



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: September 30, 2014
Board Meeting Date: November 4, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: California Department of Water Resources Proposition 84 Integrated Regional Water Management Grant – Local Project Sponsor Agreement

RECOMMENDATION:

Adopt a Resolution authorizing:

- A) The President of the Board of Supervisors to execute a Local Project Sponsor Agreement with the Association of Bay Area Governments/San Francisco Estuary Partnership for the Pescadero Water Supply and Sustainability Project for the term of February 4, 2014 through December 31, 2018, in an amount not to exceed \$700,000; and
- B) The County Manager or his designee to execute amendments to the Local Project Sponsor Agreement with non-substantive additions, clarifications and other changes as the County Manager, or his designee, deems necessary or advisable after consultation with County Counsel.

BACKGROUND:

Proposition 84 (Prop. 84), the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act, which was approved by California voters in November 2006, contains a total of \$5.39 billion for water and natural resource projects and programs. This included \$1 billion for Integrated Regional Water Management (IRWM) Plans with \$138 million specifically allocated to the San Francisco Bay Area. Projects funded by Prop. 84 grant funds must be consistent with (i.e., included in) an IRWM Plan.

On December 11, 2012, your Board adopted Resolution No. 072314, which approved an Appropriation Transfer Request in the amount of \$150,000 to fund work required to

submit a project proposal package for Prop. 84 funding to improve the County Service Area No. 11 (CSA 11) or the Pescadero Community Water System.

On February 26, 2013, your Board approved adoption of the San Francisco Bay Area IRWM Plan (Bay Area IRWMP) and authorized the Director of Public Works, or his designee, to execute and submit all documents, which may be required to submit projects to the Bay Area IRWMP for funding. The Department subsequently submitted all required documents for the “Pescadero Water Supply and Sustainability Project” (Project) to the Bay Area IRWMP.

On March 28, 2013, the Association of Bay Area Governments (ABAG) acting on behalf of the San Francisco Estuary Partnership (SFEP), a project sponsored by ABAG, applied for Prop. 84 funding from the State of California Department of Water Resources (DWR) for projects in the Bay Area IRWMP. The funding proposal titled, “San Francisco Bay Regional Water Enhancement Program” (Program) included a request for funding of twenty (20) local, subregional, and regional projects located within the San Francisco Bay Area IRWM region. The Pescadero Water Supply and Sustainability Project was included in the Program. On February 14, 2014, DWR announced that the Program filed by ABAG was selected for Prop. 84 funding.

On June 17, 2014, your Board adopted Resolution No. 073230 adopting the updated 2013 Bay Area IRWMP as required to receive Prop. 84 funding.

On July 16, 2014, DWR and ABAG entered into Agreement No. 4600010575 (Grant Agreement) awarding ABAG a grant for Twenty Million Dollars (\$20,000,000) in State funding towards the Program.

DISCUSSION:

The “Pescadero Water Supply and Sustainability Project” (Project), submitted by the Department for grant funding under Round 2 of the Proposition 84 Implementation Grant Program (Grant Program), was awarded grant funding in the amount of \$700,000. In order for the Project to receive funding, adoption of a Resolution authorizing the County to enter into a Local Project Sponsor Agreement (Agreement) with ABAG/SFEP is required. Securing this funding will provide a direct benefit to the County and CSA 11 customers for upgrades to the water supply system.

The Project consists of constructing a new municipal groundwater well and a 140,000 gallon storage tank for the CSA 11 Water System, which serves approximately 100 households within the unincorporated community of Pescadero. The Project also includes installation of a new alarm system for remote notification of pump shutdowns or low tank levels. Additionally, the Project includes implementing a water conservation program for the CSA 11 community through education and by providing residents with low- or no-cost water-saving devices.

The Grant Program requires a minimum local funding match of twenty-five percent (25%) of the total project cost. However, for projects that address the needs of a

Disadvantaged Community (DAC), the funding match may be waived. A Median Household Income (MHI) survey conducted within the CSA 11 community by the Rural Community Assistance Corporation completed on August 30, 2013 reported that CSA 11 qualified as a DAC based on DWR guidelines.

On September 15, 2014, the County received confirmation that DWR designated the Project as a critical DAC project and granted the County a funding match waiver. The Local Project Sponsor Agreement developed by ABAG/SFEP for all Program participants, which is being presented to your Board, includes the local match requirement. ABAG/SFEP has indicated to the Department that an amendment to the County Agreement will be developed at a later date once all of the Local Project Sponsor Agreements have been executed. Based on this information, the Department anticipates an amendment will be forthcoming and necessary to waive the local match requirement. We are requesting that the County Manager or his designee be given authority to execute the amendment to reflect the local funding match waiver.

The term of the Agreement is from February 4, 2014 (effective date) to December 31, 2018. The effective date retroactively allows costs incurred after February 4, 2014, to be eligible for grant reimbursement.

County Counsel has reviewed and approved the Resolution and Agreement as to form.

Approval of this action will contribute to the Shared Vision 2025 outcome of an Environmentally Conscious Community by enabling the County to qualify for funding to implement projects that would improve water supply reliability, protect water quality, maintain public health standards, and protect habitat and watershed resources.

FISCAL IMPACT:

The term of this Agreement is February 4, 2014 through December 31, 2018. The not to exceed amount of this Agreement is \$700,000. The Pescadero Water Supply and Sustainability Project grant application included an estimated Project cost of \$825,000. The revised total Project cost is \$840,000. The Grant Program will reimburse \$700,000 of the Project costs and the remaining estimated costs (\$140,000) are for environmental permitting/mitigation and non-eligible Grant Program costs such as: overhead not directly related to project costs, and travel and per diem expenses.

A Project budget amount of \$840,000 was approved through the FY 2014-15 Budget Revision process and will be used to fund the reimbursable and non-reimbursable portions of the Project. The Department will seek grant reimbursements consistent with the Agreement requirements.

Attachment A: Agreement No. 4600010575-Grant Agreement with Dept. of Water Resources (DWR)