



AGENDA STAFF REPORT

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Agenda Number: D
File ID: 0322.3

Section Name: ACTION CALENDAR
Project ID: NA

MEETING DATE: February 14, 2023

SUBJECT: Authorize a Loan Repayment Agreement with the United States Bureau of Reclamation and two separate Funding Agreements with San Luis Rey River Indian Water Authority and San Diego County Water Authority for the Mid-Canal Storage Project, Phase 2

TO: BOARD OF DIRECTORS

FROM: ENGINEERING/ADMINISTRATION, CARRIE OLIPHANT

**GENERAL MANAGER
RECOMMENDATION:** .

RECOMMENDATION:

Authorize the General Manager to execute the following Agreements:

- Contract Between the United States of America Department of the Interior, Bureau of Reclamation and the Coachella Valley Water District for the Repayment of Extraordinary Maintenance Costs For the Mid-Coachella Canal Storage Project (Contract No. 22-XX-30-W0735);
- Construction and Permitting Agreement for Phase 2 of the Mid-Canal Storage Project, and Agreement for Payment of Construction Costs and Repayment Obligation to the United States (between CVWD and San Diego County Water Authority)
- Agreement for Payment of Construction Costs for the Mid-Canal Storage Project, Phase 2 (between CVWD and San Luis Rey River Indian Water Authority)

Each of these Funding Agreements are summarized in the Background section below.

BUDGET IMPACT:

There is no budget impact by approving these agreements. A future Board Action Item will request authorization to award the construction of the Mid-Canal Storage Project, Phase 2. The construction project is included in the Canal Fund of the Fiscal Year 23 Capital Improvement Budget. As described in the funding agreements, the project will be funded by CVWD (26%), San Diego County Water Authority (61%) and San Luis Rey River Indian Water Authority (13%). CVWD and San Diego County Water Authority will utilize the Bipartisan Infrastructure Law loan funding provided by the United States Bureau of Reclamation to fund the project.

PROCUREMENT METHOD:

X N/A

If other, please explain: .

BACKGROUND

The Mid-Canal Storage Project is a proposed 4.9 mile regulatory storage reservoir located between Mile Post 54.6 (Check Structure 11) and Mile Post 59.5 (Check Structure 14) within the Coachella Canal. The project proposes to remove the concrete lining within this section of the existing canal and also the embankment between the existing and old canal to create an in-line storage reservoir. The total volume of the in-line reservoir is estimated at 728 acre feet. The soil composition in this 4.9 mile section of the canal is predominantly heavy clays and contributes to the concrete panel cracking in this section of the canal. It is costly to repair the concrete panels and the work has to be closely coordinated to ensure customers' water services are not adversely impacted. For the proposed project, the clayey soil provides a benefit as it will act as a liner to help prevent seepage once the concrete is removed. Clay lining will be installed in areas where the soil is found to be more porous in order to achieve the project goal of minimizing any changes to seepage as compared to existing conditions. In summary, this project proposes to (1) reduce costs to the parties by remedying the concrete panel cracking occurring in this 4.9 mile portion of the canal, (2) avoid creating risks to water supply reliability during panel repairs, and (3) provide approximately 728 acre feet of storage to buffer flow variations caused by changes in supply and demand.

The subject of this Board Action Item is to approve the following funding agreements associated with construction of this project:

- The first agreement is the "Contract Between the United States of America Department of the Interior, Bureau of Reclamation and the Coachella Valley Water District for the Repayment of Extraordinary Maintenance Costs For the Mid-Coachella Canal Storage Project (Contract No. 22-XX-30-W0735)"
 - This is a loan repayment agreement in the amount of \$7.5 million with an interest rate of 1.875% and a term of 30 years;
 - Repayment begins on May 1 of the year following the year in which the project is substantially completed;
 - CVWD may prepay any or all of the unpaid repayment obligation without a prepayment penalty
- The second agreement is the "Construction and Permitting Agreement for Phase 2 of the Mid-Canal Storage Project, and Agreement for Payment of Construction Costs and Repayment Obligation to the United States (between CVWD and San Diego County Water Authority)"
 - CVWD will be the lead for the construction of the project and provide monthly financial summary reports of expenditures to SDCWA;
 - The project is estimated to cost \$7,500,000;
 - CVWD's share of the construction cost is 26% and shall not exceed \$1,950,000 without additional authorization.
 - SDCWA's share of the construction cost is 61% and shall not exceed \$4,575,000 without additional authorization;
 - CVWD shall first apply federal loan funding to pay the costs of the project. In the event, the project costs exceed the federal loan funding, CVWD shall invoice SDCWA on a monthly basis for the additional funds;
 - Once the project is complete, SDCWA shall pay CVWD an annual repayment obligation by April 15 of each year to pay back the federal loan funds.
- The third agreement is the "Agreement for Payment of Construction Costs for the Mid-Canal Storage Project, Phase 2 (between CVWD and San Luis Rey River Indian Water Authority)"
 - The SLRRIWA's share of the construction cost is 13% and shall not exceed \$975,000 without additional authorization;
 - The SLRRIWA shall pay their share of the construction costs in 3 installments; one at the beginning of the project, the second at 50% construction and the third at completion of the project;
 - The SLRRIWA is not participating in the federal funding loan repayment process.

PRIOR BOARD ACTION:

- September 14, 2021: Authorize Multi-Agency Funding Agreement and Task Order 5 with Dahl Consultants for the Mid-Canal Storage Project, Phase 1.
- September 14, 2021: Authorize the Funding Agreement with USBR for the Mid-Canal Storage Project

DISTRICT STRATEGIC PLAN GOAL(S)/OBJECTIVES(S):

Approval of these Agreements for the Mid-Canal Storage Project, Phase 2 aligns with the CVWD core value of Operational Optimization.

ENVIRONMENTAL IMPACT:

☒ Yes, attachments included:

☒ Mitigated Negative Declaration

A Mitigated Negative Declaration was prepared for the Mid-Canal Storage Project, Phase 2 and it is being presented to the Board of Directors for approval on February 14, 2023. See related item on the Agenda.

PUBLIC NOTICE REQUIRED

N/A

LEGAL REVIEW

Redwine and Sherrill, BBK, Stradling, and PFM

ATTACHMENTS

Att 1 – Map showing the Mid-Canal Storage Project area

Att 2 - Contract Between the United States of America Department of the Interior, Bureau of Reclamation and the Coachella Valley Water District for the Repayment of Extraordinary Maintenance Costs For the Mid-Coachella Canal Storage Project (Contract No. 22-XX-30-W0735)

Att 3 - Construction and Permitting Agreement for Phase 2 of the Mid-Canal Storage Project, and Agreement for Payment of Construction Costs and Repayment Obligation to the United States (between CVWD and San Diego County Water Authority)

Att 4 - Agreement for Payment of Construction Costs for the Mid-Canal Storage Project, Phase 2 (between CVWD and San Luis Rey River Indian Water Authority)