

Staff Report

for the Regular Meeting of the Board of Directors, December 11, 2019

TO: Board of Directors
FROM: Doug Roderick, P.E., Engineering Manager
DATE: December 3, 2019
SUBJECT: Centennial Water Supply Project (FATR #7013)

ENGINEERING

RECOMMENDATION:

Discuss implementing a spending cap on the Centennial Water Supply Project (CWSP) and provide a recommendation to Staff.

BACKGROUND:

The Board of Directors approved Resolution 2018-26 on October 9, 2018, which limited the annual expenditure on all CWSP activities to no more than \$2,000,000 in aggregate. The Board then rescinded that resolution after coming out of closed session at the November 14, 2018 Board meeting.

The District is required to maintain a minimum level of due diligence in order to keep Application 5634X01, filed with the State Water Resources Control Board, active. Ongoing work includes alternatives analysis, draft environmental impact report (DEIR), and AB52 consultation with the three tribes that have requested consultation. Anticipated costs for the 2020 budget year is as follows:

District Staff	\$30,000
Consulting work for DEIR	\$200,000
AB52 Consultation	\$300,000
Total	\$500,000*

*Staff costs are not included in the budgeted amount as those costs are budgeted elsewhere.

Staff continues to spend time submitting reports to the state and managing the ongoing CEQA work. The \$30,000 is a reduced average cost based on the previous spending on this project. For 2019, the anticipated staff costs are less than \$30,000, but due to potential staff efforts with the AB52 process in 2020, it is prudent to leave this amount in the budget.

The CEQA/NEPA work continues, but at a slower pace, given the priority of the project and the concentration on the alternatives section. The current direction is to continue to ensure the continuity of the environmental field studies.

NID continues to work with local tribal groups in the AB52 process. This process has a number of unknowns regarding the needs of the groups and the related studies to meet those needs. At this time, it is considered prudent to leave a moderate amount of funding in the project to be able to address tribal requests as we move through the process.

The 2020 budget, approved at the October 23, 2019 Board meeting, for the CWSP is \$500,000.

The District has temporarily suspended all property acquisitions, in large part due to the PG&E bankruptcy. The bankruptcy is anticipated to be completed in June 2020, and at that time, the acquisition suspension could be removed. When this temporary suspension was placed into effect, there were 7 parcels under consideration for acquisition. The values of these properties are currently unknown but must be addressed when considering a project spending cap. To support those property owners, the Board has acquired properties as a willing seller/willing buyer transaction.

The table below shows the current project budget expenditures as presented at the December 10, 2019, Engineering Committee. These expenditures are as of December 2, 2019.

2019	January-September	October - November	Totals
Consulting	\$57,028	\$20,031	\$77,059
Consulting Property	\$7,474	\$0	\$7,474
Property - Purchase	\$0	\$0	\$0
Water Rights Fees	\$0	\$18,240	\$18,240
Staff*	\$8,283	\$715	\$8,998
Legal*	\$384	\$3,480	\$3,864
Total	\$64,502	\$38,271	\$102,773

***NOTE:** Staff and legal costs are not included in totals as they are accounted for elsewhere in the budget.

When discussing a spending cap, the Board needs to consider several items. These include costs associated with the development of the EIR and EIS, geotechnical investigations, AB52 consultations, and property acquisitions. As an example, at the current budgeted amount, there would be no funds available to perform additional geotechnical investigations or to acquire additional property should the Board decide to continue property acquisition in the future.

This item was presented to the Administrative Practices Committee (APC) on November 6, 2019. The committee members discussions included what is necessary to show diligence regarding water rights Application A5634X01 and continuing AB52 consultations. There was no agreement reached between committee members for a recommendation from the APC on a specific cap amount, with one committee member recommending \$750,000 and the other recommending \$100,000. The APC requested that this item be taken to the full Board for further discussion

This item is in alignment with Goal No. 1 of the District's Strategic Plan supporting the proactive management of our physical, financial, and human resources.

BUDGETARY IMPACT:

No budgetary impact. The 2020 budget for this project is \$500,000 after the adoption of the 2020 budget by the Board of Directors on October 23, 2019.

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