

SEWER AUTHORITY MID-COASTSIDE
Staff Report

Subject / Title

Receive Update on Recycled Water Project

Staff Recommendation:

Receive Update on Recycled Water Project

Fiscal Impact:

None.

Discussion/Report:

Attached is a status update on Recycle Water Project from SRT Consultants.

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MEMORANDUM

DATE: July 21, 2009
TO: John F. Foley III, Manager, Sewer Authority Mid-Coastside
FROM: Tanya Yurovsky, P.E., SRT Consultants
SUBJECT: Recycled Water Project Status Update

Background

The Sewer Authority Mid-Coastside (SAM) Board of Directors, at its meeting on May 27, 2009, approved the scope and budget to develop conceptual layouts for both Phase I and II of the Recycled Water Project (RW Project or Project) and prepare the project for the California Environmental Quality Act (CEQA) and Local Coastal Program (LCP) review.

This memorandum provides a progress report of the work completed and the planned near and long-term activities.

Recycled Water Project Benefits

This Project will potentially contribute greatly to the improvement of the Bay Area and Regional water supply reliability and security by:

- 1.Utilizing wastewater effluent, a valuable resource, for the benefit of the Mid-Coast Region;
- 2.Reducing discharge of wastewater effluent into the coastal areas designated as Areas of Special Biologic Significance (ASBS) in the California Ocean Plan;
- 3.Improving sustainability and reliability of local supplies and contributing to watershed restoration efforts by reducing draw on local groundwater aquifers and creeks (i.e., Pilarcitos watershed, lake and creek);
- 4.Significantly reducing the Mid-Coastside Region's dependency on imported water from the Hetch Hetchy watershed, which is provided at great cost due to power expenditures and an elevated risk to the system's security;
- 5.Reducing utilization of imported Hetch Hetchy water will contribute to the reduction in pumping and greenhouse gas emissions; and
- 6.Reducing usage of Hetch Hetchy water supplied by the San Francisco Public Utilities Commission (SFPUC) may be contribute to a reduced draw on Tuolumne River.

Development of recycled water in the Mid-Coast is vital due to the Region's dependency on water to support its socioeconomic viability. Many of the local businesses, which employ the majority of low to moderate income workers, depend on reliable and cost-effective water supply for their operations (i.e., agriculture, commercial and public recreation operations are the largest employers in the Region). The economic viability, sustainable job creation, and long-term competitiveness of these employers are vital to the Region and the Bay Area workforce. This Project will secure a drought-proof water supply.

SFPUC currently supplies 80 percent of the Coastside County Water District's (CCWD) water.

It is projected that SFPUC's cost of water may triple in upcoming years. High cost and low reliability of water supply has recently caused one of the largest floriculture operations in the Region, Nurserymen's Exchange, to close one of its locations. If another large employer, for instance, Ocean Colony Partners (OCP), would lose its water supply it will threaten the economic viability of the company and hundreds of local low to moderate income jobs may be lost. This Project will serve to protect those jobs.

Many local, state, and federal resource agencies have expressed their support of the Project. The City of Half Moon Bay voters have overwhelmingly approved a measure in support of local recycled water development. The business community is supportive of the Project as it ensures the Region's economic viability and competitiveness, employment stability and job creation. Due to a long-standing partnership with other agencies, governmental entities, and wide public support for the Project, SAM reports that it anticipates no barriers in the Project's implementation.

Grant Funding

SAM submitted an application for a Facilities Planning Grant, dated January 20, 2009, as part of the Water Recycled Funding Program (WRFP) through the State Water Resources Control Board (SWRCB) Division of Financial Assistance (DFA). In a letter dated May 11, 2009, the SWRCB informed SAM of approval for the Facilities Planning Grant WRFP Project No. 3235-010. The grant amount is \$75,000 and will cover 50 percent of the conceptual engineering effort. SAM will hold a mid-course meeting with the State Water Board to review the progress of the Facilities Planning Report, participants will include DFA staff, SAM staff, SRT Consultants and any other interested persons. Following the mid-course meeting, SAM will be able to invoice SWRCB for 50 percent of the funding with the remaining 50 percent following completion of work.

SAM staff has sought funding for design construction of the RW Project. Staff is continuing efforts in obtaining Federal, State, and other grant funding for the RW Project including the California Clean Water State Revolving Fund (CWSRF).

Facilities Planning Scope

The Facilities Planning Report will provide:

- (a) The Project Background.
- (b) A Recycled Water Market Assessment.
- (c) An evaluation of Project alternatives including:
 - 1. Recycled water alternative,
 - 2. Non-recycled water alternative, and
 - 3. No Project alternative.
- (d) A discussion of the interagency agreements or other jurisdictions between SAM, Granada Sanitary District, Montara Water and Sanitary District, San Mateo County, and the City of Half Moon Bay.
- (e) A description and implementation plan for the recommended alternative.
- (f) The conceptual engineering design including construction cost, implementation and operational plans.

(g) Potential funding sources and development of the Project's pricing policy.

The Project background has been completed. Report tasks in process of development include Project alternatives and the Recycled Water Market Assessment. The SWRCB Facilities Planning approved schedule for submittal and milestones are detailed in Table 1.

Next Steps

The next steps planned for the RW Project include the following:

1. Completion of the Facility Planning Report

Table 1. Division of Financial Assistance Facilities Planning Schedule	
Facilities Planning Grant Application Submittal	1/20/09 (completed)
<i>Preliminary Funding Commitment Approval by DFA</i>	<i>06/01/09</i>
<i>Grant Agreement Term Date-Start</i>	<i>06/15/09</i>
Submit DRAFT Facilities Planning Report	11/02/09
Midcourse Meeting	11/02/09
Submit Final Report and Preliminary Recycled Water Market Assurances	02/26/10
<i>Issue Final Report Approval and Final Grant Disbursement</i>	<i>04/30/10</i>
<i>Agreement Term Date-End</i>	<i>05/28/10</i>
<i>Italic Font – DFA Activity</i>	
Bold Font – SAM Activity	

2. Completion of the Overall RW Project

Table 2. Proposed Overall Project Schedule	
Complete conceptual engineering report	February 2010
Negotiate agreements	To be determined
Initiate CEQA review and analysis	January 2010
Begin final design	March 2010
Initiate CDP application	August 2010
Complete final design	December 2010
Advertise for Bids	January 2011
Complete construction	December 2011

Options for project acceleration of the overall RW Project may include (1) turn-key technology and (2) contractor pre-qualification.