



- Board of Directors
Water Planning and Stewardship Committee

4/9/2013 Board Meeting

8-4

Subject

Approve Foundational Actions Funding Program

Executive Summary

Staff proposes that Metropolitan implement a Foundational Actions Funding Program to establish funding for technical studies and pilot projects reduce barriers to future water resource production. Member agencies will be invited to respond to a Request for Proposals (RFP) offering dollar-for-dollar matching funds up to \$500,000. Staff will form a review panel of outside technical experts and Metropolitan staff to evaluate proposals. Proposals meeting the selection criteria will be presented to the Board for approval.

Funding these actions would help Metropolitan maintain its reliability goals, as outlined in the 2010 IRP Update. These actions would advance additional supply options that could be implemented if needed to prepare the region for long-term changes including climate, potential limitations in the availability of resources, demographic and economic trends, and changes in water quality and other regulations.

Details

Foundational Actions Background

In 2010, the Board adopted the Integrated Water Resources Plan (2010 IRP Update). The 2010 IRP Update established a planning framework, including a core resources program, which is designed to ensure the region's reliability into the future. Metropolitan's core resources plan is on track and is well-positioned to meet future demands within an expected range of future conditions. However, if future supply vulnerabilities and uncertainties should prove greater than expected, additional resources may be required. These resources would more easily be implemented in the future by proceeding with Foundational Actions now. Foundational Actions include technical studies and research (up to pilot projects, but not full-scale projects) that enable timely, future implementation of challenging resources:) including but not limited to:

- Recycled water (including direct and indirect potable);
- Seawater desalination;
- Stormwater capture;
- Groundwater enhancement.

Foundational Actions Funding Program Description

Staff proposes a pilot Foundational Actions Funding Program (FAF Program) to pursue these foundational actions. Proposals under this FAF Program would consist of technical studies or pilot projects to enable effective resource planning and implementation. More specifically, these proposals would be aimed to reduce barriers to project implementation, and:

1. Advance the field of knowledge for future water resource production;
2. Provide results that are unique, yet transferable to other areas in the region; and
3. Represent a catalytic/critical path to water resource implementation.

Examples of studies under the FAF Program may include, but are not limited to:

- determination of optimal desalination integration practices or treatment processes;
- assessment of the stormwater runoff quantity potential in a region and its effect on groundwater production yields;
- analysis of how to maximize opportunities for indirect potable reuse;
- studies of how to reduce barriers to direct potable reuse;
- study to support permitting agencies in establishing policies and regulatory criteria for future regional water resources;
- analysis of the ability for reduced brine-discharge approaches to help improve resource availability; and
- study of basin-wide water quality management programs and their impact on improved groundwater yields.

Activities that would not be eligible for funding under the FAFA Program include but are not limited to::

- funding CEQA documentation for projects;
- acquisition of property;
- design of full-scale projects; and
- construction of full-scale projects.

Program Funding and Features

Expenditures for this program were not included in the FY 2013/14 budget. Funding of member agency proposals would be brought for board consideration after the responses have been received and evaluated. The following further describes the proposed FAF Program.

- Metropolitan would issue an RFP to the member agencies, inviting proposals under the FAF Program. Total funding level is estimated to be \$3 million. The final funding level may be higher or lower based on the member agency responses.
- Final authorization for funding of each specific proposal would come before the Board for approval.
- Each proposal would require a non-Metropolitan match of at least 100 percent of the Metropolitan funded amount.
- Each member agency may submit multiple proposals for consideration, although they must rank them by priority.
- Member agencies may partner with each other or with outside entities.
- Total funding requested cannot exceed \$500,000 for a given member agency or a given proposal.
- If the proposal meets the description and criteria for the FAF Program, the proposal would be presented to the Board for consideration.

Proposal Selection

Metropolitan would form a technical review panel of three Metropolitan staff and two external experts to review the proposals, ensure compliance with the FAF Program description and eligibility, and evaluate each proposal based on additional selection criteria as described further in this document. The technical review panel would develop a list of recommended Foundational Actions proposals and funding levels, which staff would provide to the Board for consideration of funding.

Additional selection criteria for each proposal may include the following:

- **Reduces Barriers to Future Production**
 - Actions are critical to resource implementation and planning efforts.
 - Actions will advance the field of knowledge for development of future water resources, and may be used in future research.
 - Actions are unique and innovative (differ from other completed or ongoing studies).
 - Actions increase future local supply potential.
 - Actions expedite future permitting or facilitate beneficial regulations for future water resources.

- **Regional Benefit/Applicability**
 - Results of the proposal apply to Metropolitan’s member agencies, retail agencies, and regional stakeholders.
 - May include other benefits, such as environmental, water quality, energy, wastewater, infrastructure, etc.
- **Work Plan**
 - Work plan has adequate detail and completeness so that it is clear that the proposed actions can be implemented. Potential challenges and issues related to proposal implementation are identified and addressed; and
 - Proposal objectives can be achieved in the stated time period with the allotted personnel and budget.

Next Steps

Following approval of the FAF Program, staff would issue an RFP to the member agencies. Once responses are evaluated, staff would return to the Board to review the recommended proposals and request funding. After the recommended proposals are funded, staff would evaluate and report to the Board on the progress of this pilot program and, depending on its measured effectiveness and benefits, staff may make a recommendation for the continuation of the FAF Program.

Policy

By Minute Item 48449 dated October 12, 2010, the Board adopted the CEQA determination and the 2010 Integrated Resources Plan Update, as set forth in the letter signed by the General Manager on September 29, 2010.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves 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 CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines

CEQA determination for Option #2:

None required

Board Options

Option #1

- Adopt the CEQA determination and
- a. Approve the proposed Foundational Actions Funding Program; and
 - b. Direct staff to issue a Request for Proposals.

Fiscal Impact: There is no immediate fiscal impact to issue the Request for Proposals for the FAF Program. Staff estimates that program funding could be approximately \$3 million. The actual fiscal impact may be higher or lower based on the member agency responses, which would be funded by available operating reserves through a subsequent board action.

Business Analysis: Implementing the Foundational Actions Funding Program would allow the region to better understand and reduce the barriers to future implementation of resources, should they be needed.

Option #2

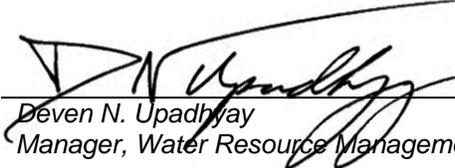
Do not approve the Foundational Actions Funding Program.

Fiscal Impact: None

Business Analysis: Not approving the Foundational Actions Funding Program would result in no short-term changes for the region, but may affect potential water supply options in the future.

Staff Recommendation

Option #1



Deven N. Upadhyay
Manager, Water Resource Management

3/21/2013
Date



Jeffrey Kightlinger
General Manager

3/26/2013
Date

Ref# wrm12622382