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**Title:** Approve and ratify Assistance Agreement with the United States Department of the Interior Bureau of Reclamation for receipt of \$1,000,000.00 for the Friant-Kern Canal Raw Water Pipeline (Council District 6 and Fresno County)

**Sponsors:** Department of Public Utilities

**Indexes:**

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**Attachments:** 1. Special Meeting Notice 9-24-2015.pdf, 2. Assistance Agreement.pdf

Date	Ver.	Action By	Action	Result
9/24/2015	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**September 24, 2015**

**FROM:** THOMAS C. ESQUEDA, Director  
Department of Public Utilities

**BY:** MICHAEL CARBAJAL, Division Manager  
Department of Public Utilities - Water Division

**SUBJECT**

Approve and ratify Assistance Agreement with the United States Department of the Interior Bureau of Reclamation for receipt of \$1,000,000.00 for the Friant-Kern Canal Raw Water Pipeline (Council District 6 and Fresno County)

**RECOMMENDATIONS**

Staff Recommends that the City Council:

1. Approve and ratify Assistance Agreement with the United States Department of the Interior Bureau of Reclamation for receipt of \$1,000,000.00 for the Friant-Kern Canal Raw Water Pipeline
2. Authorize the Director of Public Utilities or designee(s) to execute all Assistance Agreement

documents on behalf of the City

## **EXECUTIVE SUMMARY**

The Friant-Kern Canal Raw Water Pipeline Project will deliver raw water from the Bureau of Reclamation's Central Valley Project Friant-Kern Canal to the City's Northeast Surface Water Treatment Facility eliminating nearly 47 miles of open channel conveyance. The completed pipeline will: protect the raw water from contamination; reduce treatment facility operational costs; and aid in optimizing use of limited water supplies. To help reduce project construction costs the Department of Public Utilities pursued a WaterSMART Water and Energy Efficiency Grant offered through the United States Department of Interior's, Bureau of Reclamation (USBR). On May 20, 2015, the City received notification that the Project was selected for award in the full amount of \$1,000,000. Approval and ratification of the Assistance Agreement is now recommended to receive the grant funding. The USBR has communicated to City staff that the Assistance Agreement must be approved by the Fresno City Council and executed by September 30, 2015 to coincide with the close of the federal fiscal year.

## **BACKGROUND**

Presently, the City's contracted USBR Central Valley Project (CVP) surface water travels nearly 55 miles in open canals from Friant Dam (Millerton Lake) to the Northeast Surface Water Treatment Facility (NESWTF). The proposed Project consists of the construction and operation of a 5.6-mile underground raw water pipeline. The new pipeline reroutes the CVP water directly to the NESWTF and will eliminate nearly 47 miles from the conveyance distance. The Project will enclose the water conveyance system and greatly reduce the threat to water quality in otherwise exposed canals, by contamination from environmental debris, and accidental or malicious acts. The completed pipeline will also notably reduce operational power consumption, improve facility utilization, aid towards reducing groundwater use, and avoid canal seepage losses. The pipeline will be constructed across numerous properties in unincorporated Fresno County and connected to the existing one-mile long segment of pipeline constructed by a 2007 project.

The USBR WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program establishes a framework to provide Federal leadership and assistance on the efficient use of water, integrating water and energy policies to support the sustainable use of all natural resources, and coordinating the water conservation activities of various Department of the Interior's bureaus and offices. Through the WaterSMART Program, the USBR is working to achieve a sustainable water management strategy to meet the Nation's water needs. The WaterSMART grant is structured with two group types for awards. Group 1 recipients are eligible to receive grant awards up to \$300,000 per agreement for a project that can be completed within two years of award. Group 2 recipients will be funded up to \$1,000,000 per agreement for a project that can be completed in three years and will be funded on an annual basis. Although applications can be submitted for both groups, no more than \$1,000,000 will be awarded to any one applicant. The Friant-Kern Canal Raw Water Pipeline project fits both of these categories and applications were submitted for each in February 2015. On May 20, 2015, the City received notification that the Project was selected for award in the full amount of \$1,000,000. A fifty percent (50%) cost share is required as a condition of eligibility. Based upon the estimated cost of construction for the Project, the City's match would be 94%.

The City Attorney's Office has reviewed the Assistance Agreement and approved it as to form. Due to the USBR's Fiscal Year 2015 funding obligation deadline of September 23, 2015, the Assistance

Agreement has been executed by the Director of Public Utilities to ensure the City receives the grant funding. In the event that City Council does not approve and ratify the Assistance Agreement, the termination language in the Agreement will be exercised immediately with no penalty to the City. The USBR has communicated to City staff that the Assistance Agreement must be approved by the Fresno City Council and executed by September 30, 2015 to coincide with the close of the federal fiscal year.

## **ENVIRONMENTAL FINDINGS**

An initial study and Mitigated Negative Declaration was prepared and adopted on June 14, 2012 for this project. A Notice of Determination was subsequently filed with the Fresno County Clerk's Office on June 19, 2012. The City of Fresno Raw Water Pipeline Project Initial Study was done in August of 2011, and analyzed both the proposed and alternative pipeline alignments.

An analysis has been performed pursuant to CEQA Guidelines §15162 to determine whether subsequent environmental review is required for the project. Based upon this analysis the following findings are made to support the determination that no subsequent environmental review is required:

1. No substantial changes are proposed in the project which will require major revisions of the previous Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. In this case there are no changes to the project.
2. No substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. In this case, the proposed pipeline alignment has not changed.
3. There is no new information, which was not known and could not have been known at the time of the previous Mitigated Negative Declaration that the project will have significant effect not discussed in the Mitigated Negative Declaration.

Based upon these findings, it has been determined that no further environmental documentation is required for this project.

The City has also been working with several Federal agencies to meet the requirements of the National Environmental Policy Act (NEPA). Work is ongoing with the United States Fish and Wildlife Service (USFWS) and the Army Corp of Engineers to approve the Biological Opinion (BO) and the effect of this Project has on endangered plants and wildlife. When the USFWS approves the BO and endangered species mitigations, they will then be submitted to the USBR for their review and acceptance. Once accepted, the USBR will issue a Finding of No Significant Impact (FONSI) and give authorization for the City to begin construction on the Friant-Kern Raw Water Pipeline Project.

In a parallel effort, the City has been working with several State regulatory agencies to secure necessary permits and mitigation measures. This will include working with the California Department of Fish and Wildlife (CDFW) to gain approval of their 2081 Permit (Incidental Take Permit), and protected species mitigations.

## **LOCAL PREFERENCE**

Local Preference was not considered because this action does not include a bid or an award of a City construction contract.

## **FISCAL IMPACT**

Approving this resolution will not impact the General Fund. Project construction costs may come from a combination of Water Enterprise Funds, issuance of revenue bonds, and grants funds. Project construction is expected to start in 2016.

Attachment: Assistance Agreement