



## DESALINATION TASK FORCE MEMORANDUM

**TO:** DESALINATION TASK FORCE  
**FROM:** PROGRAM MANAGERS  
**SUBJECT:** SCWD2 DESALINATION PROGRAM ANNUAL BUDGET  
**DATE:** MARCH 21, 2012

**RECOMMENDATION:** That the **scwd<sup>2</sup>** Desalination Task Force review and recommend approval of 2013 Fiscal Year Budget Estimate.

**BACKGROUND:** The City of Santa Cruz and Soquel Creek Water District Memorandum of Agreement empowers the Task Force to prepare and recommend adoption of an annual fiscal year budget for costs associated with the seawater desalination project investigation and development. Below is a description of the estimated expenses for the project in Fiscal Year 2013 (July 1, 2012 – June 30, 2013).

**DISCUSSION:** The City budgets annually to cover expenses (labor, travel, memberships, etc.) as well as the full cost of contracts, even multiple-year contracts, anticipated in the coming years. Unspent monies can be carried over as a way of funding subsequent fiscal years and/or new monies can be allocated.

No new monies will be allocated for Fiscal Year 2013. All expenses during that timeframe will be paid for from appropriations carried over from FY 2012. Expenses will be related to recurring staff labor and associated expenses, and payments made on existing contracts as described below.

**Facility Design:** The City, on behalf of **scwd<sup>2</sup>**, contracted with CDM (now CDM Smith) in September 2010 to develop preliminary designs of a treatment facility. The level of effort expended is consistent with the data needs of the environmental analysis. The budgeted amount for Phase 1 of CDM's contract ("Preliminary Design") is approximately \$1.4 million. To date CDM Smith has expended approximately \$720,000. CDM Smith's work in FY 2013 will include completion of their Phase 1 work and assisting with the development of the Environmental Impact Report (EIR) including responding to comments relevant to the treatment facility.

**Intertie Analysis:** Akel Engineering Group was hired by the City on behalf of **scwd<sup>2</sup>** in January 2011 to recommend alternatives to delivering water to the Soquel Creek Water District. Several of these alternatives are being further analyzed in the project EIR. To date approximately \$60,000 of the \$118,000 contract has been spent. Akel's work in FY 2013 will include completion of their analysis and final reporting.

**Environmental Impact Report:** URS Corporation Americas was hired by the City on behalf of scwd<sup>2</sup> in February 2010 for CEQA/NEPA Services. URS' budget amount is approximately \$1.7 million. To date URS has expended approximately \$650,000. In FY 2013 URS will complete writing the Draft EIR, respond to comments and produce the Final EIR. There are several other related contracts that remain in effect and will continue to be paid upon. These include Strelow Consulting and Remy Thomas Moose and Manley LLP (RTMM) (now Remy Moose and Manley LLP, RMM) for EIR assistance.

**Permitting:** Dudek was hired by the City on behalf of scwd<sup>2</sup> in November 2011 for permitting advisory services. Dudek's budget amount is \$480,700. To date they have expended approximately \$35,000. In FY 2013 Dudek will continue work described in their Scope of Work – Phase I, which includes assisting staff in developing relationships with regulators who retain the role(s) of responsible agencies with regards to the EIR; receiving input from the regulators on project definition and analytical approaches within the EIR; and responding to responsible agency comments on the EIR.

**Technical Advisor:** Kennedy/Jenks was originally hired in February 2008 to provide technical and program advisory assistance to the desalination program. Their contract has been maintained through contract amendments and most recently through Contract Amendment No. 4 that was approved by the City Council in January 2012. The budget amount is \$95,000. During FY 2013, KJ will continue to advise on technical and programmatic issues, review the Draft EIR or portions thereof, and assist with responding to comments as appropriate.

#### Status of Grants.

In April 2011 staff submitted the final report to the State of California Department of Water Resources (DWR) for the *Proposition 50 Grant: Test Technology Innovations and Optimize Systems in the City of Santa Cruz Desalination Pilot Plant*. At that same time staff requested release of the retention; final retention payment in the amount of \$198,261.17 was received in July 2011. All obligations towards this grant are complete.

In November 2011 staff submitted the final report to the State Water Resources Control Board (SRWCB) for the *Proposition 50 Grant: Integrated Regional Water Management Program; Evaluation of Open Ocean Intake and Subsurface Intake for Desalination Facility*. Release of the retention in the amount of \$61,100 was requested in January 2012.

**FISCAL IMPACT:** Expenditures will be funded from existing appropriations to be carried over to FY 2013. The amount expected to be spent in Fiscal Year 2013 is approximately \$1,912,000. In addition to recurring costs such as labor, this includes completion of the preliminary design of the treatment facility, completion of the draft EIR with circulation, comments and final EIR.

As per the Memorandum of Agreement, each agency shall contribute 50% towards these expenses.