



Request for Early Funding

Prepared for:
California Water Commission and Staff

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1. INTRODUCTION

On August 31, 2020, the Office of Administrative Law approved emergency regulations submitted by California Water Commission staff, which add provisions to Section 6010 of Title 23 of the California Code of Regulations to provide for an additional funding opportunity for applicants to the Water Storage Investment Program (WSIP) to obtain funding for the completion of environmental documentation and for obtaining necessary permits for the project. The additional funding opportunity is for applicants, such as Regional San, that did not apply for early funding as part of their original application to the program, and is capped at 5% of their Maximum Conditional Eligibility Determination (MCED). In July 2018, Regional San's Harvest Water Program successfully received a MCED of \$280.5 M. At its January 20, 2021 meeting the Commission made a 2.5% inflation adjustment to the MCEDs of all seven projects within WSIP. The adjusted MCED for the Harvest Water Program is \$287,512,500. The early funding cap for the Harvest Water Program is \$14,375,625.

Regional San requests approval by the California Water Commission for early funding for Harvest Water up to the 5% cap of \$14,375,625. Eligible costs are estimated at \$21,610,000 as detailed in the following sections.

This document presents the early funding scope, schedule, and budget for Harvest Water as required by the WSIP regulations:

A project shall be eligible for funding to complete environmental documentation and permits if all of the following conditions are met: (1) The application contains a specific request for such funding pursuant to section 6003(a)(1)(X); (2) The application contains a scope of work, schedule, and budget that details tasks to be performed using the funding; (3) The scope of work proposed cannot include work performed prior to submittal of the application; (4) The scope of work includes an introductory paragraph that describes the financial need for early funding including: (A) Explanation of why the early funding is critical to the project; (B) Viability of the project in the absence of early funding; and (C) How the project will proceed once early funding is expended; (5) The application's implementation risk decision criteria score is no less than 7, pursuant to section 6009(g); (6) The Commission has assigned a maximum conditional eligibility amount to the project pursuant to section 6011; and (7) The Commission has reviewed the financial need for early funding contained in the scope of work and has decided that the early funding request is warranted. (D) Activities reasonably related to completion of environmental documentation and permitting may be included in the scope of work for this funding.

2. EARLY FUNDING SCOPE OF WORK

2.1 Financial Need for Funding

Early funding is critical to Harvest Water (Program) to support work required to meet all statutory requirements identified in the WSIP regulations, specifically near-term requirements to complete environmental documentation and permitting. Harvest Water has made significant progress over the last 2.5 years since the Commission conditionally awarded WSIP grant funding. Fundamental was the establishment of the Administrative and Capital Program Management Offices to support full Program development and implementation. These groups enable the planning, preliminary design, regulatory support, and permitting portions of the Program to move forward simultaneously to complete the extensive amount of work required in support of environmental documentation and permitting. Regional San is pushing forward to complete all WSIP requirements that are necessary to secure a final funding agreement from the Commission in 2022, to begin posting construction contracts for bid at the end of 2022, and make Harvest Water operational by late 2024. Once recycled water deliveries to the program area begin, public benefits identified in the WSIP application will begin to accrue immediately. Early funding will allow Regional San's program team to continue working at an accelerated pace to begin construction near-term.

Regional San has the financial capability to complete the portions of work required by the January 2022 statutory deadline, consistent with WSIP scheduling priorities proposed by CWC staff. However, Regional San is also constructing several other high priority capital projects, most notably the EchoWater Project at the Sacramento Regional Wastewater Treatment Plant. Early WSIP funding will allow Regional San to push forward on all environmental and permitting activities for Harvest Water and expeditiously get to a WSIP final funding agreement. To date, the Regional San Board of Directors has committed significant funding to developing Harvest Water. This early funding through WSIP would provide continuing confidence with both the rate paying public and the Regional San Board that the State continues to support Harvest Water and values its benefits.

In the absence of early funding, Regional San may need to re-evaluate the aggressive Harvest Water program schedule or determine if other Regional San capital projects could be delayed or extended to provide the necessary funding for the Program. The current Harvest Water schedule is designed to meet three goals: 1) ready the project for a CWC final funding award hearing as expeditiously as possible, 2) design and construct the Harvest Water distribution system to coincide closely with the completion of the EchoWater Program so that recycled water can be delivered to irrigation and habitat customers as early as possible, and

3) begin realizing the groundwater restoration and environmental benefits as soon as possible.

Regional San is the sole sponsor of Harvest Water and has the financial capability to continue to support the Harvest Water Program once early funding is expended. Furthermore, Regional San's accelerated pace of project development is anticipated to allow Regional San to enter into a final funding agreement with the California Water Commission in 2022, shortening the time between expending early funds and beginning to receive reimbursements under the final agreement.

2.2 Scope of Work Overview

This early funding would be used to reimburse eligible sunk costs over the past 18 months and anticipated future costs over the next 18 months until a final funding agreement can be executed with the Commission. The scope of work to complete the environmental documentation and environmental permitting for the Program, including customer outreach and recruitment, planning, coordination with regulatory agencies, and preliminary design needed to support that work is presented in this section. The scope of work, currently in progress, will be completed through a combination of District staff and through consultants hired by Regional San working seamlessly together to support the Program.

Task 1. Administrative Program Development and Management

The Administrative Program Management Office team will manage and support activities related to the ecological plan, public benefits, grants and stakeholder agreements, outreach and landowner coordination, groundwater accounting, and other non-capital project administrative functions in support of WSIP funding agreement milestones and statutory requirements as outlined by the California Water Commission. Tasks include:

- A. Program Management: maintain overall program coordination to drive the Program.
- B. WSIP Administration: on-going support to Regional San to complete near-term funding agreement milestones.
- C. Water Rights: support the final steps of the petition for change to allow Regional San to divert up to 50,000 AFY of recycled water for beneficial use in the South County area and identify how Regional San will implement mitigation requirements.
- D. Recycled Water Utility Development: Support Regional San in developing its plan to provide recycled water for beneficial use, including finalizing water rights, developing governance structure and establishing the recycled water service unit within Regional San's organizational structure.

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- E. Ecological Program Development: Support and oversee the plan development and provide technical support as needed.
 - F. Landowner and Stakeholder Outreach: continue to implement landowner and stakeholder outreach including the development of specific agreements with landowners for the use of recycled water for irrigation and/or ecosystem improvements, and to support Regional San's on-going outreach to the wide spectrum of stakeholders. The success of Harvest Water relies on cultivating recycled water customers and ecological program participants. Recycled water customer recruitment is crucial to identifying the scope of the Capital Program in order to support planning and preliminary design that will feed into the environmental documentation and identify the range of environmental permitting needs.
 - G. Environmental Documentation: Support and oversee the preparation of supplemental documentation under the California Environmental Quality Act (CEQA) for elements of the program that were not addressed at a project level in the Program EIR. This will include developing scope, providing technical assistance in the document preparation, and peer-reviewing the environmental documents.
 - H. Capital Program Coordination: support the capital program using in-depth knowledge from previous facility planning work, use knowledge gained through landowner outreach to support the Basis of Design Reports and Program scope definition.
 - I. Permits and Regulatory Compliance: support technical analyses and regulatory and advocacy actions needed to support the multiple environmental, engineering, and construction permits required for the construction and operation of Harvest Water. In addition, Regional San will conduct extensive outreach and coordination with the Central Valley Regional Water Quality Control Board to obtain necessary coverage for the distribution and use of recycled water. At this time coverage is anticipated under the statewide Water Recycling Requirements General Order for Recycled Water Distribution and Use (2016-0068-DWQ) via development of the Notice of Intent (NOI) and Title 22 Engineering Report to support the application for coverage.

Task 2. Prepare Project Level CEQA Documentation

Regional San prepared a Program Environmental Impact Report (EIR) to analyze the environmental effects of the Harvest Water Program and certified the EIR in March 2017 (SCH No. 2015022067, Regional San is not seeking reimbursement for that work). Additional California Environmental Quality Act (CEQA) documentation is needed to address elements of the Program that were not addressed at a project level in the Program EIR. . The program

team will conduct all work necessary to finalize and certify required environmental documentation. Four primary CEQA documents tier from the Program EIR:

- (1) Harvest Water Program Lateral Pipelines and On-Farm Connections Project – Initial Study Checklist, including field surveys, technical analyses, and technical reports
- (2) Harvest Water Program EcoPlan and Wintertime Application Project – Environmental Impact Report Addendum, including technical analyses and reports
- (3) Harvest Water Program Groundwater Accounting Project – Environmental Impact Report Addendum, including technical analyses and reports
- (4) Harvest Water Program On-Farm Connection Vehicle Turnouts Project – Environmental Impact Report Addendum, including technical analyses and reports

Task 3. Environmental Permitting

The construction and operation of the Program components will require multiple environmental, engineering, and construction permits, many of which will require supporting technical analysis in the permit application. Regional San will develop a comprehensive strategy to obtain regulatory permits for Harvest Water. Regional San will complete application packages for a Lake and Streambed Alteration Agreement from CDFW, a CWA Section 404 permit from the USACE, and Water Quality Certification under Section 401 from the Central Valley Regional Water Quality Control Board (RWQCB), as well as documentation of cultural resources potentially affected for the USACE's consultation with the State Historic Preservation Officer. It is anticipated that coverage for impacts to state and federally listed species would occur through participation in the South Sacramento Habitat Conservation Plan (SSHCP). Cultural resources will be assessed based on field studies and record searches and documented in a cultural resources report consistent with USACE guidelines.

Task 4. Develop Ecological Program

A Conceptual Ecological Plan was developed as part of the WSIP application submitted in 2017 (Regional San is not seeking reimbursement for that work). Regional San will build on this document to develop an Ecological Program to implement and track the Program's ecosystem improvements in riparian corridors, managed wetland areas, unmanaged wetland areas, vernal pools, and lands used by Sandhill cranes. This includes site evaluation and analysis of the distribution of recycled water to identify target parcels for Program participation. Work includes: On-going outreach and landowner recruitment; development of the Ecological Implementation Plan, and identification of adaptive management metrics and thresholds; and defining Program contracting arrangements. The Ecological Implementation

Plan will serve as the scientific and technical foundation that will be integrated into the CEQA/NEPA environmental analyses and permits.

Task 5. Develop Groundwater Accounting, Conjunctive Use, and Monitoring Program

The coordinated and planned management of groundwater and recycled water under the Harvest Water Program will maximize the efficient conjunctive use of the region's water resources. To achieve this goal, Regional San is establishing a Groundwater Accounting and Conjunctive Use Program, including stakeholder outreach and engagement, the development of the institutional structure and necessary agreements, the development of a groundwater accounting framework, and extensive groundwater modeling including revisions and refinements to the SacIWRM (or future model) future conditions baseline scenario in the South American Subbasin and in portions of the Cosumnes Subbasin. The groundwater modeling and simulation is being used to analyze recycled water distribution system alternatives, ecological program needs, operational scenarios, and groundwater benefits to support the project level environmental analysis.

Task 6. Capital Program Development and Management

The Capital Program Management Office team will manage and support the design, construction, start-up, testing, and commissioning of the recycled water conveyance and delivery system components. The task scope presented herein is limited to the initial planning and preliminary design efforts in support of environmental documentation and permitting. Tasks include:

- A. Program Administration and Controls: establish and maintain overall program coordination and necessary controls for the capital program.
- B. Program Planning: prepare facilities integration plan.
- C. CEQA and Environmental Permitting: support supplemental CEQA review and documentation effort by reviewing CEQA compliance documents and providing design and other technical information as needed for the environmental review and assessment process. Provide technical support for that effort and review of design documents to confirm compliance with permit requirements. Identify and obtain construction-related permits.
- D. Hydraulic Modeling: Critical to developing the basis of design reports, the team will build and maintain a dynamic hydraulic model. The model will be updated as required based on the specific temporal and spatial recycled water user demands defined through coordination with future customers. Model results will also be used to develop

the design criteria in the basis of design reports (BODRs) and will inform pipeline alignments in support of the project level environmental analysis and permitting.

- E. Project Validation: identify project risks and mitigation measures early on in the life cycle of the program and provide an opportunity to best package and sequence the projects through a validation process. This will reduce project uncertainties that can impact design and construction.
- F. Update Facility Plan: Update the August 2015 South Sacramento County Agriculture & Habitat Lands Recycled Water Program Facilities Plan originally prepared by RMC (Woodard and Curran). Information developed and validated as part of Project Validation Task will be incorporated into the updated Facility Plan and then used to develop the BODRs.
- G. Pre-Design Support Services: Perform several pre-design support services and functions to support and facilitate subsequent design efforts. These include topographic and property surveys, preliminary geotechnical investigations, utility locating, marking, and potholing, as well as coordination of utility relocations, as necessary. This will inform pipeline alignments in support of the project level environmental analysis and permitting.
- H. Basis of Design Reports: Use the updated Facility Plan, project validation information, and pre-design data collected to develop and submit up to four basis of design reports to provide preliminary analysis for (1) the pump station, (2) the transmission main, (3) the distribution system, and (4) on-site farmer connections. BODRs will include preliminary layout drawings for the pumping station and pipelines and identification of construction methods in support of the project level environmental analysis.

3. EARLY FUNDING SCHEDULE



4. EARLY FUNDING BUDGET

The associated budgets for consultant support services as well Regional San staff time for Harvest Water are presented in the table below. As shown, the early funding needed to complete the environmental documentation and environmental permitting for the Program, including customer outreach and recruitment, planning, coordination with regulatory agencies, and preliminary design needed to support that work, is anticipated to cost approximately \$19.6 million. As such, Regional San is requesting early funding capped at 5% of Harvest Water's Maximum Conditional Eligibility Determination (MCED) for a total of \$14,375,625.

Tasks	Estimated Cost
Consultant Services	
Task 1: Administrative Program Development and Management	\$3,743,000
Task 2: Prepare Project Level CEQA Documentation	\$654,000
Task 3: Environmental Permitting	\$543,000
Task 4: Develop Ecological Program	\$4,354,000
Task 5: Groundwater Accounting and Monitoring Program	\$1,398,000
Task 6: Capital Program Development and Management	\$5,973,000
Regional San Program Management and Support Staff	\$4,954,000
Total Estimated Cost through June 2022	\$21,610,000
Request for Early Funding	\$14,375,625
Total MCED (as of January 2021)	\$287,512,500
Percent of Total MCED Requested for Early Funding	5%