

REVISED
AGENDA ITEM SUBMITTAL

Meeting Date: June 8, 2016

To: Water Issues Committee
Board of Directors

From: Mike Markus

Staff Contact: G. Woodside/A. Hutchinson

Budgeted: Yes

Budgeted Amount: \$70,000

Cost Estimate: \$68,080

Funding Source: General Fund

Program/Line Item No. 1044.53001

General Counsel Approval: Yes

Engineers/Feasibility Report: N/A

CEQA Compliance: In progress

Subject: SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP) MEMORANDUM OF UNDERSTANDING, PROJECT AGREEMENT 23, AND COST SHARE AGREEMENT FOR PROGRAM ENVIRONMENTAL IMPACT REPORT

SUMMARY

OCWD is planning the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) with the other four SAWPA member agencies. Three documents have been prepared by the SAWPA member agencies and SAWPA itself regarding how the program will be managed and for preparation of environmental documentation. These documents include a Memorandum of Understanding (MOU) for implementing SARCCUP and an agreement with SAWPA to establish a SAWPA Committee to manage \$55 million in grant funding for the program, and a letter agreement to reimburse IEUA for CEQA costs.

Attachment(s):

- SARCCUP Memorandum of Understanding (MOU) for Program Implementation
- SAWPA Project Agreement 23 (PA23)
- Cost Sharing Letter Agreement, SARCCUP Program Environmental Impact Report
- Presentation

RECOMMENDATION

RECOMMENDED BY COMMITTEE

Agendize for June 15 Board meeting:

- 1) Approve and authorize execution of the SARCCUP Memorandum of Understanding for Program Implementation subject to approval as to form by the District's legal counsel; and,
- 2) Approve and authorize execution of Santa Ana Watershed Project Authority Project Agreement 23 (PA23) subject to approval as to form by the District's legal counsel; **and designate the General Manager as OCWD's representative on the PA23 Committee pursuant to Section 18 of the SAWPA Joint Powers Agreement and.**
- 3) Approve and authorize Cost Share Letter Agreement for the SARCCUP Program Environmental Impact Report subject to approval as to form by the District's legal counsel and authorize payment to the Inland Empire Utilities Agency for an amount not to exceed \$68,080.

BACKGROUND/ANALYSIS

In May 2015, the Board authorized participation with the San Bernardino Valley Municipal Water District (Valley District), Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), and Western Municipal Water District (WMWD) (collectively “Agencies”) in planning the watershed-scale SARCCUP which is being partially funded by a \$55 million Proposition 84 grant. The SARCCUP program provides multiple, regional benefits to the Santa Ana River Watershed and is made up of three elements:

1. A large-scale, conjunctive use project that utilizes unused storage space in the watershed’s groundwater basins allowing the banking of wet year supplies for use in dry years, facilitating the augmentation of drought and emergency water supplies.
2. Habitat restoration for the Santa Ana Sucker, a threatened species and recovers water being consumed by arundo, an invasive plant species. Creation of 18,250 linear feet of new habitat will significantly improve conditions for the Santa Ana Sucker fish along the Santa Ana River. SARCCUP also includes removal of 640 acres of Arundo donax and restoration of 41 acres of habitat with native species.
3. Water use efficiency (WUE) measures to lower water demands in the watershed. The WUE element includes extending the Proposition 84 2014 Drought Round WUE program for technical support for conservation programs and public outreach.

The SARCCUP projects will collectively provide up to 70,439 acre-feet per year of new local dry year water supply that would supplement, and perhaps replace, imported water supplies during a drought.

In February 2016, the District agreed to share in the cost of developing a decision support model for SARCCUP. The San Bernardino Valley Municipal Water District is taking the lead on the modeling.

Memorandum of Understanding (MOU) for Program Implementation

The MOU for Program Implementation contemplates and describes all future necessary agreements between the Agencies, SAWPA, Municipal Water District of Orange County (MWDOC) and Metropolitan Water District of Southern California (MWD) for SARCCUP facilities management, construction, funding, and operation. The MOU also describes additional future agreements needed between some of the Agencies and their respective Watermasters over certain groundwater basins, as well as an agreement between Valley District and MWD for the sale of unused State Water Project water from Valley District. The purpose of the MOU is to help define the overall Program functions and the necessary coordination and agreements between all Agencies and other parties, in order to better demonstrate to SAWPA and DWR how the Program will be successfully implemented by the Agencies.

A copy of the MOU is attached.

Project Agreement 23

To administer the grant funding and construction of the SARCCUP projects, the SAWPA Project Agreement 23 (PA 23) will establish a committee, made up of the Agencies' general managers, to make policy decisions regarding implementation of the SARCCUP program and facilitate accounting for program costs and use of matching funds from the Agencies. An agreement with SAWPA for matching funds required by the Agencies will be forthcoming for future Board approval once SAWPA finalizes the SARCCUP grant funding agreement with DWR, currently anticipated in July 2016.

The PA 22 Committee, established in November 2014, will also provide policy decisions and oversight in developing and implementing the demand reduction and water use efficiency element of SARCCUP. The PA 22 Committee was originally established to administer the Proposition 84 2014 Drought Round Water Use Efficiency (WUE) program for technical support for conservation programs and public outreach. PA 22 will continue in its original role, as well as provide oversight and implementation of the SARCCUP WUE element established under the Proposition 84 2015 IRWM grant.

A copy of PA23 is attached.

Program Environmental Impact Report (EIR)

Staff from the Agencies has reviewed the most effective method to prepare environmental documentation for the program. The Agencies concluded that it would be most effective for one agency to be the lead agency for CEQA and contract with and manage preparation of the CEQA document. Each of the agencies will work closely with the lead agency in preparation of the document and be identified as responsible agencies under CEQA. The Inland Empire Utilities Agency (IEUA) was identified as the lead agency and has engaged Tom Dodson & Associate (TDA) for development of a Program Environmental Impact Report (PEIR) for SARCCUP implementation for a total cost of \$340,397. Each of the five Agencies participating in SARCCUP will pay one-fifth of this total, or \$68,080. IEUA has prepared a letter agreement for all the agencies to sign to share the costs of the PEIR.

A copy of the letter agreement is attached.

Staff Recommendation:

- (1) Approve and authorize execution of the SARCCUP Memorandum of Understanding for Program Implementation subject to approval as to form by the District's legal counsel; and,
- (2) Approve and authorize execution of Santa Ana Watershed Project Authority Project Agreement 23 (PA23) subject to approval as to form by the District's legal counsel; and,
- (3) Approve and authorize Cost Share Letter Agreement for the SARCCUP Program Environmental Impact Report subject to approval as to form by the District's legal counsel and authorize payment to the Inland Empire Utilities Agency for an amount not to exceed \$68,080.

PRIOR RELEVANT BOARD ACTION(S)

2/17/16, M16-23 - Authorize payment to San Bernardino Valley Municipal Water District for cost share for support model for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP).

5/20/2015, R15-5-68 - Approve and authorize execution of Memorandum of Understanding for the Santa Ana River Conjunctive Use Project, subject to approval as to form by District legal counsel; and authorize payment of \$17,830 to the San Bernardino Valley Municipal Water District for the District's cost share in the Santa Ana River Watermaster Action Team evaluation of watershed-scale conjunctive use projects and water use efficiency and preparation of Proposition 84 grant funding submittal, bringing the District's total contribution to \$67,120.

3/19/2014, M14-49 - Authorize payment of \$36,238 to the San Bernardino Valley Municipal Water District for the District's cost share in the Santa Ana River Watermaster Action Team evaluation of watershed-scale conjunctive use projects and water use efficiency

7/24/2013, M13-102 - Authorize payment of \$13,052 to the San Bernardino Valley Municipal Water District for the District's cost share in the Santa Ana River Watermaster Action Team evaluation