

MEMORANDUM

To: Water Advisory and Technical Advisory Committees

October 27, 2014

From: Chris DeGabriele, TAC Chair 

Subject: FY 2015/16 L/R/T2 Program Funding
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On September 2, 2014 a letter was sent to the city of Santa Rosa advising that: 1) Santa Rosa had not yet received its' full funding allocation under the original SCWA Local Supply/Recycled Water/Tier 2 Conservation funding program, and 2) soliciting project proposals.

The total remaining to be collected and allocated among all remaining recipients is ~\$2.5M (Attachment 1). L/R/T2 Funding has been disbursed for all Water Contractors except MMWD, Rohnert Park, Sonoma and Santa Rosa. Funding has been encumbered but not yet disbursed for MMWD, Rohnert Park and Sonoma. The City of Santa Rosa has replied to the September 2nd letter advising that Santa Rosa requests project funding for FY 2015/16.

In FY 2014/15, the SCWA O&M Recycled Water and Local Supply sub-charge, at \$27.56/AF, is about 3% of the total SCWA wholesale water rate and collects approximately \$1.2M per year. SCWA uses those funds for both Agency and consultant services for the Groundwater Management Plans. Additionally, \$16/AF of this surcharge is used for the L/R/T2 program. SCWA staff anticipates that the level of funding and expenditure for groundwater management will continue in FY 2015/16.

In 2011 the L/R/T2 Subcommittee agreed to propose additional revenue and fulfill the remaining allocations outstanding within a five-year window. The amount needed to fund both Santa Rosa projects is \$1,157,233. During SCWA budget deliberations the TAC will address any needed adjustment to the L/R/T2 sub charge to meet revenue requirements for the Santa Rosa projects.

RECOMMENDATION: TAC recommends maintaining the L/R/T2 sub-charge in the SCWA FY 2015/16 budget to generate funds sufficient to reimburse Santa Rosa with the understanding that the sub charge may be adjusted upon review of the proposed draft SCWA FY 2015/16 budget.

Water Transmission System Agency Fund
Local Supply / Recycled Water / Tier 2 Programs
Balance as of August 18, 2014

<i>Contractor</i>	<i>10-Year</i>	<i>Amount</i>	<i>Amount</i>	<i>Balance</i>	
	<i>Allocation</i>	<i>Approved by WAC</i>	<i>Disbursed</i>	<i>Available¹</i>	<i>Encumbered</i>
Santa Rosa	\$5,065,236	\$4,003,876	\$3,908,003	1,157,233	
Petaluma	2,197,913	2,197,913	2,197,913	0	
MMWD	1,724,026	1,000,000	1,000,000	724,026	724,026
NMWD	1,846,726	1,846,726	1,846,726	0	
Rohnert Park	649,629	649,629	325,000	324,629	324,629
VOM WD	627,875	627,875	627,875	0	
Sonoma	539,411	450,000	264,294	275,117	275,117
Windsor	86,996	86,996	86,996	0	
Cotati	157,235	157,235	157,235	0	
Forestville	104,953	104,953	104,953	0	
TOTAL	\$13,000,000	\$11,125,203	\$10,518,995	\$2,481,005	

1. Balance Available based on 10-Year Allocation

Program started June 30, 2000 - No end date specified.



City of Santa Rosa

October 14, 2014

Chris DeGabriele
Chair, Technical Advisory Committee
General Manager
North Marin Water District
P.O. Box 146
Novato, CA 94948

RECEIVED

OCT 17 2014

North Marin Water District

Dear Mr. DeGabriele,

Subject: SCWA L/R/T2 Program Funding for FY 2015/16

The City of Santa Rosa is requesting funding for the design and construction of a water treatment discharge line for the City's Farmers Lane wells 4-1 and 4-2 under the provisions of the Local Supply/Recycled Water/Tier 2 Conservation (L/R/T2) funding. The City is also requesting funding for the City's Green Exchange Rebate Program.

The City's Farmers Lane Wells provide approximately 3.2 million gallons per day up to 2,300 acre-feet per year of local supply to City of Santa Rosa water customers. These production wells are typically operated during the summer months to assist in meeting peak demand. In order to ensure reliable use of the Farmers Lane Wells, the City must inspect and test the wells this fall and winter to help the City understand the subsurface conditions and how to best operate the wells particularly in this time of exceptional drought. Some of the tests require pumping large volumes of groundwater for flushing. In order to preserve water quality and in-stream habitat in Spring Creek, the City needs to construct a 12-inch force main line to connect the wells to a large diameter sewer trunk to accommodate the flushing required for testing as well as flushing for annual production startup. This project will construct an underground 12-inch force main through five private properties south of the well treatment site located at 2260 Sonoma Avenue, and bore and jack under Spring Creek to a trunk sewer on the property located at 1135 Farmers Lane.

The cost of designing and constructing the water treatment discharge line is summarized as follows:

- Design/Right of Way	\$ 243,000
- Construction	\$ 739,600
- <u>Construction Management/Inspection</u>	<u>\$ 111,000</u>
	Total: \$1,093,600

The City is requesting the remaining \$63,633 of L/R/T2 funding for the City's Green Exchange Rebate Program. The Green Exchange Program provides rebates for removing turf and replacing it with low water-use plants and permeable landscape materials, with a maximum of 500 square feet for residential accounts and 5,000 square feet per meter for commercial accounts. The Green Exchange Program is a cost-effective method of offsetting peak demand during the irrigation season. With the adoption of Stage 1 Mandatory of the City's Urban Water Shortage Contingency Plan on August 5, 2014, the City increased the per square foot rebate amount from \$0.50 to \$1.00. This has led to a 22% increase in participation in the Green Exchange Rebate program.

Based on current program information, 18 gallons of water are saved per square foot of turf removed and replaced with low water-use alternatives. Low water use landscapes have a 15 year life. The average square footage of turf removed through the rebate program for commercial sites is 2,864 square feet with an average rebate amount of \$897. The average square footage of turf removed through the rebate program for residential sites is 900 square feet with an average rebate amount of \$241. Therefore, the average water savings over the life of the landscape for commercial sites is 2.37 acre-feet and 0.75 acre-feet for residential sites.

The L/R/T2 Guidelines requires conservation projects to be "Cost effective water conservation measures." With current participation in the rebate program of 13% commercial and 87% residential, the mean cost of water through the Green Exchange Program is \$330 per acre-foot (AF). By comparison, the current cost of water from the Sonoma County Water Agency is \$730.68/AF.

Under the L/R/T2 Guidelines, the City is eligible for \$5,065,236 during the life of the program and has received \$3,908,003, leaving a balance of \$1,157,233. The City is requesting funding of the entire remaining balance of \$1,157,233 in FY 2015/16 for the two projects described above.

City staff believe that these projects meet the L/R/T2 Guidelines. Should you have any questions or need any additional information, please contact Jennifer Burke, Deputy Director Water and Engineering Resources, at 707-543-3359.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Guhin", with a long horizontal flourish extending to the right.

David M. Guhin
Director of Utilities