



## SUMMARY REPORT

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**Agenda Date:** 5/10/2022

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**To:** Board of Directors, Sonoma County Water Agency  
**Department or Agency Name(s):** Sonoma County Water Agency  
**Staff Name and Phone Number:** Kevin Booker 707-521-1865  
**Vote Requirement:** Majority  
**Supervisory District(s):** First & Second

**Title:**

North Bay Water Reuse Authority Phase II Grant

**Recommended Action:**

Adopt a Resolution authorizing the General Manager of the Sonoma County Water Agency, or his designee, to sign and file an application with the United States Bureau of Reclamation pursuant to the Water Infrastructure Improvements for the Nation Act for funding the North Bay Water Reuse Program construction activities; execute a cooperative agreement with the United States Bureau of Reclamation; and take all actions necessary to implement the cooperative agreement.

**Executive Summary:**

Approval of this item would authorize the General Manager of the Sonoma County Water Agency (Sonoma Water), or his designee, to file a funding application under Funding Opportunity Announcement No. R22AS00115 on behalf of the North Bay Water Reuse Authority (Authority) with the United States Bureau of Reclamation (Bureau) for construction of three projects with City of Petaluma under the Water Infrastructure Improvements for the Nation Act (Act), and would authorize the General Manager, or his designee, to execute a cooperative agreement with the Bureau, if the application were approved. In accordance with the Authority's Fourth Amended MOU, Sonoma Water acts as the Authority's administrative agency, which includes submitting grant applications and managing grant awards for the 10 member agencies.

The City of Petaluma's Projects include:

- a) Facility upgrades at the existing Ellis Creek Water Recycling Facility (ECWRF) to increase tertiary filtration and disinfection capacity by 2.12 million gallons per day (mgd);
- b) Urban Recycled Water Expansion Project would provide approximately 78 AFY; and
- c) Agricultural Recycled Water Expansion Phase 1 Project would provide agricultural customers with approximately 300 AFY.

Sonoma Water does not have a project in this application but will provide services as the administrative agency in the amount of \$76,815 (of which approximately \$11,874 would be reimbursed by the grant). Sonoma Water services include ensuring compliance with the funding requirements and processing pass-through project reimbursements to City of Petaluma. The City of Petaluma will be responsible for all costs

arising from their projects, including reimbursing all Sonoma Water administration costs not reimbursed by the Bureau, which is estimated to be \$64,941. The City of Petaluma's total construction budget eligible under the Bureau funding guidelines is estimated to be \$27,691,126 (of which approximately \$6,922,781 would be reimbursed by the grant). The remaining amount of \$20,768,345 will go towards City of Petaluma's cost share under the grant and will have no fiscal impact to Sonoma Water.

**Discussion:**

On November 6, 2001, the Board of Directors of Sonoma Water authorized and directed the General Manager to pursue state and federal funding for water reuse projects that would put recycled water to beneficial use within Sonoma, Marin, and Napa counties. In 2002, Sonoma Water entered into a cooperative agreement with the Bureau under the authority of Public Law 102-575, Title XVI, to prepare a feasibility study to assess regional water recycling opportunities for restoration and agricultural irrigation.

Since 2004, the Authority, which was established under a Memorandum of Understanding among counties, cities, and local water and sanitation districts, has been coordinating interagency efforts to expand the beneficial use of recycled water in the North Bay Region. Current Authority members include the City of Petaluma, Las Gallinas Valley Sanitary District, Marin County, Marin Municipal Water District, City of American Canyon, Napa County, Napa Sanitation District, North Marin Water District, Novato Sanitary District, Sonoma County Water Agency, and Sonoma Valley County Sanitation District. The Memorandum of Understanding designates Sonoma Water as the administrative agency for purposes of carrying out the administrative tasks of the Authority.

The Authority is a cooperative program that builds regional water supply resiliency for all water users by expanding the use of recycled water for agricultural, urban, and environmental uses, thereby reducing reliance on local and imported surface and groundwater and reducing the amount of treated effluent releases to San Pablo Bay. The North Bay Water Reuse Program's (Program) projects provide new, long-term local water supplies that also offer numerous economic and environmental benefits for the region, including:

1. A reliable, new water supply for the region's agriculture.
2. An alternative water supply for irrigation of parks, golf courses, and public landscaping.
3. Increased water for restoration of wetlands and improved in-stream flows for riparian habitat and fisheries recovery.
4. Reduced demand on limited local surface and groundwater supplies.
5. Less discharge of treated wastewater into San Pablo Bay.
6. Reduced demand on potable water imported from the Russian River; and
7. Leveraged, cooperative funding opportunities through regional agency partnering.

Each of the Authority wastewater agencies has recycled water projects, and through partnering with other Authority member agencies, new recycled water customers have been served throughout the Program area.

Under Phase I of the Program, \$25,000,000 has been received in federal grant funding and \$5,886,800 in state grant funding to construct pipeline, reservoirs, pump stations, and upgraded treatment facilities.

The Act was enacted in December 2016, to address water resources infrastructure that is critical to the nation's economic growth, health, and competitiveness. The Act allows new water recycling projects to be eligible for federal funding under the WaterSMART Title XVI Program.

The Authority has been working on Phase II of the Program. The purpose of Phase II is to explore options for expanding the recycled water use, and other water management options, within the North San Pablo Bay region beyond the projects constructed under Phase I of the Program. In 2017, the Bureau reviewed the Title XVI Feasibility Study for the projects proposed for Phase II, found that they meet all the requirements of the Bureau, and transmitted them to Congress. To obtain funding under the Act, the Authority must submit a funding application and, if the application is approved, enter into a cooperative agreement with the Bureau to oversee the projects. The City of Petaluma's Projects include:

- a) ECWRF Capacity Increase Project would include facility upgrades at the existing ECWRF to increase tertiary filtration and disinfection capacity by 2.12 million gallons per day (mgd) (2,375 acre-feet per year [AFY]), providing a yield of 712 AFY;
- b) Urban Recycled Water Expansion Project would extend recycled water pipelines from the end of the existing 20-inch-diameter pipeline that originates from the ECWRF to serve existing landscape customers currently served by the City of Petaluma's (Petaluma) potable water system. The complete project would also extend a pipeline from the existing 8-inch-diameter pipeline near ECWRF to serve the Oakmead cluster. The total complete project yield is about 223 AFY. Petaluma plans to move forward with a portion of their Urban Recycled Water Expansion focusing on installing pipe that runs parallel to Corona Creek in the southwest direction before pivoting southeast along Maria Drive up to Lucchesi Park. This portion of the project would include 5,700 linear feet (LF) of 16-inch-diameter pipe and 1,000 LF of 12-inch-diameter pipe which collectively would provide approximately 78 AFY; and
- c) Agricultural Recycled Water Expansion Phase 1 Project would extend recycled water pipelines from the ECWRF eastward to serve agricultural customers along Lakeville Highway. This project would efficiently utilize existing assets to increase the distribution of recycled water. The proposed pipeline alignment is along roads in the City of Petaluma's right of way, within already disturbed areas. The number of creek crossings would be minimized, and green ways would be avoided to minimize construction in undisturbed areas. The complete Agricultural Recycled Water Expansion Phase 1 project would involve extending pipelines from ECWRF to Stage Gulch Road and constructing a pipeline along Adobe Road to collectively provide 1,113 AFY. For now, however, the City of Petaluma plans on moving forward with the Adobe Road pipeline segment which would include approximately 14,000 LF of 16-inch-diameter pipeline to supply agricultural customers with approximately 300 AFY.

#### Program Budget

The budget for the North Bay Water Reuse Authority Phase II Grant is \$27,767,941. The grant program will reimburse Sonoma Water and City of Petaluma up to \$6,934,655 for project expenses. The City of Petaluma's budget is an estimated \$27,691,126, with an estimated \$6,922,781 in offsetting federal revenue, and a \$20,768,345 City of Petaluma cost share.

As the Authority's administrative agent, Sonoma Water will act as the grant administrator on the program to oversee compliance reporting and invoicing in accordance with all local and federal funding requirements. Sonoma Water's budget is an estimated \$76,815 in administration costs, with an estimated \$11,874 in offsetting federal revenue. The remaining \$64,941 of the \$76,815, will be paid by Phase II participating member agencies as stipulated in the North Bay Water Reuse Authority Memorandum of Understanding.

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<b>Program Budget</b>	<b>Federal Reimbursement</b>	<b>Non-Federal Cost Share</b>	<b>Total Program Costs</b>
Sonoma Water	\$11,874	\$64,941	\$76,815
City of Petaluma	\$6,922,781	\$20,768,345	\$27,691,126
Total Program	\$6,934,655	\$20,833,286	\$27,767,941

**Strategic Plan:**

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

**Pillar:** Resilient Infrastructure

**Goal:** Goal 4: Seek out grant funding to enhance programs and improve infrastructure

**Objective:** Objective 1: Secure a total of \$60 million in grant funding by 2026 for strategic priorities, including technology tools, climate resiliency, and other capital projects.

Sonoma Water Strategic Plan Alignment Water Supply and Transmission System, Goal 1: Protect drinking water supply and promote water-use efficiency.

The City of Petaluma's projects could provide over 700 acre-feet of recycled water, thereby offsetting the use of potable water, i.e., Russian River water and/or groundwater.

**Prior Board Actions:**

8/14/2018: Adopt a Resolution authorizing the General Manager of the Sonoma County Water Agency, or his designee, to a) sign and file an application with the United States Bureau of Reclamation pursuant to the Water Infrastructure Improvements for the Nation Act for funding the North Bay Water Reuse Program construction activities; b) execute a cooperative agreement with the United States Bureau of Reclamation; and c) take all actions necessary to implement the cooperative agreement.

9/12/2017: Adopt a Resolution authorizing the General Manager of the Sonoma County Water Agency, or his designee, to a) sign and file an application with the United States Bureau of Reclamation pursuant to the Water Infrastructure Improvements for the Nation Act for funding the North Bay Water Reuse Program construction activities; b) execute a cooperative agreement with the United States Bureau of Reclamation; and c) take all actions necessary to implement the cooperative agreement.

7/18/2017: Amend existing delegated authority for the General Manager to execute agreements entered by the Sonoma County Water Agency in its capacity as Administrative Agency of the North Bay Water Reuse Authority to increase from \$25,000 to \$50,000, in line with the current delegated signature authority for Sonoma Water contracts. B) Link the delegated authority for the General Manager to execute agreements entered on behalf of the North Bay Water Reuse Authority to the delegated authority for Sonoma Water contracts for any future changes to the latter.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 21-22 Adopted</b>	<b>FY22-23 Projected</b>	<b>FY 23-24 Projected</b>
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Budgeted Expenses		\$380,706	\$1,746,059
Additional Appropriation Requested			
<b>Total Expenditures</b>		<b>\$380,706</b>	<b>\$1,746,059</b>
Funding Sources			
General Fund/WA GF			
State/Federal		\$351,482	\$1,733,071
Fees/Other		\$29,224	\$12,988
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>		<b>\$380,706</b>	<b>\$1,746,059</b>

**Narrative Explanation of Fiscal Impacts:**

If grant funding is awarded, FY 2022/2023, FY 2023/2024, FY 2024/2025, and FY 2025/2026 appropriations will be budgeted in those fiscal years in the Recycled Water Fund. Award anticipated in FY2022/2023.

	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>Total</b>
Expenditures	\$380,706	\$1,746,059	\$3,476,754	\$1,396,077	\$6,999,596□
Federal Reimbursement	\$351,482	\$1,733,071	\$3,463,766	\$1,386,336	\$6,934,655
1Petaluma Reimbursement	\$29,224	\$12,988	\$12,988	\$9,741	\$64,941
Total	\$380,706	\$1,746,059	\$3,476,754	\$1,396,077	\$6,999,596

<sup>1</sup> Estimated administrative payment to Sonoma Water

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

None

**Attachments:**

Resolution

**Related Items "On File" with the Clerk of the Board:**

None