City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: JULY 18, 2023**

FROM: **PUBLIC UTILITIES DEPARTMENT** **WARDS: ALL**

SUBJECT: **COST SHARING AGREEMENT BETWEEN SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AND CITY OF RIVERSIDE FOR PLANNING, ENVIRONMENTAL AND DESIGN COSTS FOR THE RIVERSIDE HABITAT, PARKS, AND WATER PROJECT – WEST BRANCH IN THE TOTAL AMOUNT NOT TO EXCEED $2,261,500**

ISSUE:

Consider approval of a Cost Sharing Agreement with San Bernardino Valley Municipal Water District (Valley District) in the total amount not to exceed $2,261,500 for the Riverside Habitat, Parks, and Water Project – West Branch Environmental and Design Costs of which 50% is the City of Riverside's share.

RECOMMENDATIONS:

That the City Council:

1. Approve a Cost Sharing Agreement between San Bernardino Valley Municipal Water District and City of Riverside for Planning, Environmental, and Design costs for the Riverside Habitat, Parks, and Water Project – West Branch, in an amount not to exceed $2,261,500, of which 50% is the City of Riverside's share; and

2. Authorize the City Manager, or designee, to execute the Cost Sharing Agreement including making minor and non-substantive changes.

BOARD RECOMMENDATION:

On June 26, 2023, the Board of Public Utilities, with eight members present, voted seven "yes" and one "no" to approve recommending City Council approval of the Cost Sharing Agreement between San Bernardino Valley Municipal Water District and the City of Riverside for the environmental and engineering design costs for the Riverside Habitat, Parks, and Water Project – West Branch.

BACKGROUND:

Environmental Background

In 2010, the U.S. Fish and Wildlife Service expanded the critical habitat for the threatened Santa Ana Sucker Fish along the Santa Ana River's main stem from Prado Dam to Seven Oaks Dam. This action increased the environmental mitigation requirements for local stormwater and recycled water supply projects, resulting in the indefinite pause of these projects. Local water and flood agencies initially challenged the habitat ruling and filed a lawsuit. Although the suit did not change the new habitat designation, it brought all parties to the table to understand the environmental concerns and the importance of the water supply projects.

As a result, in 2014, the Upper Santa Ana River Habitat Conservation Plan (SARHCP) was created to address these issues. San Bernardino Valley Municipal Water District (Valley District) led this effort with 10 other water agencies, including the City of Riverside (Riverside), to provide environmental coverage for future water and flood agency projects that could impact one or more of the 22 listed threatened or endangered species. In 2021, a Draft Environmental Impact Report (DEIR) and Draft Plan for the SARHCP were issued to the public providing biological and hydrology impact coverage for several Riverside water supply projects. These documents are anticipated to be finalized in 2023.

The water supply projects listed in the DEIR and the SARHCP require mitigation in the form of restoration along the Santa Ana River, which typically occurs after approval of the environmental documents and during construction of the proposed projects. However, Valley District took a proactive approach to implement mitigation and restoration for specific projects before the beginning of construction. This proactive approach was favored among funding agencies who provided grant money to cover some of the mitigation costs for these projects.

The first mitigation project proposed by Valley District is restoring tributaries along the Santa Ana River, most located within the Riverside City limits, by using newly constructed non-potable groundwater wells to supply water to the tributaries. However, Riverside took this opportunity to consider using reclaimed water from the City's wastewater treatment plant and develop a multi-benefit project that would provide reclaimed water to parks, the environment, and other areas to reduce the use of local groundwater. Valley District has agreed to this change and is jointly working with Riverside. The joint project is named the Riverside Habitat, Parks, and Water Project (RHPWP).

Project Description

The proposed RHPWP is a regional recycled water pipeline that would convey recycled water from the Regional Water Quality Control Plant (RWQCP) in Riverside to tributaries of the Santa Ana River and large irrigation-use customers located within the vicinity of the proposed pipeline.

The RHPWP consists of two branches: east and west. The West Branch will originate at the RWQCP and head west along Jurupa Avenue. A 16-inch recycled water pipeline currently exists in the public street right-of-way; however, it needs to be upsized to deliver the water required for this project. This project will require a second parallel recycled water pipeline to meet this demand. The West Branch will provide supplemental recycled water to Hole Creek, the newly constructed Hidden Valley Creek, and the restored Hidden Valley Wetlands. Recycled water is available at Rutland Park and could also serve the future Rancho La Sierra development.

The East Branch will originate at the RWQCP, run east along Jurupa Avenue, and then head north towards Fairmount Park and the Northside area. Water will be delivered to Anza Creek at Martha McLean Park and Tequesquite Arroyo. At the same time, a permanent discharge source

will provide flows to the newly constructed Old Ranch Creek. The regional pipeline will pass near many large landscape irrigation customers, such as City parks, schools, and a cemetery.

The RHPWP will allow Riverside to utilize up to 9,750 AFY of new water supply by modifying Riverside's discharge obligation to the Santa Ana River. In addition, the project would provide a reliable water supply to about four miles (more than 21,400 feet) of newly created and restored habitat that will be used by native fish species, including the threatened Santa Ana Sucker.

Wastewater Discharge Background

Under the 1969 Santa Ana River Judgment, treated wastewater from the Riverside wastewater treatment plant must be discharged to the river to meet obligations to Orange County and the State Water Resources Control Board (State). Wastewater discharged to the Santa Ana River above these requirements is available to the City for use as recycled water. Through the RHPWP, Riverside intends to petition the State to modify and reduce its commitment to river discharge and relocate wastewater upstream to restored tributaries that will benefit native fish species and expand recycled water use within the City. Valley District and Riverside have met with the State, and they are supportive of this project. The result will be more water available for use as recycled water for the City and more water available in areas where it is needed for native species and habitat. In addition to generating a new recycled water supply, Riverside has also been negotiating an exchange program with Valley District whereby wastewater being committed upstream to Valley District and the SARHCP would be exchanged for a similar amount of groundwater from another water source such as the San Bernardino Basin which is another key benefit of this program and will expand Riverside's drinking water supply in the future.

DISCUSSION:

The RHPWP has been included programmatically through the HCP's CEQA efforts, however it must also be evaluated at the project level. Through the CEQA analysis, the project will evaluate any potential environmental impacts resulting from changes in flows along the Santa Ana River. This CEQA evaluation will then be used to support efforts to obtain the necessary environmental and water rights permitting from the State. Once completed, the CEQA document will bring the project closer to being "shovel ready," making it eligible and attractive to pursue construction grants. Because of the multiple benefits received from this project, Riverside and Valley District are proposing to partner on the planning and design effort and the CEQA analysis through this 50% cost sharing agreement.

Environmental Documentation (CEQA/NEPA) and Permitting

On March 11, 2022, Valley District released an RFP for completing the Project's Environmental Impact Report and CEQA permitting. The RFP closed on April 22, 2022, with five proposals received. The five proposals ranged from $240,458 to $491,292. Each proposer offered its unique experience and approach to pursuing CEQA. Proposals were evaluated using the following criteria:

- Experience and qualification of the project consultant (10%)
- Understanding of Needs and Schedule (10%)
- CEQA and NEPA Approach (20%)
- Resource Permitting Approach (15%)
- Wastewater Change Petition Approach (15%)
- Approach to other potential survey needs (15%)
- Project Cost (15%)

Two staff from Valley District and two from the Riverside Public Utilities Department (RPU) evaluated the proposals and ultimately identified ESA as the top candidate. The proposals submitted for the Environmental Documentation and Permitting RFP issued by Valley District are summarized in the table below, along with their respective scores:

Consultant/City Location	Proposed Fee	Weighted Score Evaluations	
		Total Score Max (100)	Rank
Environmental Science Associates (ESA) Irvine, CA	$ 287,025	87.38	1
ICF Sacramento, California	$ 487,061	78.00	2
Ruth Villalobos & Associates, Inc. Ontario, CA	$ 491,292	72.38	3
Stantec Consulting Services Inc. San Bernardino, California	$ 380,704	71.88	4
Aspen Environmental Group Upland, CA	$ 240,458	66.50	5

Engineering Design

Engineering design for this project is anticipated to begin once the Cost Sharing Agreement has been executed. The design will be performed by RPU's Water Engineering staff and reimbursed according to the agreement. Certain specialized design services may be outsourced, as needed. The design scope will include the necessary pipelines, appurtenances, booster station modifications, and dechlorination and discharge facilities as needed to support the project requirements. The design is anticipated to take approximately 18 months.

RPU staff will prepare a design package to include construction plans and specifications, along with all other necessary documents. RPU staff will collaborate with Valley District at various stages throughout the design, and a value engineering task may be conducted to improve design efficiencies and reduce project costs. The total design cost is estimated at $1,700,000, which includes RPU staff time and outside consultant services in support of the design effort. Should there be a need to seek additional services using the formal procurement process, items more than $50,000 will be brought before the Board of Public Utilities by staff for consideration and action.

Hydrologic Modeling Services

To support the RHPWP, Valley District requested a proposal from Geoscience to prepare a technical memorandum to support the project by simulating water levels, streamflow, and streambed percolation under the new conditions of the RHPWP assumptions. This analysis would support the approval of the Environmental Impact Report (EIR), approval of the Wastewater Change of Use Petition, and future NPDES permitting from the California Regional Water Quality Control Board while staying consistent with the Upper Santa Ana River HCP. A cost estimate of $68,862 to provide the modeling services for this project was provided by Geoscience.

Final Product

The cost share agreement between the two parties (City of Riverside and Valley District) will help support achieving the following goals:

- Adoption of the CEQA/NEPA Document;
- Approval of a Wastewater Change Petition;
- Completion of a Design Package for West Branch ready for bid advertisement; and
- Allow Riverside and Valley District to seek additional project funding through grant opportunities.

The project/fiscal breakdown is as follows:

Work Type:	Performed By:	Amount:
Environmental Documentation (CEQA/NEPA) and Permitting	ESA (Managed by Valley District)	$287,025
Hydrologic Modeling Services	Geoscience (Managed by Valley District)	$68,862
Engineering Design	RPU Water Engineering and Outside Vendors	$1,700,000
Contingency (10%)		$205,600
Total Cost (rounded)		**$2,261,500**
Reimbursements (50% cost share with Valley District)		$1,130,750
Riverside's Total Cost		**$1,130,750**
Anticipated Start Date:		Summer 2023
Anticipated Duration:		18 Months

A breakdown of Work Order No. 2227156 is as follows:

Work Task:	Performed By:	Amount:[1]
Engineering Design	RPU Water Engineering and Outside Vendors	$1,870,000
Environmental / Permitting (50% Reimbursement to Valley District)	ESA (Managed by Valley District)	$157,864
Hydrologic Modeling Services (50% Reimbursement to Valley District)	Geoscience (Managed by Valley District)	$37,874
Work Order #2227156 Total Cost (rounded)		**$2,065,750**
RPU Design Reimbursement (50% Reimbursement From Valley District)		$935,000
Riverside's Total Cost		**$1,130,750**

[1]*Amounts include 10% contingency*

STRATEGIC PLAN ALIGNMENT:

This item contributes to the following Strategic Priorities and Goals from the *Envision Riverside 2025 Strategic Plan*:

Strategic Priority No. 1 – Arts, Culture and Recreation

Goal 1.3 – Improve parks, recreational amenities, open space, and trail development, and fulfill critical lifecycle and facility maintenance needs.

Strategic Priority No. 4 – Environmental Stewardship
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.

Goal 4.5 - Maintain and conserve 30% of Riverside's natural lands in green space, including, but not limited to, agricultural lands and urban forests, to protect and restore Riverside's rich biodiversity and accelerate the natural removal of carbon, furthering our community's climate resilience.

Strategic Priority No. 5 – High Performing Government
Goal 5.5 - Foster a culture of safety, well-being, resilience, and sustainability across the city organization.

Strategic Priority No. 6 – Infrastructure, Mobility & Connectivity
Goal 6.2 - Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

Goal 6.3 - Identify and pursue new and unique funding opportunities to develop, operate, maintain, and renew infrastructure and programs that meet the community's needs.

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

1. **Community Trust** – This project is a cooperative effort between the City of Riverside and Valley District that is intended to benefit the community by enhancing the greater Santa Ana River area by providing a reliable water source to tributaries while also improving the reliability of the local water supply with expanded recycled water use that offsets potable demand for the benefit of the City's customers. The CEQA/NEPA study for this project will provide an opportunity for public input. This project will benefit endangered habitats and local parks and promote the implementation of recycled water for community needs.

2. **Equity** – This project will seek to improve the habitat in a historically disadvantaged part of the City. In addition, the project will seek to expand the City's recycled water supply, which will offset potable demand, freeing up potable water for all other customers. This project will ultimately help endangered species, parks, schools, and nature-based assets become more sustainable and resilient to benefit all of the City's residents during times of drought and mandatory water conservation restrictions.

3. **Fiscal Responsibility** – The City is contributing fifty percent to the cost of this project but will benefit from the shared results of the study and the engineering design with Valley District. CEQA adoption of the project will support the City's efforts to secure recycled water and improve its water supply portfolio. In addition, CEQA adoption will show grant funding agencies that the project partners are "shovel ready" to begin constructing this new multi-use, regional habitat improvement and water supply project.

4. **Innovation** – This innovative project was developed through collaboration with regional water agencies and environmental stakeholders concerned about the threatened fish species occurring along the Santa Ana River. Multiple partners are investing in this regional recycled water pipeline that will reuse water to provide a reliable water supply to

species found along the Santa Ana River while also expanding the City's recycled water opportunities and securing a recycled water supply that is currently unavailable to the City. This project creatively delivers multiple solutions to the water supply and environmental challenges facing the community.

5. **Sustainability & Resiliency** – This project directly contributes to the sustainability, reliability, and best-management practices of the long-term water supplies in the region.

FISCAL IMPACT:

The total fiscal impact is $1,130,750 which represents 50% of the cost of the total agreement. This includes a Work Order expenditure of $2,065,750 along with a reimbursement of $935,000 from Valley District for their portion of the Engineering Design costs. Under the cost sharing agreement, Valley District will reimburse RPU for 50% of the engineering design costs incurred. Sufficient funds are available and budgeted in the Water Fund, CIP Recurring System Improvements, Recycled Water Facilities account number 6230000-470811.

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Certified as to
availability of funds: Edward Enriquez, Assistant City Manager/Chief Financial Officer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:
1. Cost Sharing Agreement
2. Presentation