



Agenda Report

MEETING DATE: Tuesday, February 21, 2023

TO: City Council

FROM: INTERIM PUBLIC WORKS & UTILITIES DIRECTOR VIDES
ENVIRONMENTAL SUSTAINABILITY MANAGER MCCLOUD

THROUGH: CITY MANAGER MENDEZ

SUBJECT: PÁJARO RIVER FLOOD MANAGEMENT AGENCY MEMBER
AGENCY COST SHARE AGREEMENT

RECOMMENDED ACTION:

Adopt a resolution to authorize the City Manager to execute a Cost Sharing Agreement to fund the activities of the Pájaro Regional Flood Management Agency by and among the City of Watsonville, Santa Cruz County Flood Control and Water Conservation District – Zone 7, Monterey County Water Resources Agency, and the Pájaro Regional Flood Management Agency, to be effective upon full execution by the parties to the Agreement.

BACKGROUND:

Last year, the Pájaro Regional Flood Management Agency (PRFMA) was formed as a new Joint Powers Authority, which will take over Operations, Maintenance, Repair, Replacement, and Rehabilitation (OMRR&R) of the federal levee system and appurtenant features on the Pájaro River and Salsipuedes Creek. Due to the transfer of responsibilities, a Cost Sharing Agreement (Agreement) regarding contributions for operating expenses by and between the City, the PRFMA, and the other “maintaining member agencies” is needed.

DISCUSSION:

The County of Santa Cruz, City of Watsonville, County of Monterey, Monterey County Water Resources Agency (“MCWRA”), and the Santa Cruz County Flood Control and Water Conservation District – Zone 7 (“Zone 7”) executed a Joint Exercise of Powers Agreement (JPA Agreement) that created the PRFMA on July 21, 2021. As part of the formation and establishment of the PRFMA, a budget was adopted by their Board of Directors on September 14, 2022 that includes the provision of funds by the maintaining member agencies of the JPA on an annual, ongoing basis to support general overhead and administration as well as operations and maintenance activities. (The “maintaining member agencies” are those agencies with membership to the PRFMA that currently, and have historically, engaged in the provision of operational and maintenance responsibilities to the Pájaro River’s and Tributaries’ federally-authorized flood control facilities. The amount

provided by each member agency and the PRFMA draft budget was discussed at length as an implicit ingredient of the JPA Agreement which required consensus prior to each member agency adopting the JPA Agreement. These discussions occurred during the year preceding member agency adoption and formation of the PRFMA. The provision of maintaining member agency funds requires the execution of a cost sharing agreement by each maintaining member agency to establish the revenue from existing assessment sources that is available to the PRFMA. Any remaining gap between available revenue and projected expenditures of the PRFMA to perform operations and maintenance activities of flood control facilities will be filled by a new benefit assessment district.

The City performs OMRR&R for eighteen (18) levee pump stations on the Pájaro River and Salsipuedes Creek in conformance with an adopted policy for such maintenance between the City and the County of Santa Cruz Department of Public Works dated February 10, 1983 (Attachment 1).

Analysis

Attached for consideration is a Cost Sharing Agreement (Agreement, Attachment 2) regarding contributions for operating expenses by and between the PRFMA, Zone 7, MCWRA, and the City of Watsonville, the latter three being the historical “maintaining member agencies”. The Agreement specifies that no less than \$49,000 of the City’s funds will be pledged to the PRFMA on an annual, ongoing basis until such time that either the City ceases its membership to the PRFMA or the PRFMA dissolves. Annual contributions for subsequent years may be adjusted per the increase in the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-Hayward area during the previous fiscal year (“CPI Adjustment”) if approved by the increasing Party’s legislative body.

The Cost Sharing Agreement was adopted by the PRFMA Board of Directors on July 13, 2022, by the MCWRA on September 13, 2022, and by Zone 7 on December 6, 2022.

STRATEGIC PLAN:

The Cost Share Agreement supports Strategic Plan goal:
3-Infrastructure & Environment

FINANCIAL IMPACT:

The financial impact is \$49,000. The City will need to transfer funds from 0710-543-7307 to 0710-543-7361 in order to cover this cost. In the future, the City will need to budget this cost annually.

The Cost Sharing Agreement will have long-term, but small, financial impacts on the City that were fully contemplated in association with advancing the creation of the PRFMA and in joining the JPA as a member agency. The Agreement will shift O&M and capital project advancement responsibility from the Maintaining Member Agencies to the PRFMA. While the PRFMA may contract back to the City to perform OMRR&R of the 18 pump stations currently maintained by the City, because of the City’s expertise and experience with these activities, the ultimate responsibility for OMRR&R will fall to the PRFMA.

ALTERNATIVE ACTION:

No reasonable alternatives are known at this time.

ATTACHMENTS AND/OR REFERENCES (If any):

1. Pump Station O-M Responsibility Letter dated 1983
2. PRFMA Budget 2022-2023