TO: Mayor and City Council

FROM: Robert Murdoch, Acting Director of Municipal Utilities

SUBJECT: AUTHORIZE THE CITY MANAGER TO MAKE APPLICATION TO THE CALIFORNIA DEPARTMENT OF WATER RESOURCES AND STATE WATER RESOURCES CONTROL BOARD TO OBTAIN AN INTEGRATED REGIONAL WATER MANAGEMENT IMPLEMENTATION GRANT FOR THE DELTA WATER SUPPLY PROJECT

RECOMMENDATION

Authorize the City Manager to make application to the California Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) to obtain an Integrated Regional Water Management (IRWM) implementation grant pursuant to the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Water Code Section 79560 et seq.), for the Delta Water Supply Project.

SUMMARY

The Municipal Utilities Department is currently underway with financial planning for the Delta Water Supply Project (DWSP). This effort will determine ultimate project costs and cost apportionment between new development fees and existing water rates. In an effort to lessen the financial burden to the residents and businesses of Stockton, the Municipal Utilities Department is pursuing water development grants at the State and Federal level. Under State Proposition 50, passed by the voters in 2002, the DWSP is eligible for up to fifty million dollars ($50,000,000) in grant funding. The grant application is a two-step process with the first step application due to DWR and SWRCB by July 14, 2005.

DISCUSSION

Background

Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, was passed by California voters in November, 2002. It amended the California Water Code to add Section 79560 et seq., authorizing the Legislature to appropriate $500 million for Integrated Regional Water Management projects. Approximately $380 million is anticipated to be available for IRWM grants during two funding cycles.
AUTHORIZE THE CITY MANAGER TO MAKE APPLICATION TO THE CALIFORNIA DEPARTMENT OF WATER RESOURCES AND STATE WATER RESOURCES CONTROL BOARD TO OBTAIN AN INTEGRATED REGIONAL WATER MANAGEMENT IMPLEMENTATION GRANT FOR THE DELTA WATER SUPPLY PROJECT

The intent of the IRWM Grant Program is to encourage integrated regional strategies for management of water resources and to provide funding through grants that protect communities from drought, protect and improve water quality and improve local water security by reducing dependence on imported water. The IRWM Grant Program is administered jointly by DWR and SWRCB.

The first funding cycle earmarks $160 million; $12 million for project planning and $148 million for project implementation. The second funding cycle has approximately $220 million dollars, but has yet to be committed to planning or implementation. The required minimum funding match for an Implementation Grant will be 10 percent of the total proposal costs. In the case of the DWSP, if the City were to receive all $50,000,000 requested, the City’s matching share would be $5,000,000.

DWR and SWRCB will give consideration during the review process to proposals that assist in meeting Statewide Priorities, which are as follows:

- Reduce conflict between water users or resolve water rights disputes, including interregional water rights issues;
- Implementation of Total Daily Maximum Daily Loads that are established or under development;
- Implementation of Regional Water Quality Control Board Watershed Management Initiative Chapters, plans, and policies;
- Implementation of the SWRCB’s Non-point Source Pollution Plan;
- Assist in meeting Delta Water Quality Objectives;
- Implementation of recommendation of the floodplain management task force, desalination task force, recycling task force, or state species recovery plan;
- Address environmental justice concerns; and
- Assist in achieving one or more goals of the CALFED Bay-Delta Program

A two-step process will be used to evaluate the Implementation Grant proposals. Step 1 is due July 14, 2005 and must meet the minimum eligibility criteria as follows:

- Urban Water Management Plan Act Compliance;
- Groundwater Management Plan Compliance; and
- Consistency with an adopted IRWM

Current Situation

Municipal Utilities prepared an Urban Water Management Plan in 2000. That document must be updated every five years and is due to the State by December 31, 2005. This work will be started this summer in order to be completed by the end-of-year deadline.
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The Northeastern San Joaquin Groundwater Banking Authority (GBA), of which the City is a member, prepared a Groundwater Management Plan in 2004 that was adopted by the San Joaquin County Board of Supervisors. The GBA is currently preparing the IRWMP for its members. These three documents will be referenced as meeting the minimum grant application eligibility criteria.

FINANCIAL SUMMARY

There is no fee for this application. The application will stipulate a request for $50 million, which is the maximum amount any single project can receive. Since the grant requires a 10% match, the maximum matching amount would be $5 million. This funding will be included as part of the DWSP financing package that will be brought to the City Council for consideration later this year.

Prepared by: Robert L. Granberg

Respectively submitted,

ROBERT MURDOCH
ACTING DIRECTOR OF MUNICIPAL UTILITIES

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Reviewed and approved by:

MARK LEWIS, CITY MANAGER
RESOLUTION AUTHORIZING THE CITY MANAGER TO MAKE APPLICATION TO THE CALIFORNIA DEPARTMENT OF WATER RESOURCES AND STATE WATER RESOURCES CONTROL BOARD TO OBTAIN AN INTEGRATED REGIONAL WATER MANAGEMENT IMPLEMENTATION GRANT FOR THE DELTA WATER SUPPLY PROJECT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the City Council authorizes the City Manager to make an application to the California Department of Water Resources and State Water Resources Control Board to obtain an Integrated Regional Water Management Implementation Grant pursuant to the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Water Code Section 79560 et seq.), for the Delta Water Supply Project.

2. That the City Manager is authorized and directed to prepare the necessary data, conduct investigations, and file such application as necessary to carry out the purpose and intent of this resolution.

PASSED, APPROVED and ADOPTED ________________________

EDWARD J. CHAVEZ,
Mayor of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton