

**Meeting Date:** 10/14/2014

**Report Type:** Consent

**Report ID:** 2014-00683

**Title: Agreement: Regional Water Authority Application for Drought Relief Funding**

**Location:** Citywide

**Recommendation:** Pass a Motion authorizing the City Manager or the City Manager's designee to execute a Project Agreement with the Regional Water Authority (RWA) to prepare an application for Proposition 84 grant funds.

**Contact:** Bill Busath, Interim Director, (916) 808-1434; Dan Sherry, Supervising Engineer, (916) 808-1419, Department of Utilities

**Presenter:**

**Department:** Department Of Utilities

**Division:** Engineering & Water Resources

**Dept ID:** 14001311

**Attachments:**

1-Description/Analysis

2-Background

3-Agreement P84 Drought Grant App Preparation

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**City Attorney Review**

Approved as to Form

Joe Robinson

10/2/2014 2:31:37 PM

**Approvals/Acknowledgements**

Department Director or Designee: Bill Busath - 9/25/2014 12:57:20 PM

## Description/Analysis

**Issue Detail:** The California Department of Water Resources is soliciting drought relief applications for Proposition 84 grant funds through the Integrated Regional Water Management program. The Regional Water Authority (RWA) is the lead agency and is requesting that participating agencies fund the preparation of the grant application as specified in the proposed Project Agreement.

City staff has identified three projects to be included in this regional grant application: the Sacramento River Water Treatment Plant Intake Modifications, the E.A Fairbairn Water Treatment Plant Intake Modifications, and the Groundwater Well Phase 2B Rehabilitation project.

This agreement will allow the City to fund its share of the cost to prepare the grant application.

**Policy Considerations:** This project is consistent with the Council focus areas of Sustainability and Livability and Public Safety by seeking Proposition 84 funding for projects that improve water infrastructure and conjunctive use management of surface water and groundwater.

**Economic Impacts:** Not Applicable

**Environmental Considerations:** The Community Development Department, Environmental Planning Services has reviewed the project and has determined that the application for grant funding is not considered a “project” under the California Environmental Quality Act (CEQA) Guidelines, Section 15378. The grant application is an administrative activity seeking funding for future use. No physical changes in the environment will occur based upon the application process. Any future action related to carrying out a project will be subject to environmental review if required pursuant to CEQA.

**Sustainability Considerations:** The projects that the City has identified for grant funding will improve water supply reliability by improving surface water production facilities and by restoring groundwater production facilities.

**Commission/Committee Action:** Not Applicable

**Rationale for Recommendation:** Funding this application process will provide eligibility for up to \$910,750 in grant funds. The City currently estimates a total project cost of \$2.01 million for construction of the three projects. If successful, these grant funds would reduce the portion funded by the City utility funds.

**Financial Considerations:** The City’s total cost under the proposed Project Agreement is not to exceed \$14,000. Funding for this grant application will come from the Drought Program (Z14140500)

**Emerging Small Business Development (ESBD):** Not Applicable

## **BACKGROUND**

The Regional Water Authority (RWA) represents its member agencies in the American River Basin for integrated water planning and seeking of grant funds for programs and projects. Proposition 50, Proposition 84, and other state funding programs, require the City to seek grant funding through Integrated Regional Water Management Plans (IRWMPs), which encourage collaboration among regional stakeholders in water supply and environmental interests, and packaging projects that meet multiple objectives.

The State Department of Water Resources, that oversees and awards grants under these programs, has designated RWA as the Regional Water Management Group for the American River Basin.

The California Department of Water Resources (DWR) released a solicitation for drought relief applications funded by Proposition 84 (The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006).

On behalf of the regions member agencies, RWA has hired a consultant to prepare an application for regional drought relief projects. Included in the application are three City projects. The total cost for these three projects is estimated to be \$2.01 million. The projects are:

- Sacramento River Water Treatment Plant Intake Modifications
- E.A Fairbairn Water Treatment Plant Intake Modification
- Groundwater Well Phase 2B Rehabilitation

The City could potentially receive up to \$910,750 in Proposition 84 funding for these projects, which would reduce the portion funded by City utility funds. The RWA is requesting that the participating agencies in the regional grant request fund the cost of preparing the grant package. The total estimated cost of the work to prepare the package is \$140,000. Each participating agency will pay an equal share of the cost to prepare the application. The City's portion of the cost will not exceed \$14,000.

**REGIONAL WATER AUTHORITY  
PROJECT AGREEMENT**

**PROPOSITION 84 2014 DROUGHT GRANT APPLICATION PROJECT**

This Agreement is made and entered into as of \_\_\_\_\_, by and between the Regional Water Authority (“RWA”), a joint exercise of powers authority formed under California Government Code section 6500 and following, and the Members and Contracting Entities of RWA listed in Exhibit 1 to this Agreement, upon their execution of this Agreement (who are collectively referred to in this Agreement as “Participants”). This Agreement is intended to provide for carrying out a project or program that is within the authorized purposes of RWA, and for sharing in the cost and benefits by the Participants.

**RECITALS**

A. RWA is a joint powers authority, formed to serve and represent water supply interests in Sacramento, Placer, El Dorado, and Yolo counties and to assist its members in protecting and enhancing the reliability, availability, affordability and quality of the water resources on which they rely.

B. The joint powers agreement (“RWA JPA”) pursuant to which RWA was formed and operates, authorizes RWA to enter into a “Project or Program Agreement,” which is defined in the RWA JPA as an agreement between RWA and two or more of its Members or Contracting Entities to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the parties to the Project or Program Agreement.

C. Article 21 of the RWA JPA provides: “The Regional Authority’s projects are intended to facilitate and coordinate the development, design, construction, rehabilitation, acquisition or financing of water-related facilities (including sharing in the cost of federal, State or local projects) on behalf of Members and/or Contracting Entities. The Regional Authority may undertake the development, design, construction, rehabilitation, acquisition or funding of all or any portion of such projects on behalf of Members and/or Contracting Entities in the manner and to the extent authorized by such Members and/or Contracting Entities as provided in this Agreement, but shall not accomplish these functions, nor acquire or own water-related facilities in its own name.”

D. Article 22 of the RWA JPA provides: “Prior to undertaking a project or program, the Members and/or Contracting Entities who elect to participate in a project or program shall enter into a Project or Program Agreement. Thereafter, all assets, benefits and obligations attributable to the project shall be assets, benefits and obligations of those Members and/or Contracting Entities that have entered into the Project or Program Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Regional Authority in regard to a particular project or program, including startup costs advanced by the Regional Authority, shall be obligations of the participating Members and/or Contracting Entities, and shall not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed the Project or Program Agreement.”

E. RWA and the Participants desire to carry out a project and share in the costs and benefits of the project, as a Project or Program Agreement as provided for in Articles 21 and 22 of the RWA JPA.

F. RWA developed and is updating an Integrated Regional Water Management (“IRWM”) Plan for the lower American River Basin (“ARB”) to identify objectives and projects that will result in water supplies for all uses in a sustainable environment.

G. The California Department of Water Resources released the 2014 IRWM Drought Solicitation for funding from Proposition 84 to fund priority projects in response to drought conditions in the State. Grant applications were due by July 21, 2014. RWA and the Participants desire to pursue this funding opportunity.

In consideration of the promises, terms, conditions and covenants contained herein, the parties to this Agreement hereby agree as follows:

- 1. Recitals Incorporated.** The foregoing recitals are hereby incorporated by reference.
- 2. Defined Terms.** Terms defined in the RWA JPA will have the same meaning in this Agreement.
- 3. Description of the Project.** The project that RWA and the Participants desire to carry out involves funding RWA’s application to the California Department of Water Resources (“DWR”) for a grant under the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (“Prop 84”), to fund certain Participant projects in RWA’s IRWM Plan that are specific to addressing drought needs. The application was submitted on July 21, 2014, so timely execution of the Project Agreement is of the essence. This Project is limited in scope to preparation of the application for funding. If successful, implementation and management of the grant award would be subject to a separate Project Agreement.
- 4. Project Committee.** The Participants hereby form a Project Committee consisting of one representative (and one or more alternates) designated by each Participant. The Project Committee will meet as necessary from time to time to administer and implement this Agreement on behalf of the Participants. A majority of the members of the Project Committee will constitute a quorum, and a majority of the members of the Project Committee will be required for an affirmative vote to take action on behalf of the Participants.
- 5. Sharing in Project Costs and Benefits.** Subject to the provisions of Articles 8 and 10 of this Agreement, it is anticipated that 12 agencies will participate in the Project. Each Participant will pay an equal share for the project costs, which will consist of a total not-to-exceed budget of \$140,000. This amount includes consulting expenses for MWH Global, Inc. (“MWH”) with an estimated 20 percent contingency cost and RWA application preparation and project management expenses (see Article 7). The minimum assumed grant benefit, estimated base application fee, and not-to-exceed application fee for the assumed current Participants is

shown in Exhibit 1. Upon execution of this Agreement, each Participant will be sent an invoice for \$10,000 to cover the initial application fee. Subsequent invoices will only be sent in the event that a Participant withdraws prior to completion of the application or unanticipated work on the application requires collection of the estimated contingency cost. In no event, shall the total invoice exceed the not-to-exceed fee of \$14,000 for any Participant as shown on Exhibit 1.

The Project Committee will pay back any surplus funds, including any excess project management fees charged in accordance with Article 7 of this Agreement, to the Participants on an equal basis.

In the event that DWR awards less than the requested amount, the Project Committee will convene to recommend reduced funding levels for the projects proposed by the Participants.

**6. Role of RWA.** The Executive Director of RWA will: (a) ensure that the interests of Members and Contracting Entities of RWA who do not participate in this Project are not adversely affected in performing this Agreement, (b) provide information to the Participants on the status of the implementation of the Project, (c) assist the Project Committee in carrying out its activities under this Agreement, and (d) administer the grant application process on behalf of RWA and the Participants consistent with the direction of the Project Committee and the provisions of this Agreement.

**7. Project Management Expenses.** Each Participant will pay RWA for managing and performing Project activities under this Agreement (including legal fees, consultant fees, data collection and retrieval, report preparation, project management, project audits, and other activities necessary to complete the project). The not-to-exceed budget of \$140,000 to prepare and submit the grant application to DWR is based on a cost estimate developed by MWH (included as Exhibit 2), including a 20 percent contingency, and the cost estimate for RWA staff in preparing the application and managing this project (included as Exhibit 3). The project management expenses will be subject to revision by the Project Committee if actual management costs are greater or less than the original estimate.

**8. Authorization to Proceed with the Project.** The Project is authorized to proceed upon the commitment of \$60,000 by the Participants to fund initial Project costs. Upon execution of this Agreement, the Participants agree to make their project cost payment to cover the MWH application preparation fees and the RWA application preparation and project management fees as required by Articles 5 and 7, respectively. Project payments will be due and payable upon RWA's presentation of an invoice to each Participant.

**9. Term.** This Agreement will remain in effect until December 31, 2014, or will terminate on any earlier date when all obligations under this Agreement have been performed.

**10. Withdrawal.** A Participant may withdraw from this Agreement at any time, effective upon sixty days' notice to RWA and the other Participants, provided that the withdrawing Participant will not be entitled to a refund of any portion of its Project costs and RWA project management fee payments.

**11. Amendments.** This Agreement may be amended from time to time with the approval of all of the Participants and RWA.

**12. General Provisions.** The provisions of Articles 37 through 41, inclusive, of the RWA JPA, and the provisions of Article 10 (“General Provisions”) of any Participation Agreement entered into between RWA and a Participant, will apply to this Agreement.

The foregoing Integrated Regional Water Management Planning Program - Proposition 84 2014 Drought Grant Project Agreement, is hereby consented to and authorized by RWA and the Participants.

Dated: \_\_\_\_\_, 2014

Dated: \_\_\_\_\_, 2014

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

John Shirey  
City Manager

Regional Water Authority

City of Sacramento  
Agency

**EXHIBIT 1**

**REGIONAL WATER AUTHORITY**

**INTEGRATED REGIONAL WATER MANAGEMENT PLANNING PROGRAM -  
PROPOSITION 84 2014 DROUGHT GRANT APPLICATION PROJECT**

**PROPOSED PROJECT PARTICIPANTS**

<b>Agency</b>	<b>Estimated Grant Benefit (1)</b>	<b>Application Fee (2)</b>	<b>Not-to-Exceed Application Fee (3)</b>
Carmichael Water District	\$763,750	\$10,000	\$14,000
City of Folsom	\$543,750	\$10,000	\$14,000
City of Lincoln	\$411,250	\$10,000	\$14,000
City of Roseville	\$1,138,750	\$10,000	\$14,000
City of Sacramento	\$898,750	\$10,000	\$14,000
El Dorado Irrigation District	\$1,013,750	\$10,000	\$14,000
Fair Oaks Water District	\$713,750	\$10,000	\$14,000
Placer County Water Agency	\$1,163,750	\$10,000	\$14,000
RWA Water Efficiency Program (4)	\$1,013,750	\$10,000	\$14,000
Sacramento County Water Agency	\$501,250	\$10,000	\$14,000
Sacramento Suburban Water District	\$813,750	\$10,000	\$14,000
San Juan Water District	\$713,750	\$10,000	\$14,000

- (1) The estimated grant benefit is an estimate as of June 17, 2014, and may be subject to change during development of the grant application. The estimated grant benefit assumes up to 75 percent of the application cost and up to 75 percent of future grant project management expenses are reimbursed through the award. Grant project management expenses would be identified in a future agreement following an award from DWR. Some of the projects are between partnered agencies, so actual grant benefits would be subject to decisions between those agencies.
- (2) Assumes all 12 Participants execute this Agreement and the application total expenses are within the initial cost estimate of \$120,000 to prepare the grant application.
- (3) Assumes up to two Participants do not execute this Agreement and the contingency budget of \$20,000 is required to finish the project.
- (4) The RWA Water Efficiency Program will not enter directly into this Project Agreement as it has no standing as an RWA member or contracting entity. However, the WEP will provide its contribution to the project application fee to participate in the regional application.

## EXHIBIT 2

### REGIONAL WATER AUTHORITY

#### INTEGRATED REGIONAL WATER MANAGEMENT PLANNING PROGRAM - PROPOSITION 84 2014 DROUGHT GRANT APPLICATION PROJECT

#### CONSULTANT COST ESTIMATE

##### MWH TASKS IN SUPPORT OF RWA'S 2014 IRWM DROUGHT SOLICITATION

TASK	BUDGET
<b>Task 1: Provide Drought Solicitation Support Services</b> <ul style="list-style-type: none"> <li>• Project-related meetings (e.g., RWA Grant Committee meetings, project proponent meetings, etc.)</li> <li>• Other activities, as directed by RWA staff</li> </ul>	\$ 20,000
<b>Task 2: Support Preparation of Application (Through 7/21/2014 Submittal)</b> <ul style="list-style-type: none"> <li>• Develop Template and Guidance</li> <li>• Attend DWR's Applicant Workshop</li> <li>• Develop Sections of Application</li> <li>• Review RWA-Developed Sections of Application</li> <li>• Incorporate RWA Comments on MWH-Developed Sections of Application</li> <li>• Upload Final Application</li> <li>• Hand Deliver Signed Eligibility Forms to DWR</li> </ul>	\$ 71,945
<b>Task 3: Support Preparation of Additional Information (Following Conditional Grant Award)</b> <ul style="list-style-type: none"> <li>• Activities as directed by RWA staff</li> </ul>	\$ 8,055
<b>Total</b>	<b>\$ 100,000</b>

**NOTES:**

Based on the Final Proposal Solicitation Package (PSP) released by DWR in June 2014. The following assumptions apply:

- RWA's application includes 20 projects and 12 Participants.
- The Participants provide all required information, data, documentation, and write-ups within 3 weeks of PSP release and in the requested format.
- Electronic media only.
- All Participants -provided materials are of sufficient detail and quality that they can be directly incorporated into the application.
- MWH leads development of the following application sections:
  - Applicant Information Tab (MWH develops; RWA reviews)
  - Projects Tab (MWH develops; RWA reviews)
  - Applicant and Information Tab (MWH develops; RWA reviews)
  - Application Attachments Tab
    - Attachment 3 – Project Justification (MWH develops; RWA reviews)
    - Attachment 4 – Work Summary (MWH develops; RWA reviews)
    - Attachment 5 – Budget Summary (MWH develops; RWA reviews)
    - Attachment 6 – Schedule (MWH develops; RWA reviews)
- RWA leads development of the following application sections:
  - Application Attachments Tab
    - Attachment 1- Authorization and Eligibility Requirements (RWA develops)
    - Attachment 7 – Program Preferences (RWA develops; MWH reviews)
    - Attachment 8 – Disadvantaged Community Assistance (RWA develops)
- RWA/MWH joint effort to develop the following application sections:
  - Attachment 2 – Drought Impacts

**EXHIBIT 3**

**REGIONAL WATER AUTHORITY**

**INTEGRATED REGIONAL WATER MANAGEMENT PLANNING PROGRAM -  
PROPOSITION 84 2014 DROUGHT GRANT APPLICATION PROJECT**

**RWA STAFF COST ESTIMATE**

<b>Project Management Tasks</b>	<b>Staff</b>	<b>Hrs</b>	<b>Rate</b>	<b>Total</b>
Project Agreement Development and Distribution	Legal Counsel	2	250	\$500
	Principal Project Manager	12	111	\$1,332
Committee Meetings (assume 3 meetings)	Principal Project Manager	9	111	\$999
Initial Project Collection and Review	Principal Project Manager	12	111	\$1,332
Follow-up with Stakeholders	Principal Project Manager	12	111	\$1,332
	Project Research Assistant	8	43	\$344
Application Preparation	Principal Project Manager	60	111	\$6,660
(includes coordination with consultant and post conditional award work)	Project Research Assistant	128	43	\$5,504
Review Portions of Application	Principal Project Manager	16	111	\$1,776
<b>Total RWA Expenses</b>				<b>\$19,779</b>