



REVISED

ITEM NO.
7.1

BOARD MEMORANDUM

DATE: November 5, 2019

TO: Board of Directors

FROM: Steve Cole
Assistant General Manager

SUBJECT: Approve a Resolution Authorizing the General Manager to Submit an Application for a Round 1 Integrated Regional Water Management Implementation Grant and Execute a Grant Agreement with the California Department of Water Resources

SUMMARY

Consistent with SCV Water's Strategic Plan objective of acquiring grant funding for recycled water and other water supply projects, staff along with other Upper Santa Clara River Integrated Regional Water Management (USCR IRWM) Group members intend to apply for a Proposition 1 Implementation Grant (Prop 1 Grant). This memorandum describes the process, financial considerations, and seeks approval of a resolution.

DISCUSSION

The Department of Water Resources (DWR) is providing grant funding under Proposition 1 to improve regional water self-reliance and adapt to the effects of climate change on water supply. Funding is available through a competitive grant process to Integrated Regional Water Management regions.

In April 2019, the state issued its Round 1 Implementation Grant Proposal Solicitation Package. At this time, the state is offering approximately \$37M in competitive grant funds for the Los Angeles-Ventura Funding Area. The minimum cost share per grant application is 50%. Within this funding area, the Upper Santa Clara River Integrated Regional Management (USCR IRWM) region is competing for grant funding with the Watershed's Coalition of Ventura County region (WCVC) and the Greater Los Angeles region (GLA).

The USCR IRWM region has selected a suite of projects anticipated to be included in a grant application. The USCR IRWM member agencies proposing projects include the City of Santa Clarita, Los Angeles County, the Santa Clarita Valley Sanitation District and SCV Water.

The approach developed by the state for this solicitation differs from past approaches in that it allowed for funding areas to hold a pre-grant-application workshop with DWR to get feedback on proposed projects, prior to submitting the grant application. Two days of pre application workshops were held. On September 9, 2019, the GLA region presented its projects to DWR. On September 10, 2019, the USCR and WCVC IRWM regions presented their projects to DWR. At each workshop, DWR provided feedback on each region's proposed projects. The USCR IRWM region is considering DWR's feedback and making clarifications in anticipation of submitting its final grant application in December 2019. At this stage, we believe all six-five projects will be included in the grant application.

The current approach would provide ~~up to \$3.5M in \$4M~~ funding to SCV Water for construction of ~~two-one~~ projects and grant administration for the funding region. The projects in the application are strategically valuable to SCV Water, the member agencies of the USCR IRWM, and stakeholders.

Following is a brief description of the ~~six-five~~ projects and their benefits.

1. Construction of all or part of the South End Recycled Water Project (Phase 2C). The project will allow for distribution of approximately 670 acre feet per year (AFY) of recycled water by 2030. Use of recycled water provides for a locally reliable resource. The current project cost estimate is \$15.7M, and the current grant request is \$3M.
- ~~2. Construction of the Per- and Polyfluoroalkyl Substances (PFAS) Groundwater Treatment Project. This project will install a treatment system to remove PFAS from raw groundwater, allowing ongoing utilization of the local groundwater resources. If local groundwater production were taken offline due to PFAS contamination, additional SWP water may need to be imported. The PFAS project would reduce reliance on imported water and reduce greenhouse gas emissions embedded in water importation. The current project cost estimate is \$5M, and the current grant request is \$500,000.~~
- ~~3.2.~~ Construction of the Valencia Water Reclamation Plant Advanced Water Treatment Facility. This project constructs a high efficiency reverse osmosis system at the water reclamation plant to reduce chloride discharge to the Santa Clara River. Reducing chloride discharged into the Santa Clara River improves water quality and benefits downstream beneficial uses. Climate change and longer drought periods can allow for increases in salt concentration in local groundwater and imported water (which is then discharged to the water reclamation plant). This project will help reduce the increased salt loads from climate variability. The current project cost estimate is \$112M, and the current grant request is \$3M.
- ~~4.3.~~ Construction of the Los Angeles County Hasley Canyon Park Stormwater Capture Project. This project will construct an infiltration basin under the playing fields at Hasley Canyon Park, allowing for up to 38 AFY of stormwater capture and groundwater recharge. By capturing and infiltrating urban runoff, including capture and disposal of trash and pollutants, the project will improve water quality. The project will also decrease stream discharge rates that can lead to streambank erosion in Castaic Creek. The current project cost estimate is \$5.1M, and the current grant request is \$1M.
- ~~5.4.~~ The City of Santa Clarita/Santa Clara River Conservancy Mapping and Managing Invasive Weeds in the Santa Clara Watershed is a three phase project that a) processes remote sensing data to evaluate location and density of invasive plant species along with ground confirmation, b) assesses sites with invasive species to determine probability for successful invasive species removal and habitat restoration and c) implements removal, follow-up surveys and retreatment. Though this project is being spearheaded locally, the USCR IRWM is coordinating with downstream users and we expect the approach may be developed into a larger watershed approach in future years. Invasive plant species consume significant amounts of groundwater and can pose a fire risk. Invasive species removal allows more groundwater to remain in the system and reduces fire risk and associated fire related water quality issues. The current project cost estimate is \$860,000, and the current grant request is \$245,000.

6-5. Construction of the City of Santa Clarita Newhall Memorial Park Stormwater Retrofit Project. This project will construct an infiltration basin under the playing fields at Newhall Memorial Park which will infiltrate up to 147 AFY of stormwater per year into the alluvial aquifer and reduce stormwater bacteria and nitrate discharges to the Santa Clara River. SCV Water is also in discussions with the City to use this facility for groundwater recharge with treated SWP water when excess capacity is available. The project will recharge the alluvial aquifer and can increase the resiliency of the SWP system. The current project cost estimate is \$21M, and the current grant request is \$3M.

Current Proposal Budget Summary*

| | Cost Share | Requested Grant Request | Other Cost Share | Total Cost |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| SCV Water South End Phase 2C Recycled Water | \$ 7,876,000.00 | \$ 3,000,000.00 | \$ 4,876,000.00 | \$ 15,752,000.00 |
| SCV Water, PFAS Treatment | \$ 2,250,000.00 | \$ 500,000.00 | \$ 2,250,000.00 | \$ 5,000,000.00 |
| Santa Clarita Valley Sanitation District Valencia Water Reclamation Plant Advanced Water Treatment Facility | \$ 56,058,782.00 | \$ 3,000,000.00 | \$ 53,058,782.00 | \$ 112,117,564.00 |
| Los Angeles County Hasley Canyon Park Stormwater Capture | \$ 2,550,000.00 | \$ 1,000,000.00 | \$ 1,550,000.00 | \$ 5,100,000.00 |
| Clara River Conservancy Mapping and Managing Invasive Weeds | \$ 105,000.00 | \$ 245,000.00 | \$ 507,568.00 | \$ 857,568.00 |
| City of Santa Clarita Newhall Memorial Park | \$ 10,590,500.00 | \$ 3,000,000.00 | \$ 7,450,500.00 | \$ 21,041,000.00 |
| Grant Administration | \$ - | \$ 500,000.00 | \$ - | \$ 500,000.00 |
| Proposed Total | \$ 77,180,282.00 | \$ 10,745,000.00 | \$ 67,442,850.00 | \$ 155,368,132.00 |

*For the purpose of the grant application, the Department of Water Resources has requested all project proponents seek ways to reduce the overall total project cost to reflect a phased or scaled down project. As a result, total costs in this table may be higher than the total project costs in the grant application. Importantly, the requested grant amounts remain unchanged.

On October 9, 2019, the Water Resources and Watershed Committee considered staff’s recommendation to adopt a resolution authorizing the General Manager to submit an application for a Round 1 Integrated Regional Water Management Implementation Grant and execute a Grant Agreement with the California Department of Water Resources.

FINANCIAL CONSIDERATIONS

1. Application Cost – Staff anticipated the need for consultant support and included \$90,000 in its FY 2019/20 and 2020/21 Budgets. Further, USCR IRWM member agencies that anticipate including projects in the forthcoming grant application have indicated willingness to share the cost of the consultant fees consistent with their number of projects in the application. The final details of the cost share are being developed and we anticipate reimbursement in FY 2019/20. This effort was described in a May 1, 2019 Committee Memorandum.

2. Estimate of SCV Water Project Costs Incurred if Grant Award Received

a. SCV Water estimates the Phase 2C project will cost \$15,752,000. It has included funds in its Biennial FY 2019/20 and FY 2020/21 Budget. Additional funding into FY 2023/24 will be required per the current project schedule. Project costs will be anticipated to be funded through via a combination of existing and future customer's contributions, ~~and~~ a portion of the 1% property tax, and available grant funds.

~~b. SCV Water estimates the PFAS removal project will cost \$5M. Project costs will be funded with cash on hand/reserves.~~

~~e.b.~~ SCV Water will be the grantee if the grant is awarded, and as such it would need to expend hours for overall grant administration ~~(up to six projects)~~. At this time the cost estimate for SCV Water and a consultant to administer the entire grant is ~~\$500320,000~~ (approximately 3% of the total grant request). The current grant request seeks ~~\$500320,000~~ for grant administration to cover these costs.

3. Sub Grantee Agreements with Other Project Sponsors – Other Project Sponsors in this grant application are the City of Santa Clarita, Los Angeles County, and the Santa Clarita Valley Sanitation District of Los Angeles County. Matching funds for the non SCV-Water projects will be provided by the Other Project Sponsors through a sub grantee agreement.

CONCLUSION

The USCR IRWM region anticipates the above described projects will be included in its December 2019 grant application. Some clarifications to the projects are being made. Each project provides benefits for regional self-reliance, groundwater sustainability, and helps with the region's adaptation to climate change. The current approach, if a grant award is received, would provide up to ~~\$4M~~ \$3.5M in funding to SCV Water for it construct two projects and provide grant administration for the funding region. The projects in the application are strategically valuable to SCV Water, the member agencies of the USCR IRWM, and stakeholders.

RECOMMENDATION

The Water Resources and Watershed Committee recommends that the Board of Directors approve the attached resolution authorizing the General Manager to (1) submit a proposal to the California Department of Water Resources to obtain a Round 1 Integrated Regional Water Management Implementation Grant pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014, (2) commit to providing the required matching funds for SCV Water Projects, (3) require the Other Project Sponsors to provide matching funds through a sub grantee agreement with the Santa Clarita Valley Water Agency, (4) enter into an agreement to receive a grant for the Upper Santa Clara River Integrated Regional Water Management Region, and (5) execute a grant agreement with the California Department of Water Resources.

RDV

Attachment

REVISED

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY APPROVING A RESOLUTION AUTHORIZING
THE GENERAL MANAGER TO (1) SUBMIT A PROPOSAL TO THE CALIFORNIA
DEPARTMENT OF WATER RESOURCES TO OBTAIN A ROUND 1 INTEGRATED
REGIONAL WATER MANAGEMENT IMPLEMENTATION GRANT PURSUANT TO THE
WATER QUALITY, SUPPLY, AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014,
(2) COMMIT TO PROVIDING THE REQUIRED MATCHING FUNDS FOR SCV WATER
PROJECTS, (3) REQUIRE THE OTHER PROJECT SPONSORS TO PROVIDE MATCHING
FUNDS THROUGH A SUB GRANTEE AGREEMENT WITH THE SANTA CLARITA VALLEY
WATER AGENCY, (4) ENTER INTO AN AGREEMENT TO RECEIVE A GRANT FOR THE
UPPER SANTA CLARA RIVER INTEGRATED REGIONAL WATER MANAGEMENT
REGION, AND (5) EXECUTE A GRANT AGREEMENT WITH THE CALIFORNIA
DEPARTMENT OF WATER RESOURCES**

WHEREAS, the City of Santa Clarita, the Los Angeles County Flood Control District, the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, the Santa Clarita Valley Sanitation District of Los Angeles County and the Santa Clarita Valley Water Agency have established a Regional Water Management Group in accordance with the Integrated Regional Water Management Planning Act of 2002; and

WHEREAS, the State of California provides grant funds for integrated regional water management pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014; and

WHEREAS, this grant program is administered by the Department of Water Resources (DWR); and

WHEREAS, the DWR requires the grant applicant to designate, by resolution, an authorized representative for filing the grant application and executing the Grant Agreement; and

WHEREAS, the Santa Clarita Valley Water Agency is authorized by the Regional Water Management Group of the Upper Santa Clara River Watershed Integrated Regional Water Plan to prepare and apply for a grant on its behalf for a Round 1 Integrated Regional Water Management Implementation Grant pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014; and

WHEREAS, the stakeholders of the Upper Santa Clara River Integrated Regional Water Management Plan region have identified six-five projects to be included in an Implementation Grant; and

WHEREAS, the six-five projects provide benefit for regional self-reliance, groundwater sustainability, and help with the region's adaptation to climate change; and

WHEREAS, in addition to the Santa Clarita Valley Water Agency, the City of Santa Clarita, the Los Angeles County, and the Santa Clarita Valley Sanitation District of Los Angeles County all have projects in the suite of projects (Other Project Sponsors); and

WHEREAS, the grant requires the Santa Clarita Valley Water Agency commit to providing matching funds for its projects; and

WHEREAS, Santa Clarita Valley Water Agency will require that the Other Project Sponsors in this grant execute a sub grantee agreement with the Santa Clarita Valley Water Agency to provide matching funds for their projects.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors, the governing body of the Santa Clarita Valley Water Agency, authorizes the General Manager to:

- (1) Submit a proposal to the California Department of Water Resources to obtain a Round 1 Integrated Regional Water Management Implementation Grant pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014,
- (2) Commit to providing the required matching funds for SCV Water projects,
- (3) Require the Other Project Sponsors to provide matching funds through a sub grantee agreement with the Santa Clarita Valley Water Agency,
- (4) Enter into an agreement to receive a grant for the Upper Santa Clara River Integrated Regional Water Management Region, and
- (5) Execute a grant agreement with the California Department of Water Resources