



● **Board of Directors**
Water Planning and Stewardship Committee

4/11/2017 Board Meeting

7-7

Subject

Adopt CEQA determination and adopt resolution to apply for and accept funding from the State Water Resources Control Board's Water Recycling Funding Program

Executive Summary

In March 2016, the Board adopted Resolution 9202 authorizing the General Manager, with the approval of the General Counsel, to apply for and accept grants or low interest loans on Metropolitan's behalf from the State Water Resources Control Board's (SWRCB) Water Recycling Funding Program. The SWRCB has informed Metropolitan that it now requires a board resolution that removes reference to the General Counsel and solely provides authority to the General Manager to accept the grants or low interest loans on its behalf. The attached resolution complies with the current requirements of the SWRCB.

Details

The SWRCB Water Recycling Funding Program (WRFPP) provides assistance with planning, design, and construction of water recycling projects that offset or augment fresh water supplies. Projects may be funded through a combination of grants or loans. Both planning and construction projects are eligible, with up to \$75,000 available for each planning grant and up to \$15 million for each construction grant. Low interest loans may also be provided by the SWRCB to further leverage local costs. A board resolution is required as part of an agency's funding application. The board resolution must document the governing body's support of the application, identify an authorized representative, and must be submitted before the application is accepted.

In November 2015, Metropolitan's Board authorized the development of a potential regional recycled water supply program along with implementation of a demonstration project. Funding from the SWRCB's Water Recycling Funding Program would help defray Metropolitan's costs for the potential regional recycled water supply program.

In March 2016, Metropolitan's Board authorized Resolution 9202 to allow the General Manager, with the approval of the General Counsel, to apply for and accept funding from the SWRCB for the potential regional recycled water supply program. Metropolitan submitted seven grant applications to the SWRCB for planning studies in March 2016. The SWRCB counsel recently determined that Board Resolution 9202 only provides the General Manager conditional authority and would need to be revised before the planning grant awards can be finalized. The revised resolution is based on a new SWRCB template and clarifies the General Manager has full authority that is not conditioned on approval of the General Counsel. The revised resolution is needed to support applications for \$525,000 of planning grants.

In addition to the planning grant applications submitted in March 2016 for the groundwater recharge studies, Metropolitan is working with the SWRCB to finalize a \$1 million WRFPP construction grant application for the demonstration project. The revised resolution is also needed to support this application. Staff anticipates completion and award of this grant in late 2017.

This action authorizes adoption of the revised resolution ([Attachment 1](#)) and will allow the General Manager to enter into funding agreements with the SWRCB. The resolution does not obligate Metropolitan to accept the

SWRCB funding. The General Manager will have the discretion to accept or decline any potential funding provided by the SWRCB. For reference, a copy of Resolution 9202 is included with this letter as **Attachment 2**.

Policy

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

By Minute Item 42287, dated February 11, 1997, the Board adopted a set of policy principles on water recycling

By Minute Item 50299, dated November 10, 2015, the Board authorized an agreement with County Sanitation District No. 2 of Los Angeles County, for implementation of a demonstration project and development of a potential regional recycled water supply program

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 Integrated Water Resources Plan Update

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action was previously determined to be exempt and not defined as a project under the provisions of CEQA and State CEQA Guidelines. On March 8, 2016, the Board determined that the application and acceptance of grants or low interest loans from the SWRCB's Water Recycling Funding Program was statutorily exempt under Section 15306 and not defined as a project under Section 15378(b) of the State CEQA Guidelines. Before any final commitment of resources is made via execution of a contract with the SWRCB, Metropolitan will complete any required analysis pursuant to CEQA. With the current board action, to support the revised resolution, there are no substantial changes proposed to the original action. Accordingly, no further CEQA documentation is necessary for the Board to act with regards to the proposed action.

The CEQA determination is: Determine that the proposed action has been previously addressed in 2016 Statutory Exemption (Section 15306 of the State CEQA Guidelines) and not defined as a project (Section 15378(b) of the State CEQA Guidelines) and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is statutorily exempt and is not defined as a project, and

Adopt revised resolution authorizing the General Manager to accept grant funding or low interest loans, if awarded, and to enter into agreements with SWRCB.

Fiscal Impact: Up to \$1,525,000 in grant funding may be awarded from the SWRCB's Water Recycling Funding Program to supplement Metropolitan's costs for Board-authorized projects related to the regional recycled water supply program.

Business Analysis: The regional recycled water supply program would advance the recharge of groundwater basins in Southern California, and would augment regional supplies for Metropolitan's service area to help to meet the Integrated Resources Plan and reduce potential impacts from droughts, climate change and seismic risks.

Option #2

Do not adopt the CEQA determination and do not adopt revised resolution supporting Metropolitan's application to SWRCB's Water Recycling Funding Program.

Fiscal Impact: None

Business Analysis: This option would remove an opportunity to receive SWRCB funding that would supplement the development of the regional recycled water supply program.

Staff Recommendation

Option #1



Deven N. Upadhyay
Manager, Water Resource Management

3/29/2017
Date



Jeffrey Kichtlinger
General Manager

3/29/2017
Date

Attachment 1 – Revised Resolution Supporting SWRCB’s Water Recycling Funding Program Applications

Attachment 2 – Resolution 9202 – Resolution Supporting SWRCB’s Water Recycling Funding Program Applications

Ref# wrm12655867

**Resolution Supporting SWRCB Water Recycling Funding Program
Applications**

RESOLUTION xxxx

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
IN SUPPORT OF ITS PROPOSAL FOR FUNDING
UNDER THE WATER RECYCLING FUNDING PROGRAM AND TO AUTHORIZE THE
EXECUTION OF FINANCING AGREEMENTS, AMENDMENTS AND REQUIRED ASSOCIATED
RESPONSIBILITIES

FOR

THE REGIONAL RECYCLED WATER SUPPLY PROGRAM

WHEREAS, The Metropolitan Water District of Southern California (Metropolitan) desires to request funding from the State of California for the costs for the planning, design, and construction of all components of the Regional Recycled Water Supply Program (Project); and

WHEREAS, Metropolitan Board of Directors has authorized development of studies, investigations and assessments for the Project that will include but not be limited to construction and operation of a Demonstration Plant, feasibility studies to determine the treatment, conveyance, recharge and extraction requirements, and a Finance Plan to determine overall program costs, program financing options and member agency agreements to purchase the water; and,

WHEREAS, Metropolitan intends to finance the Project with the assistance of funds provided by the State of California acting by and through the State Water Resources Control Board (SWRCB); and

WHEREAS, the SWRCB requires that Metropolitan indicate by resolution that it has designated an authorized representative or their designee to sign and file the funding application, provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the SWRCB and any amendments or changes thereto, and carry out Metropolitan's responsibilities under the agreement, including certifying disbursement requests on behalf of Metropolitan and compliance with applicable state and federal laws.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that Metropolitan's General Manager or designee is hereby authorized and directed to sign and file, for and on behalf of the Metropolitan Water District of Southern California, Financial Assistance Applications for financing agreements from the State Water Resources Control Board for the planning, design, and construction of all components of the Regional Recycled Water Supply Program.

BE IT FURTHER RESOLVED that Metropolitan's General Manager or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing financial assistance agreements from the State Water Resources Control Board and any amendments or changes thereto.

BE IT FURTHER RESOLVED that Metropolitan's General Manager, or his/her designee, is designated to represent the Metropolitan Water District of Southern California in carrying out Metropolitan's responsibilities under the financing agreement(s), including certifying disbursement requests on behalf of Metropolitan and compliance with applicable state and federal laws.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on April 11, 2017.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California

Resolution Supporting SWRCB Water Recycling Funding Program Application

RESOLUTION 9202

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
IN SUPPORT OF ITS PROPOSAL FOR FUNDING
UNDER THE WATER RECYCLING FUNDING PROGRAM AND TO AUTHORIZE THE
EXECUTION OF A FINANCING AGREEMENT, AMENDMENTS AND REQUIRED ASSOCIATED
RESPONSIBILITIES

FOR

POTENTIAL REGIONAL RECYCLED WATER SUPPLY PROGRAM

WHEREAS, The Metropolitan Water District of Southern California (Metropolitan) desires to request funding from the State of California for the costs for the planning, design, and construction of all components of the Potential Regional Recycled Water Supply Program (Project); and

WHEREAS, Metropolitan Board of Directors has authorized development of studies, investigations and assessments for the Project that will include but not be limited to construction and operation of a 1-mgd Demonstration Plant, feasibility studies to determine the treatment, conveyance, recharge and extraction requirements, and a Finance Plan to determine overall program costs, program financing options and member agency agreements to purchase the water; and,

WHEREAS, Metropolitan intends to finance the Project with the assistance of funds provided by the State of California acting by and through the State Water Resources Control Board (SWRCB); and

WHEREAS, the SWRCB requires that Metropolitan indicate by resolution that it has designated an authorized representative or their designee to sign and file the funding application, provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the SWRCB and any amendments or changes thereto, and carry out Metropolitan's responsibilities under the agreement, including certifying disbursement requests on behalf of Metropolitan and compliance with applicable state and federal laws.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that the Board supports Metropolitan's application for funding from the SWRCB for the planning, design, and construction of all components of the Potential Regional Recycled Water Supply Program (Project);


BE IT FURTHER RESOLVED that Metropolitan's Board authorizes Metropolitan's General Manager to sign and file, for and on behalf of Metropolitan, a Financial Assistance Application for a funding agreement with SWRCB for the Project;

BE IT FURTHER RESOLVED that Metropolitan's Board delegates legal authority to Metropolitan's General Manager to provide the assurances, certifications, and commitments, required for the financial assistance application, including executing a financial assistance agreement from SWRCB

and any amendments, subject to the approval of the General Counsel, relevant to the receipt of the requested Water Recycling Funding Program.

BE IT FURTHER RESOLVED that Metropolitan's General Manager, or his/her designee, is designated to represent Metropolitan is carrying out Metropolitan's responsibilities under the funding agreement, including certifying disbursement request on behalf of Metropolitan and compliance with applicable state and federal laws.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held March 8, 2016.


Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California