



OLYMPIC VALLEY PUBLIC SERVICE DISTRICT



EXHIBIT F-8
3 Pages

OVPSD/OVMWC EMERGENCY INTERTIE PROJECT COST-SHARE AND OPERATIONS AGREEMENT

DATE: January 30, 2024

TO: District Board Members

FROM: Dave Hunt, District Engineer

SUBJECT: OVPSD/OVMWC Emergency Intertie Project – Cost-Share and Operations Agreement

BACKGROUND: The Olympic Valley Public Service District (District), in cooperation with the Olympic Valley Mutual Water Company (Mutual), is working to design and construct a water system intertie to connect the two water systems.

The intertie will improve both systems by leveraging supply and storage of the other, for emergencies and planned maintenance and repair projects. Water supply reliability will be improved with increased system redundancy by keeping both agencies' customers in service while one repairs and replaces assets. Construction of an intertie also enhances water supply reliability during power outages, a contamination event in one or more wells affecting water quality, and a myriad of other unforeseeable emergencies that require, or result in, interruptions in service.

The project has been ongoing for many years now. The District was awarded a \$10,000 grant from Placer County Water Agency's Financial Assistance Program (PCWA FAP) in 2012 which was used to support initial planning and preliminary design activities. The 2012 grant was used to fund preparation of preliminary design documents prepared by Shaw Engineering. In 2021, the District was awarded a grant from PCWA's FAP program for \$404,000. The grant funds will be used to partially fund the project's planning, design, and construction. The remaining costs will be funded by both the District and Mutual through a cost share agreement which is currently being negotiated by the two entities. This cost share agreement will require Board approval.

The project is scheduled to be constructed in 2024; the PCWA grant has an expiration date of December 30, 2024 with no option to extend the grant deadline.

DISCUSSION: The District’s consulting engineer, DOWL, recently submitted 90% plans, specifications, and a cost estimate to the District. The total project cost estimate at this point in the design is approximately \$775,000. The total project cost includes the cost of construction plus the soft costs (engineering planning, design, construction inspection, permitting, etc.) The actual cost to construct will not be known until contractor bids are opened in March 2024. Based on this estimate, the grant will cover \$404,000 and the District and Mutual will fund the remaining \$371,000 through capital contributions.

Estimated Construction Cost (including contingency) - 90% Design	\$	550,000.00
Non-Construction Costs (Engineering, Permitting, etc.)	\$	225,000.00
Total Estimated Project Cost	\$	775,000.00
	<i>PCWA Grant</i>	\$ 404,000.00
	<i>Remaining Capital Contribution</i>	\$ 371,000.00

District staff and Mutual representatives have been negotiating a fair and equitable cost share approach to fund the project. Originally, the Mutual Board offered to contribute \$50,000 towards the remaining capital. Under this cost share proposal, the District would fund a disproportionate share of the project cost. A more acceptable and equitable approach would be based on the proportion of the number of customers served by each agency based on water service connections. The District has approximately 875 water connections and the Mutual serves approximately 285 connections. This equates to the District serving 75% of the water connections in the Valley and the Mutual 25%. The capital contributions in this case would be as shown in the table below. The capital contributions shown for each agency are only estimates at this time and will be adjusted as construction bids are received and throughout construction to address contractor change orders. The important part is that, ultimately, the District will fund 75% and the Mutual 25% of the total project costs.

75% OVPSD / 25% MWC Total Project Cost Split		OVPSD	OVMWC
Split PCWA Grant 75% District/25% Mutual	PCWA Grant	\$ 303,000	\$ 101,000
75% District/25% Mutual	Capital Contribution	\$ 278,250	\$ 92,750
	% of Project Cost	75%	25%

The Mutual has tentatively agreed to this cost share proposal and will seek full Board approval at a special meeting during the first week of February. The Mutual has reiterated that they only have \$50,000 available to fund the project

this year and has requested that the cost share agreement include a stipulation that would allow the District to provide a short-term loan to the Mutual to cover their remaining capital contribution requirement.

Staff is requesting the Board's approval of the 75%/25% split concept, which would include consideration of a short-term low interest loan to the Mutual, so the District can move forward with the development of a Cost-Share and Operations Agreement.

- ALTERNATIVES:**
1. Approve the cost-share approach to include a 75% District/25% Mutual split in capital contributions and that the Cost-Share Agreement include the consideration of a short term low interest loan to the Mutual to cover their capital contribution in excess of \$50,000.
 2. Do not approve the 75% District/25% Mutual cost-share approach and do not consider a short-term low interest load to the Mutual to cover their capital contribution in excess of \$50,000.

FISCAL/RESOURCE IMPACTS: The Project will be funded from the Water Capital account, offset by the grant received from PCWA's FAP for \$404,000 and contributions from the Mutual through a Cost-Share Agreement with the District.

RECOMMENDATION: Approve the cost-share approach to include a 75% District/25% Mutual split in capital contributions and that the Cost-Share Agreement include the consideration of a short-term low interest loan to the Mutual to cover their capital contribution in excess of \$50,000.

ATTACHMENTS: None

DATE PREPARED: January 24, 2024