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Title: RESOLUTION - Authorizing an application to the Department of the Interior, Bureau of Reclamation for a FY2015 WaterSMART: Water and Energy Efficiency Grant in the amount of up to \$1,000,000 for the Friant-Kern Raw Water pipeline project and authorize the Director of Public Utilities or designee(s) to execute all application documents on behalf of the City of Fresno
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REPORT TO THE CITY COUNCIL

February 5, 2015

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities
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Department of Public Utilities - Water Division

SUBJECT

RESOLUTION - Authorizing an application to the Department of the Interior, Bureau of Reclamation for a FY2015 WaterSMART: Water and Energy Efficiency Grant in the amount of up to \$1,000,000 for the Friant-Kern Raw Water pipeline project and authorize the Director of Public Utilities or designee (s) to execute all application documents on behalf of the City of Fresno

RECOMMENDATIONS

Staff Recommends that the City Council:

1. Adopt Resolution authorizing an application to the Department of Interior, Bureau of Reclamation for a WaterSMART: Water and Energy Efficiency Grant in the amount of up to \$1,000,000 for the Friant-Kern Raw Water Pipeline Project

2. Authorize the Director of Public Utilities or designee(s) to execute all application documents on behalf of the City

EXECUTIVE SUMMARY

The Friant-Kern 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 WaterSMART grant is being pursued. Adoption of the resolution is needed to demonstrate to the Bureau of Reclamation the application is authorized by City Council and authorizes the Director of Public Utilities to execute application documents.

BACKGROUND

Presently, the City's contracted United States Bureau of Reclamation (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 subject 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 Pipeline project fits both of these categories and applications will be submitted for each. A fifty percent (50%) cost share is required as a condition of eligibility. The estimated cost of construction for the pipeline is \$17,852,000. If successful in securing a \$1,000,000 award the City's match would be 94%. The Bureau of Reclamation expects to contact potential award recipients in June 2015. Based on Federal FY 2015 appropriations assistance agreements could be awarded one to four months after June.

The City Attorney's Office has reviewed the proposed resolution and approved it as to form.

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. This approval is to

implement that project.

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 potential grants funds. Project construction is expected to start in 2016.

Attachment: Resolution