



● **Board of Directors**  
***Engineering and Capital Programs Committee***

May 12, 2009 Board Meeting

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7-3

**Subject**

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Adopt resolution supporting Metropolitan applications for \$30 million in American Recovery and Reinvestment Act grant funding

**Description**

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In February 2009, the federal American Recovery and Reinvestment Act (ARRA) was signed into law. Among its provisions, ARRA provides \$160 million to the Safe Drinking Water State Revolving Fund for infrastructure development for California's drinking water systems.

In February 2009, Metropolitan staff submitted pre-applications for up to \$30 million in grant funding under ARRA for construction of seven Capital Investment Plan (CIP) projects that will be "shovel ready" by summer 2009, and for five conservation-related (non-CIP) projects. At this time, the maximum in grants that can be awarded to any one applicant under the ARRA is \$30 million, while \$20 million is the maximum grant per project. Metropolitan's seven CIP projects (listed in [Attachment 2](#)) total approximately \$85 million in estimated construction costs.

Staff anticipates being invited by the California Department of Public Health (CDPH) to submit full applications for several of the identified CIP projects. In order to complete the application process, a resolution is required by Metropolitan's Board of Directors authorizing submittal of the applications ([Attachment 1](#)). Submission of an application is not a commitment by Metropolitan to accept the grant. Any grant funds received would be used to offset future costs and to help mitigate future treatment surcharge increases. If additional grant funding beyond the current \$30 million limit becomes available in the future, staff will pursue such funding. No additional board resolutions are anticipated to be required for any additional ARRA funding.

Completed applications must be submitted to the CDPH no later than June 10, 2009, in order to be considered for funding under the ARRA. Construction must be able to begin within 60 days of receipt of an executed funding agreement. It is anticipated that approximately 60-75 days after submission of a complete application, funding agreements would be executed.

**Policy**

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Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed action of preparing and submitting an application for American Recovery and Reinvestment Act grant funding is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b) (4) of the State CEQA Guidelines). The environmental effects from the specific projects for which funding is sought have been, or will be, evaluated in their respective environmental documents prior to the Board's specific approval and

acceptance of any grant funding. In addition, where it can be seen with certainty that there is no possibility that the proposed action of preparing and submitting an application may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b) (3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b) (4) and 15601(b) (3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options**

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**Option #1**

Adopt the CEQA determination and the resolution supporting Metropolitan’s applications for American Recovery and Reinvestment Act grant funding (**Attachment 1**).

**Fiscal Impact:** Potential receipt of up to \$30 million in grant funds

**Business Analysis:** Submission of the applications provides an opportunity to receive \$30 million in grant funding for CDPH-selected CIP projects.

**Option #2**

Do not adopt the resolution and forego an opportunity to receive \$30 million in grant funding.

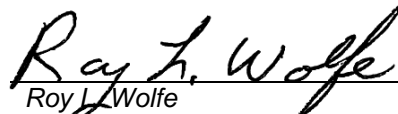
**Fiscal Impact:** None

**Business Analysis:** Metropolitan would lose an opportunity to receive \$30 million in grant funding.

**Staff Recommendation**

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Option #1

  
Roy L. Wolfe  
Manager, Corporate Resources

4/21/2009  
Date

  
Jeffrey Nightlinger  
General Manager

4/27/2009  
Date

**Attachment 1 – Resolution for American Recovery and Reinvestment Act Grant Funding**

**Attachment 2 – List of Potential ARRA Funded Projects**

**Resolution for American Recovery and Reinvestment Act Grant Funding**

RESOLUTION \_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING SUBMITTAL OF AN APPLICATION FOR GRANT FUNDING  
FROM THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

FOR

VARIOUS CAPITAL INVESTMENT PLAN PROJECTS AND CONSERVATION-RELATED PROJECTS

WHEREAS, The Metropolitan Water District of Southern California has the authority to construct, operate, and maintain drinking water treatment facilities and distribute water supplies to its member agencies; and

WHEREAS, The Metropolitan Water District of Southern California desires to enhance the provision and protection of the drinking water supplied to the consumers of its 26 member agencies;

THEREFORE, BE IT RESOLVED by The Metropolitan Water District of Southern California that, pursuant and subject to all of the terms and provisions of the American Recovery and Reinvestment Act and all amendments thereto, application be made to the State of California Department of Public Health for funding; and

BE IT FURTHER RESOLVED that the General Manager of said Metropolitan Water District of Southern California is hereby authorized and directed to cause the necessary data to be prepared, investigations to be performed and application to be signed and filed with the State of California Department of Public Health.

Passed and adopted at a regular meeting of the Board of Directors of The Metropolitan Water District of Southern California on Tuesday, May 12, 2009.

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Board Executive Secretary  
The Metropolitan Water District  
of Southern California

**The Metropolitan Water District of Southern California**

**List of Potential American Recovery and Reinvestment Act (ARRA) Funded Projects**

<b>Project Title</b>	<b>Pre-Application ARRA Funds Requested</b>	<b>Estimated Construction Cost</b>	<b>FY 2009/10 Budgeted?*</b>	<b>Comment</b>
Skinner Finished Water Reservoir Cover Replacement	\$ 3,500,000	\$ 3,500,000	Yes	
Weymouth Inlet Conduit Relocation and Rapid Mix Facilities	\$ 20,000,000	\$ 53,000,000	Yes	
Diemer North Access Road	\$ 12,000,000	\$ 12,000,000	Yes	
Water Quality Pilot Plant (located at the Weymouth plant)	\$ 5,000,000	\$ 8,500,000	No	Deferred to FY 2011/12**
Diemer Filter Media Replacement	\$ 4,000,000	\$ 4,000,000	Yes	
Weymouth Filter Rehabilitation (of four filters)	\$ 2,000,000	\$ 2,000,000	Yes	
Mills Ozone System Reliability Upgrade	\$ 2,000,000	\$ 2,000,000	Yes	

\*Planned to be included in FY 2009/10 capital budget

\*\*Project originally planned to be included in FY 2009/10 capital budget, but deferred to FY 2011/2012 under revised CIP evaluation criteria.