water Resources Agency Board of Directors will review this item concurrently with the Monterey County Water Resources Agency Board of Supervisors. The County Administrative Officer and County Counsel have been involved in this process.

FINANCING:

Total Project cost, including spillway modifications, is estimated at \$63 million. Depending upon the degree of environmental documentation required, the Project will require three and one-half years to complete.

Attached are the current Interlake Tunnel Project Cost Estimate and Cash Flow Schedule for work to the 75% design point.

If approved by the County Board of Supervisors, through one or more funding agreements, the County will provide a total of \$3.0 million in funds, reimbursable 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 a successful Proposition 218 vote.

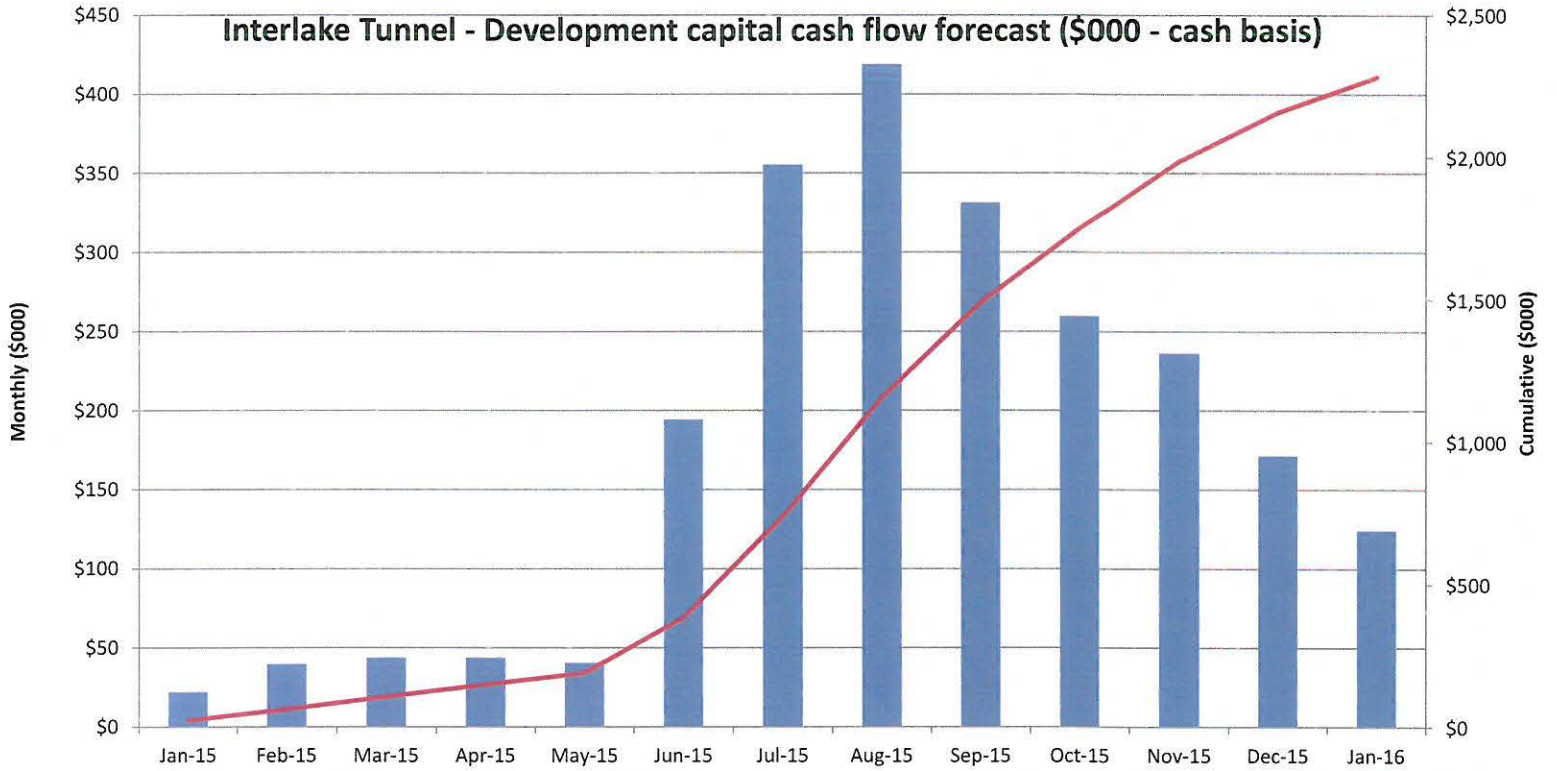
Prepared &
Approved by:


David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

Interlake Tunnel - Development Capital Cash Flow Forecast
Interlake Tunnel & San Antonio Spillway Modification Cost Estimate

Interlake Tunnel - Development capital cash flow forecast (\$000 - cash basis)



	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Monthly Costs	\$22	\$40	\$44	\$44	\$41	\$194	\$355	\$419	\$331	\$260	\$236	\$172	\$124
Cumulative	\$22	\$62	\$105	\$149	\$190	\$384	\$739	\$1,158	\$1,490	\$1,749	\$1,985	\$2,157	\$2,281

Interlake Tunnel & San Antonio Spillway Modification Cost Estimate (Dec 2014) (\$000)

Phase 1 - preliminary engineering	\$315
Phase 2 - permit applications	\$1,198
Phase 3 - geotechnical and final design	\$1,311
Phase 4 - ROW acquisition and water rights verification	\$244
Phase 5 - financing	\$342
Phase 6 - construction	\$32,206
Program Management	\$1,387
Construction Management	\$1,200
Expenses	\$300
Contingency	\$9,500
Subtotal Tunnel	\$48,003
 San Antonio Spillway Modification	 \$15,000
Total	\$63,003

Interlake Tunnel Joint Board Meeting Report

December 9, 2014

1. Summary of accomplishments to date
2. Highlights and results of workshop
3. Plan to incorporate San Antonio spillway modification
4. Plan for additional public collaboration on model specifics
5. Plan to procure engineering and environmental consulting services to 75% design completion point
6. Plan to negotiate PLA
7. Plan to complete design and procure construction services using AB 155 or conventional procurement.

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Summary of Accomplishments

1. Determined technical feasibility of tunnel project to:
 - Provide additional flood control
 - Increase the net storage of water in the two reservoirs
 - Provide ability for increased conservation releases
2. Developed re-operation concept for reservoirs and tunnel to provide water supply sustainability:
 - Additional surface water to serve current and future suite of infrastructure projects
 - Beneficial use of surface water to resupply ground water aquifers and help offset pumping

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Interlake Tunnel Public Outreach Workshop

November 19, 2014

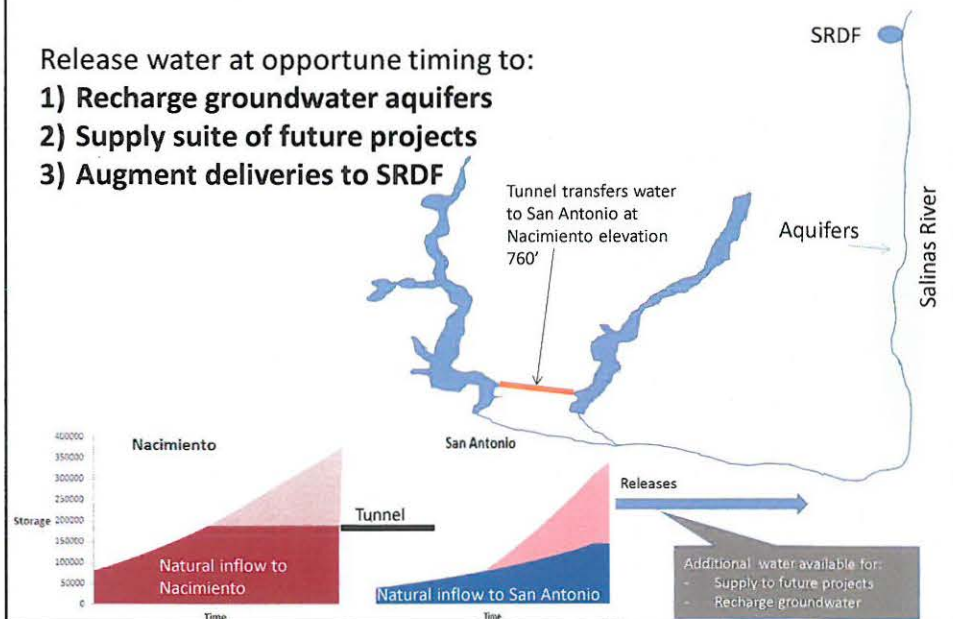
- Presentation of preliminary engineering and reservoir simulation modeling
- Discussion of reoperation approach to provide more water for beneficial use
- Presentation of opportunity to increase San Antonio storage by 60,000 acre feet with a spillway modification.
- Summarized project benefits:
 - Additional flood control
 - Additional water for conservation releases
 - Increased supply of surface water to be put to beneficial use
- Project costs and financing options overview
- Development plan critical path
- Procurement of engineering and environmental services

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Water Supply Sustainability

Release water at opportune timing to:

- 1) Recharge groundwater aquifers
- 2) Supply suite of future projects
- 3) Augment deliveries to SRDF



Interlake Tunnel and Spillway Modification Operational Modeling Results

(for water years 1967 - 2013)
(Average Acre Feet/Year)

	Reduction in Spills	Increase in Total Controlled Releases	Tunnel Transfers
10' Tunnel	17,132	16,327	46,527
10' Tunnel & SA spillway mod*	22,198	20,686	50,179

Flood Spills	Number of years flood spill occurs	Average flood volume (AFY)
Tunnel	60% reduction	46% reduction
Tunnel & SA spillway mod	60% reduction	52% reduction

* (adds 60,000 AF of reservoir storage to San Antonio)

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Interlake Tunnel & San Antonio Spillway Modification Cost Estimate

(Dec 2014)

(\$000)

Phase 1 - preliminary engineering	\$ 315
Phase 2 - permit applications	1,198
Phase 3 - geotechnical and final design	1,311
Phase 4 - ROW acquisition and water rights verification	244
Phase 5 - financing	342
Phase 6 - construction	32,206
Program Management	1,387
Construction Management	1,200
Expenses	300
Contingency	<u>9,500</u>
Subtotal Tunnel	\$48,003
San Antonio Spillway Modification	<u>\$15,000</u>
Total	<u>\$63,003</u>

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Financing Options

1. Proposition 218 tax assessment on beneficiaries

To service the operating costs and debt service on long-term bonds. This is the most viable option with a proven history of success in financing the Salinas Valley Water Project in 2008.

2. California Infrastructure Financing Act – California Government Code Section 5956 (Public Private Partnership).

Provides the means to develop an infrastructure project involving private financing if a revenue stream can be identified to pay the debt service.

3. Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Bond).

Grant funding for water projects that qualify for State funds.

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Cost per AF of Water Comparison to Salinas Valley Water Project

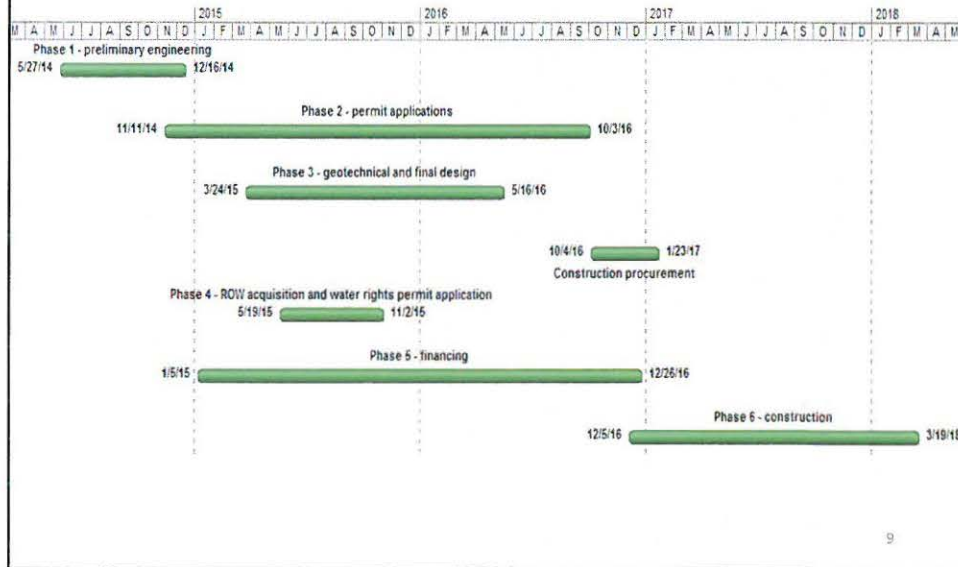
Project	Annual Average increase in releases AF/Y	Capital costs	Annual Capital debt service \$/AF/Year	Average 218 Capital Assessment \$/Acre Zone 2C	Average Operating Cost Assessment \$/Acre	Total Average Assessment \$/Acre Zone 2C
SVWP	6,094*	\$38.8 mil	\$334	\$7.17	\$5.64	\$12.81
10' Tunnel	16,237	\$48 mil	\$192	\$11.00	\$0.70	\$11.71
10' Tunnel with SA spillway mod	20,098	\$63 mil	\$195	\$14.44	\$0.70	\$15.14

Tunnel and spillway modification project assessments are in addition to current assessments for SVWP.

* - Delivered water

Zone 2C = 283,837 equivalent acres

Project Development Schedule



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Workshop Questions / Findings

Questions/Suggestions

- Will procurement of engineering / environmental services be low bid?
 - No – qualifications based selection.
- Consider a two part fast-track project(design/build) to reduce number of procurements.
 - Under consideration pending feasibility prior to financing.
- The flood control benefits are significant. Quantify their benefits and demonstrate their value.
 - HEC RAS model will be used to evaluate flood control benefits and value of avoided flood damage.
- Evaluate the value of groundwater recharge benefits.
 - Expanded model analysis will confirm reasonableness of downstream demands and extent of ground water recharge to reduce pumping demands.
- How do the project values compare to other projects?
 - Cost benefit analyses will be performed during project design and preparation of Engineer's Report for Proposition 218 financing proposal.
- Does the reoperation scenario provide additional SRDF delivered water?
 - Expanded model analysis will evaluate meeting demands of SRDF design capacity.

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Workshop Questions / Findings (cont'd)

7. Evaluate impacts along the river from additional flow. What does additional water do to vegetation?
 - Environmental impacts will be evaluated during EIR process including effects of more water in the Salinas River.
8. The project has benefits to north county, south county, and communities as well as ag land.
 - Agreed.
9. Does the proposed 218 financing projections effectively double the current 218 assessment for the SVWP?
 - Yes. Initial forecasts of 218 tax assessments using the SVWP model suggest the assessments for project will be on the same order of magnitude.
10. Need a PR campaign to help sell project benefits and 218 financing.
 - Acknowledged. A PR program will be developed and included in funding requests.
11. Graphically show benefits per acre?
 - Considering methods to better communicate project benefits.
12. Include the San Antonio spillway modification as part of the project.
 - San Antonio spillway modification will be included in the design, EIR, financing and construction of the project.

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Additional Reservoir Storage Opportunity at San Antonio



Modifying the spillway with a crest control device in order to increase storage by 60,000 acre feet.

Potential added storage increases the benefits of the tunnel by providing **additional storage for flood control and conservation releases.**



Consensus to include San Antonio Spillway Modification as part of the project.

San Antonio Spillway Modification Conceptual Engineering Cost Estimate

Description	Cost Estimate
Conceptual Engineering	\$150,000
Preliminary/Final Design RFP	\$20,000
Expenses	\$5,000
Public Outreach	\$25,000
San Antonio Spillway Modification	\$200,000

- Initiates project evaluation process
- Develops conceptual alternatives with ROM cost estimates
- Prepares initial feasibility analysis
- Preliminary meeting with DSOD
- Preparation of RFP documents for engineering and design

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Plan for Additional Public Collaboration on Model Specifics

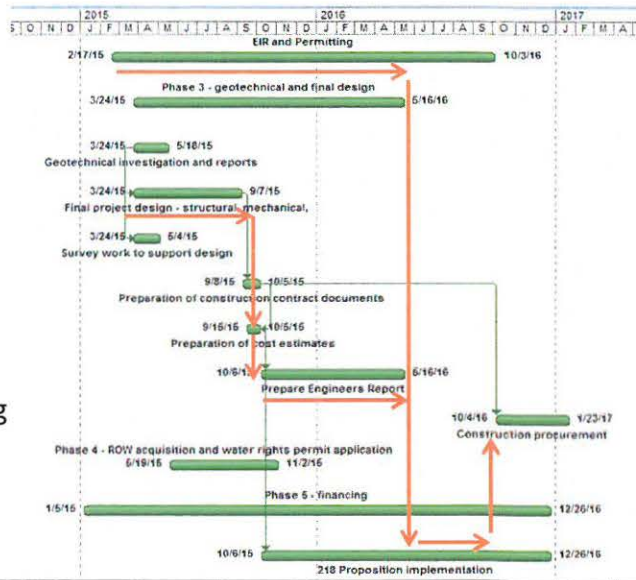
As requested by Salinas Valley Water Coalition:

1. Conduct technical evaluation of tunnel and reservoir simulation model to confirm reasonableness of downstream demands.
2. Evaluate model to accommodate SRDF full design capacity demands.
3. Agree on implementation of the tunnel and spillway modification project and operation of the new infrastructure.

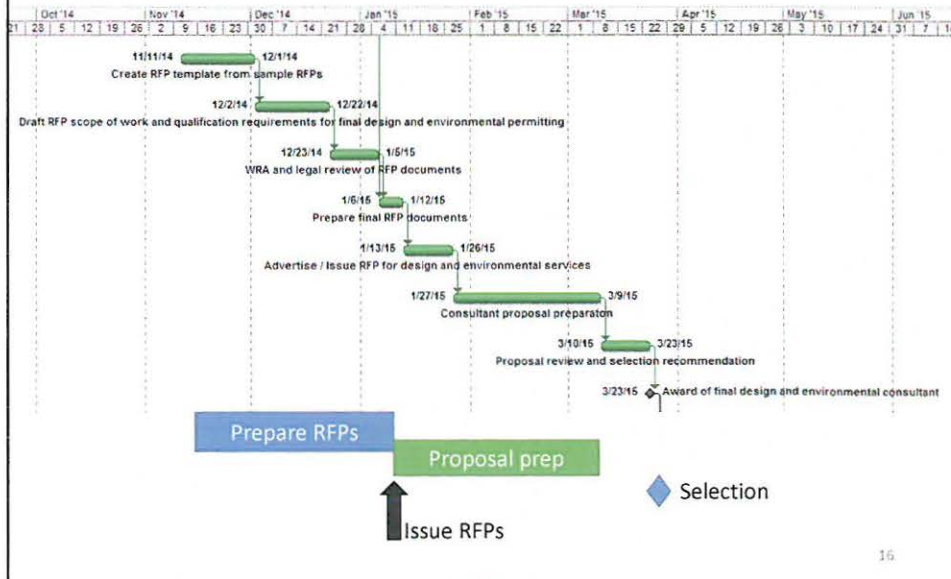
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Next Steps: Critical Path

- Phase 2 - permit applications (75% environmental complete)
- Phase 3 - geotechnical and final design (75% design)
- Phase 5 - financing



Procurement of Engineering and Environmental Services



Plan for Procurement of Design and Construction Services

1. Procure design and permitting consultants using a qualifications based selection to accomplish:
 - 75% design, 100% geotechnical
 - 75% permitting (including environmental)
 - Determination of financing plan
2. MCWRA negotiates Project Labor Agreement (PLA) to be utilized regardless of construction services method
3. Determine procurement method, AB 155 or conventional procurement, for construction services with PLA that is:
 - a) the most cost-effective approach, and;
 - b) is acceptable to the project's tax payers and beneficiaries

Forecasted construction procurement decision 3rd QTR, 2016
4. Complete design and permitting based on procurement method selected for construction services

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Next Steps and Requirements

- MCWRA Board
 - Authorization to proceed
- Monterey County Board of Supervisors
 - Authorization to proceed
 - Funding of interim financing

Final design & geotechnical engineering (75%)	\$900,000
Permitting and environmental approval (75%)	\$800,000
Financing plan implementation	\$350,000
<u>Program Management</u>	<u>\$250,000</u>
Subtotal – Interlake Tunnel	\$2,300,000
Spillway Modification Engineering	\$200,000
Total Interim Financing request	\$2,500,000

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Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: WRAG 14-055

December 09, 2014

Introduced: 11/24/2014

Current Status: Consent Agenda

Version: 1

Matter Type: WRA General

Consider receiving a status report on the implementation of the Groundwater Sustainability Agency for areas of Monterey County that are not covered by another Groundwater Sustainability Agency.

RECOMMENDATION:

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

Receive a status report on the implementation of the Groundwater Sustainability Agency for areas of Monterey County that are not covered by another Groundwater Sustainability Agency.

SUMMARY/DISCUSSION:

On September 16, 2014, Governor Brown signed into law the Sustainable Groundwater Act (GSAct). This act will provide local Groundwater Sustainability Agencies (GSA) the tools and powers needed to develop, implement and monitor groundwater in a sustainable way. The GSAct defines sustainability as a 50-year horizon, and through the use of Groundwater Sustainability Plans, the GSA has the ability to manage and regulate the use of groundwater within the groundwater basin it is responsible for.

An informational presentation on the GSAct was provided to the County Board of Supervisors, the Monterey County Water Resources Agency (Agency) Board of Supervisors, and the Agency Board of Directors on October 21, 2014, by County Counsel. The report was comprehensive in nature as to the GSAct itself, and it allowed valuable feedback from both the public and the Supervisors and Directors.

Agency staff was directed to develop a public process to involve stakeholders and organizations in the implementation of a GSA. What follows is a proposed timeline of events for that process:

- Complete and issue an invitation for a kick-off meeting with governmental entities and interest groups;
- Set meeting in January 2015 (tentative date is January 22, 2015, location to be determined)
- Meeting agenda to include:
 - Review GSAct;
 - Present GSA options and possible configurations;
 - Review BOD and BOS Actions related to GSA formation;
 - Seek input from meeting participants; and,
 - Develop next steps, including individual meetings with governmental entities and interest groups, if desired.

Given the relatively short time line to establish a GSA and develop a basin sustainability plan, Agency staff is working to complete this process in a timely manner. The Monterey Peninsula Water Management District and the Pajaro Water Management Agency are named specifically in the legislation as the GSA for their respective basins.

OTHER AGENCY INVOLVEMENT:

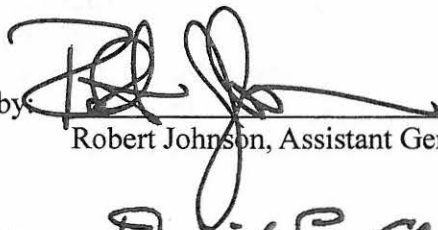
The Monterey County Counsel's office as well as the Monterey County Resource Management Agency has been involved in the discussions regarding the GSA and how it relates to Monterey County.

The Agency Board of Supervisors, on October 28, 2014, recommended a public process be initiated to provide opportunity for input from a various array of stakeholders and groups.

FINANCING:

The extent to which the GSA will affect the Agency is unknown at this time. It is believed that the State would provide funding for the development of basin sustainability plans, and there would be fees and other revenues that would come from the enactment of the GSA. Therefore the financing of or from any activities related to the GSA are unknown at this time.

Prepared by:



Robert Johnson, Assistant General Manager, (831) 755-4860

Approved by:



David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

MCWRA Executed Board Order



*Before the Board of Directors of the Monterey County Water Resources Agency
County of Monterey, State of California*

BOARD ORDER No. 14-65

RECOMMEND THAT THE MONTEREY COUNTY WATER RESOURCES)
AGENCY BECOME THE GROUNDWATER SUSTAINABILITY AGENCY)
FOR AREAS OF MONTEREY COUNTY NOT COVERED BY ANOTHER)
GROUNDWATER SUSTAINABILITY AGENCY NAMED IN THE)
GROUNDWATER SUSTAINABILITY ACT)

Upon motion of Director Mike Scattini, seconded by Director Mark Gonzalez, and carried by those members present, the Board of Directors hereby:

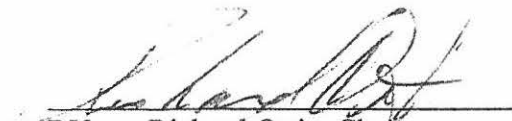
1. Recommends that the Monterey County Water Resources Agency become the Groundwater Sustainability Agency for areas of Monterey County that are not covered by another Groundwater Sustainability Agency named in the Groundwater Sustainability Act.

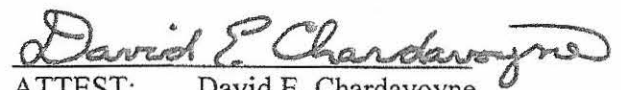
PASSED AND ADOPTED on this **27th** day of **October 2014**, by the following vote, to-wit:

AYES: Directors Richard Ortiz, Claude Hoover, Ken Ekelund, Mark Gonzalez, David Hart, Mike Scattini and Deidre Sullivan

NOES: None

ABSENT: Directors Silvio Bernardi and John Huerta


BY: Richard Ortiz, Chair
Board of Directors


ATTEST: David E. Chardavoyne
General Manager