



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 8, 2022

FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL

SUBJECT: RESOLUTION AUTHORIZING APPLICATION TO THE CALIFORNIA DEPARTMENT OF WATER RESOURCES URBAN COMMUNITY DROUGHT RELIEF GRANT PROGRAM FOR RIVERSIDE PUBLIC UTILITIES' RIVERSIDE HABITAT, PARKS, AND WATER PROJECT, AND AUTHORIZING THE EXECUTION OF ALL REQUIRED DOCUMENTS BY THE CITY MANAGER OR DESIGNEE FOR INCREASED FUNDING IN THE ESTIMATED AMOUNT OF \$25 MILLION, 25% IN MATCHED FUNDING – SUPPLEMENTAL APPROPRIATION

ISSUE:

Adopt a resolution authorizing submittal of a grant application to the California Department of Water Resources Urban Community Drought Relief Grant Program for Riverside Public Utilities' Riverside Habitat, Parks, and Water Project, and subsequent acceptance of the grant award from the California Department of Water Resources in the estimated amount of \$25 million plus 25% in matched funding.

RECOMMENDATIONS:

That the City Council:

1. Adopt a resolution authorizing the submittal of a grant application to the Department of Water Resources Urban Community Drought Relief Grant Program for Riverside Public Utilities' Riverside Habitat, Parks, and Water Project in the estimated amount of \$25,000,000;
2. Authorize the City Manager, or designee, to accept the amount awarded and execute all grant documents, including making minor and non-substantive changes to documents associated with the grant; and
3. With at least five affirmative votes, and upon grant award, authorize a supplemental appropriation and record revenue in the amount of the grant award in the Water Fund, Urban Community Drought Relief Project.

BOARD RECOMMENDATION:

On October 24, 2022, the Board of Public Utilities voted to recommend that the City Council adopt

a Resolution authorizing the submittal of a grant application to the Urban Community Drought Relief Grant Program and accept any potential amount awarded by the grantor.

BACKGROUND:

In 2014, the City Council approved the City's participation in the planning efforts for the Upper Santa Ana River Habitat Conservation Plan (SARHCP), led by San Bernardino Valley Municipal Water District (Valley). The SARHCP has the potential to provide numerous benefits to the City of Riverside and Riverside Public Utilities (RPU) customers. It will enable the construction of local water supply projects that are less expensive than purchasing imported water, as well as improve tributaries to the Santa Ana River located in the City of Riverside. This plan, however, needs a water source. The Riverside Habitat, Parks, and Water Project (RHPWP) is a key component of the SARHCP in that it will deliver recycled water to select SARHCP tributaries to provide a water source for restoration efforts, as well as deliver recycled water to RPU landscape irrigation customers.

DISCUSSION:

The California Department of Water Resources provides financial assistance to address drought impacts by implementing projects with multiple benefits via its Urban Community Drought Relief Grant Program (Program). This funding program presents an excellent opportunity for Riverside, in partnership with San Bernardino Valley Municipal Water District (Valley), to fund the RHPWP.

The Program requires 25% in matched funding, with in-kind services accepted as a local cost-share. It provides reimbursement for up to 75% of total eligible costs with a minimum grant award of \$5 million. Currently, no funding cap exists for this grant cycle's \$285 million grant funding.

The first phase of the Project, known as the West Branch, as shown in Figure 1, will cost approximately \$25 million to complete, with roughly half the cost split between Riverside and Valley. The second phase of this project would be located on the east side of Riverside's regional water treatment plant and is estimated to cost approximately \$35 million. Both projects are currently in the planning phase, and the first phase is expected to be completed within the next three years and the second phase within five to seven years. In partnership with Valley, Riverside will lead as the applicant and apply any potential award amount towards the project's total costs, as Valley has done with previous grant awards for other related projects. RPU is currently working on a cost-share agreement with Valley, which is expected to be completed and brought for the Board's consideration in the next few months. If the grant is successful, Riverside will consider proceeding with these projects by bringing them to the Board and Council for consideration.

STRATEGIC PLAN ALIGNMENT:

The request for authorization to apply and accept potential grant funding from the Urban Community Drought Relief Grant Program for RPU's Riverside Habitat, Parks, and Water Project contributes to **Strategic Priority 4 – Environmental Stewardship** and **Goal 4.2 – Sustainably manage local water resources to maximize reliability and advance water reuse to ensure safe, reliable, and affordable water to our community.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The approval process for the Riverside Habitat, Parks, and Water Project has been a public and transparent process. Both the project and seeking outside funding for the project serve the public interest.
2. **Equity** – Implementing recycled water, a currently under-utilized resource, benefits all ratepayers by freeing up limited potable water resources.
3. **Fiscal Responsibility** – Seeking outside funding for the Riverside Habitat, Parks, and Water Project helps stretch ratepayer dollars to fund necessary water projects that benefit the entire service area.
4. **Innovation** – Planning for the implementation of recycled water is part of the 'One Water One Riverside' concept of an integrated approach to community-based water management and provides a different source of water to fulfill the City's needs.
5. **Sustainability & Resiliency** – The implementation of recycled water benefits the environment by reducing the extraction of other limited resources and increasing resource resiliency.

FISCAL IMPACT:

The total estimated fiscal impact for this action is up to \$25,000,000. The grant application would cover approximately 75% of the costs (estimated \$18,750,000) and the City match for RPU would be up to the amount of \$6,250,000. Upon Council approval and grant award, revenue will be recorded, and expenditures appropriated, in the amount of the grant award, in the Water Fund, Urban Community Drought Relief Project revenue account 6810220-334100 and expenditure account 6810220-440210. The City match portion is budgeted and available in the Water Fund, WT-CIP Recurring Systems, Recycled Water Facilities Program account number 6230000-470811 (\$1,900,000) and in the Water Fund, Wells & Mains Transmissions, Transmission Mains, account number 6230100-470735 (\$4,350,000).

The Iowa/Industrial Booster Station Feeder Project was identified in the 2013 Integrated Water Management Plan (IWMP) as a critical project needed to relieve deficiencies in the Sugarloaf 1200 zone resulting from supplying water to support the development of UCR's West Campus School of Medicine (between Chicago, University, Iowa and MLK Aves.), initially identified in UCR's 2005 Long Range Development Plan (LRDP). However, since the 2013 IWMP, UCR instead has relocated their School of Medicine to the East Campus and their west campus property was designated to remain for land-based research purposes per their 2021 LRDP. With this change, the infrastructure improvements to support the 1200 zone feed to the West Campus Medical School development are no longer needed.

Prepared by:	Todd M. Corbin, Utilities General Manager
Certified as to availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachments:

1. Figure 1 – West Branch
2. Resolution
3. Presentation