



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Water Agency
Department No.: 054
For Agenda Of: 08/09/11
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Water Agency

FROM: Department Scott D. McGolpin, Public Works Director, 568-3010
Director(s)
Contact Info: Thomas D. Fayram, Deputy Public Works Director, 568-3436

SUBJECT: **Memorandum of Understanding with Casmalia Community Service District,
Fourth Supervisorial District**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

- a. Approve and authorize the Chair to execute the Memorandum of Understanding (MOU) with the Casmalia Community Services District (CCSD) to assist with implementation of the their water system upgrades as funded by Proposition 50;
- b. Authorize the Water Agency to make payments directly to the contractor of the Casmalia Water Storage Tank Project on behalf of the CCSD in the amount up to the Prop 50 grant funding received from the State; and
- c. Authorize the Water Agency to provide up to \$60,000 to fund upfront management costs in a revolving fund while waiting for quarterly State reimbursement.

Summary Text:

Proposition 50 was adopted in 2003 and provides funding for water resource related projects in accordance with a regional water management plan. The Water Agency is the lead agency for administering this funding and coordinating project proponents and consultants.

The CCSD received \$630,000 in funding from Prop 50 to replace their aging water storage tank and distribution system. Concurrently, CCSD also received California Development Block Grant funding for the same project which caused confusion over billings of the two grant programs.

The billing irregularities resulted in suspension, by the State, of the project in August 2009. The State has recently notified the Water Agency that the funds for the project are now in place and ready for disbursement. The State insisted that implementation of the CCSD project would require direct oversight by the County. In order to avoid the previous billing difficulties associated with the project and as a measure of oversight and control of the project, the Water Agency would receive State reimbursement funds and make direct payments to the project contractor and consultant on behalf of the CCSD.

In addition, the CCSD is designated a Disadvantage Community and cannot provide the cash flow needed to initialize the project. The Water Agency will maintain revolving funding of approximately \$60,000 for funding the design and project management consultants. These costs will be reimbursed from the State after each billing quarter of the project. Through the recommended agreement, the Water Agency would closely monitor the work and payment of contractors as required by the State. The construction contract will be written such that the contractor is aware that there may be up to a 150 day delay in payment while awaiting State reimbursement.

Background:

Beginning in September 2006, the County Water Agency worked with a County-wide group of cities, special districts, water companies, and joint powers authorities to develop the first Integrated Regional Water Management Plan (completed in May 2007).

Pursuant to the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Water Code Section 79560 et seq.), on behalf of the 29 agencies who cooperated in the preparation of the Integrated Regional Water Management Plan (IRWMP), the County Water Agency applied for and was granted \$25 million in funding for 14 water related projects within the County. The Casmalia project is one of the original 14 IRWMP projects that were approved to receive Prop 50 funding.

As authorized by the Water Agency Board of Directors on December 11, 2007, the Water Agency acts as the single eligible grant recipient responsible for administration of the Proposition 50 Grant. In accordance with the existing MOU and subgrant agreements between the Water Agency and Project Proponents, the Water Agency functions as a pass through agency between the State and Proponents. The Water Agency is responsible to organize and forward the required project reporting information and to review and submit claims to the State from each Project Proponent and reimburse the Project Proponent once funding is received from the State.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State Prop 50 grant			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative:

Funding for this project was included in the 2011-12 Adopted budget under the Water Agency cost center of the Water Resources Division of the Public Works Department as shown on page D-352 in the budget book. Costs associated with this agreement will be reimbursed through the Prop 50 grant.

Staffing Impacts:

Legal Positions:

FTEs:

Special Instructions:

Direct the Clerk of the Board to send two originals of this MOU along with a copy of the minute order of this action to the Water Agency office, Attn: Christina Lopez.

Attachments:

Memorandum of Understanding (3 originals)

Authored by: Thomas Fayram, Deputy Public Works Director, 568-3436