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August 29, 2023

Board of Directors
Indian Wells Valley Water District
500 W Ridgecrest Blvd.
Ridgecrest. CA. 93555

RE: Response to Questions on Imported Water

Dear Water District Board of Directors:

Thank you for the questions in the August 9, 2023 letter on the Imported Water Conveyance System Project (Import Project). We appreciate the timing as your representative will be asked to choose a federal funding path at the upcoming meeting. We are making every effort to ensure that the District is fully informed and prepared for that important decision.

Many of the responses below are duplicative of information in documents that are already available on the Groundwater Authority's website. Others will require final design phase completion but those answers can only have a relatively minor impact on the Project's final costs. For reference, we have attached several documents from the August Groundwater Authority Board meeting which show multiple project cost estimates, grant funding options, and scheduling with construction completion as early as 2028. The meeting and the presentations can be viewed on YouTube.

We also appreciate that it is incumbent and commendable that public officials have a healthy skepticism for a project of this magnitude. However, the Import Project has progressed to a stage where even the most ardent skepticism must give way to the undeniable fact that the Import Project is an achievable project that is essential to the long-term health and sustainability of this community. The Import Project is the essential element in the California Department of Water Resources-approved Groundwater Sustainability Plan for the Indian Wells Valley Groundwater Basin because it is the only project that can actually achieve Basin sustainability. Other projects may assist sustainability achievement but there is no combination of projects that can actually achieve long term Basin sustainability without the inclusion of imported water. For example, while conservation projects, or brackish water projects, and/or an optimized recycled water use program are laudable goals, the actual amount of water that such projects can return to the Basin is insufficient to meet the Basin's current and expected future demands. Simply put, these water projects have innate limits that will prohibit community growth and support of the Base's mission.

The Basin's need for an Import Project is not revelatory news. The Basin is listed as "critically" overdrafted and it is well-documented that Basin water levels have been steadily declining for nearly 80 years. As explained in the Water District's own Urban Water Management Plan, "*water within the Basin is not unlimited, and water must be managed in a sustainable manner in order to preserve valuable groundwater resources for future water supply needs.*" Accordingly, an import project has been a considered solution for at least 30 years, as evidenced by the Dendy Report which was provided to the Water District in 1997. Moreover, the Water District's own Water Supply Enhancement Plan of 2007 and 2012 expressly provides that the Water District has a goal of obtaining 10,000 acre-feet of water supplies from outside the Basin for importation. This report is also referenced in the Water District's 2021 Urban Water Management Plan along with the GSP and the Import Project.

The only revelatory news during the development of the GSP came when the Basin modeling showed that decades of uncontrolled overdraft has left the Basin in a state where conservative estimates predict one in ten wells will have failure damage by 2030 if sustainability is not achieved in short order. As you are aware, the primary developer of this model was the Desert Research Institute (DRI), a world-renowned environmental research institute that is affiliated with the Nevada System of Higher Education and selected by the United States Navy to perform this modeling task. Simply put, a globally-recognized, completely neutral party has provided the community with modeling that shows that it is critical to act now and the only long-term cure for this problem is supply augmentation from outside the Basin.

While healthy skepticism is always appreciated, it is rather telling that no one has found a solution aside from import water in the last three decades. The Indian Wells Valley Cooperative Groundwater Group was formed nearly two decades ago for the specific purpose of finding a cooperative solution -- which it was unable to do. After considerable work, analysis and public comment, and the draft GSP becoming public nearly 48 months ago, no one has yet to provide any viable alternative to the Import Project or any reliable analysis that would question the modeling or findings in the GSP to date. In fact, the GSP's approval letter specifically references and then disregards some critics of the GSP. At this point, reasonable skepticism must give way to the undeniable conclusion that the Import Project is critically needed because this Basin simply does not have enough local water supplies to meet the Basin's most basic annual water needs. And there is every indication that further delays in taking the necessary actions will have profound consequences for the community.

Accordingly, with final design and environmental review well underway, the Groundwater Authority's next meeting will turn to funding the construction phase through State and Federal grant resources. Hopefully, the Water District will join the other Groundwater Authority members in focusing efforts on obtaining this funding as these efforts will be greatly enhanced with overt Water District support. Regardless, to date, every indication is that the Groundwater Authority will be successful in the coming Congressional season. After all, it is improbable that the national treasury would deny assistance to a national treasure like NAWS China Lake, especially when the assistance is for crucial infrastructure needs that will allow the Base to meet its current and any future missions.

In an effort to be as transparent as possible and in an effort to move forward productively, please find the following responses to your inquiries.

Water Rights/Capital Cost

If an adequate amount of SWP Table A water allocation rights cannot be obtained, will alternate sources of water be pursued? If so, what are these sources and what are their anticipated costs?

It is economically unreasonable to assume that an adequate supply of Table A water cannot be obtained. With that said, we can also obtain water rights in the Antelope Valley and we are presently considering such sources. Your GA Board representative has been briefed on these options.

What is the Project's estimated capital cost?

The project's current estimated capital cost is roughly \$200 million. *(Please see Exhibit A - Provost and Pritchard Powerpoint entitled "IWVGA Imported Pipeline.")*

What are the estimated soft costs (design, permitting, construction engineering, inspection, etc.)?

As you're aware, the final design and environmental permitting have been funded by grants and these costs have been included in the project's capital cost estimate. *(Please see Exhibit A - Provost and Pritchard Powerpoint entitled "IWVGA Imported Pipeline.")*

What is the estimated cost for CEQA/NEPA compliance, including anticipated related litigation and resulting Project delays?

As you're aware, the final design and environmental permitting have been funded by grants and these costs have been included in the project's capital cost estimate. The CEQA/NEPA compliance costs are estimated to account for approximately \$1 million in grant funding. Since our environmental work will conform to all legal standards, there is no basis to anticipate litigation. *(Please see Exhibit B - Staff Report for Agenda Item 17 – Desert Tortoise and Mojave Ground Squirrel Mitigation for Imported Water Pipeline from GA August 23, 2023 Board meeting.)*

What is the estimated cost for the installation of the necessary Southern California Edison infrastructure to provide power to the three booster pump stations and one PRV station?

The project's current estimated cost for the installation of the necessary Southern California Edison infrastructure has been included in the capital cost estimate above.

What is the estimated cost for acquiring adequate easements for the installation of the conveyance system?

Roughly 30 miles of easements amounting to approximately 3/5s of the total needed have already been acquired from the County of Kern. While included in the project's capital cost estimate, the ongoing final design phase will provide further refined estimates.

What is the estimated cost for securing mitigation land needed to offset habitat disturbance resulting from Project construction.

The project's current estimated mitigation land is approximately \$1.2 million and these costs are covered by grant funding.

If loans/bonds are required to cover the above costs, what are the anticipated terms (interest rate and duration) and resulting financing costs?

We do not currently anticipate any loans as all costs may be reimbursed by grant funding. If loans are needed, they will be made under the price and terms available at the time of the loan. *(Please see Exhibit C - Staff Report for Agenda Item 14 – Direction and Approval of Funding Program for Imported Water Pipeline from GA August 23, 2023 Board Meeting.)*

Annual Operating Cost

What are the SWP costs (both the fixed costs and variable transportation costs) required to secure the water on a yearly basis?

This question assumes incorrect facts. We anticipate that water will be supplied by AVEK through a negotiated agreement. We will be negotiating the extent of passthrough SWP costs, if any, as part of that agreement. Your GA Board representative has been briefed on these discussions. As these are a matter of confidential negotiation, we will not provide additional information here.

What are AVEK's costs that will apply (treatment, delivery of treated S W water to Project, injection/recovery of stored AVEK groundwater for delivery, wheeling, other)?

These costs will be subject to a negotiated agreement with AVEK. We do not have a current estimate.

What is the anticipated yearly cost (labor, electricity, disinfectant chemicals, repair materials, etc.) for operating and maintaining the conveyance system?

See above.

Future Capital Cost

What will be the estimated annual contribution to a "capital replacement fund" to prepare for such replacement activity?

The Authority's Board of Directors has yet to determine if there is a need for such a fund or what that funding level would be given a life expectancy of many decades.

Planning

What is the plan to accommodate the surplus delivery?

The operation of the Pipeline will be addressed during the grant work-final design. With that said, it should be noted that the Water District's direct use of any surplus delivery would benefit the Basin as in-lieu groundwater recharge.

Has delivery to a groundwater replenishment facility (either full-time or during low demand periods in the District's service area been considered?

Yes, please see the Surface Percolation Report prepared through the TAC.

Operation/Permitting

Who will be the operator of the proposed conveyance system?

The IWVGA will be the operator.

Are the intended operating hours of the conveyance system planned to be outside of the peak Time of Use (TOU) rates imposed by Southern California Edison (in order to help reduce operating costs)?

Yes; in addition, future projects such as solar installations may also be considered by the Authority if shown to be cost effective.

Are the results of a complete water quality analysis of the water proposed to be delivered via the proposed conveyance system available so that potential water quality issues requiring action by the District are known?

This question cannot be answered without completing the Grant work-final design.

Water Quality

Should any water quality constituents of the imported water, such as Total Dissolved Solids (TDS), exceed those of the existing groundwater supplies, will the City of Ridgecrest's Wastewater Treatment Plant be required to incorporate additional improvements to comply with its operating permit discharge regulations, and to prevent adverse impacts on the groundwater basin?

This question cannot be answered without completing the Grant work-final design.

If so, what are the estimated costs for said capital improvements?

This question cannot be answered without completing the Grant work-final design.

What is the proposed treatment process, and what is the anticipated cost of the necessary facilities?

This question cannot be answered without completing the Grant work-final design.

Flushing/Disinfection

What is the plan to prevent/reduce the need for these flushing events (i.e., maintain a constant flow to percolation ponds during low flow periods, etc.)?

The operation of the Pipeline will be addressed during the Grant work-final design.

Where will discharge points be located for flushing of the pipeline, and how will the flushing water be disposed?

The operation of the Pipeline will be addressed during the Grant work-final design.

Are the necessary permits for flushing water disposal from California Department of Fish and Wildlife and the BLM currently being acquired?

The operation of the Pipeline will be addressed during the Grant work-final design.

As it is understood that disinfectant levels will need to be maintained throughout the length of the conveyance system, where will the disinfection stations be located in the system?

A disinfection station will be located at Pump Station No. 2.

Where will the associated disinfectant sampling stations be located in the conveyance system?

The operation of the Pipeline will be addressed during the Grant work-final design.

What is the plan for maintaining water quality in the pipeline (especially during low flow conditions)?

The operation of the Pipeline will be addressed during the Grant work-final design.

Impact to the District's System

Introducing large flows into the proposed connection point of the 3.0 MG Ridgecrest Heights Reservoir in Pressure Zone B will require a minimum of the following improvements to the District's system. How will these improvements be funded?

It is anticipated that a majority – or even all project cost will be reimbursed by grant funding.

Thank you,



Carol Thomas-Keefer

General Manager

Indian Wells Valley Groundwater Authority

EXHIBIT A

IWVGA Imported Water Pipeline Presentation

Provost & Pritchard

IWVGA Imported Water Pipeline

Status Report
August 23, 2023

1



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Project Schedule

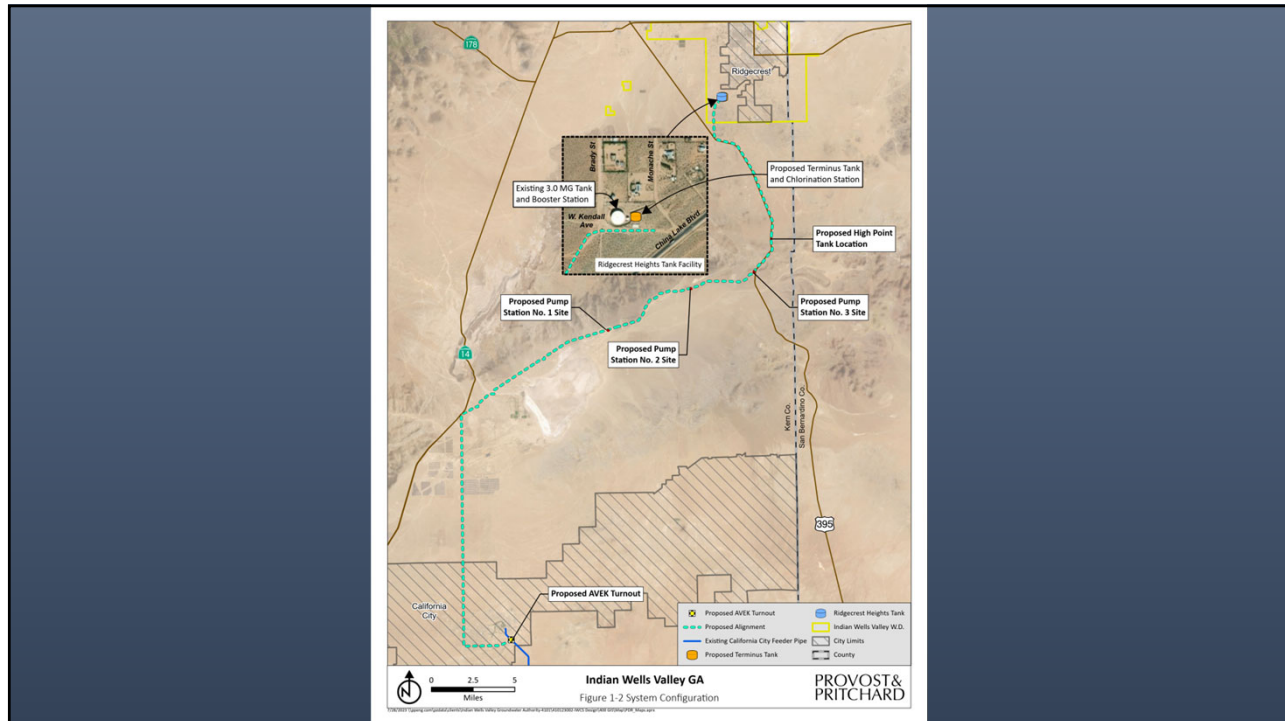
- CEQA certification – October 2024
- Final design completed—March 2025
- Advertise for construction—Mid to late 2025
- Construction—2026-2028
- Water deliveries—2029

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Project Description

- 50.8 miles of pipe from California City to Ridgecrest
- 40.6 miles of 24-inch pipe
- 10.2 miles of 18-inch pipe
- 22.8 miles of steel pipe
- 27.5 miles of PVC pipe
- 0.5 miles of HDPE Pipe for trenchless drainage crossings
- Three pump stations
- One regulating tank at peak elevation in El Paso Mountains along Hwy 395 (0.24 MG)
- Terminus Tank at the IWVWD Ridgecrest Heights Tank Facility (1 MG)

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Current Status

- Draft Preliminary Design Report submitted August 7
- CEQA scoping meetings scheduled this month
 - Ridgcrest Community Center—August 23 at 5:30 pm
 - California City Public Library—August 24 at 5:30 pm
- Agreements with California City and Kern County nearing completion
- Property owners contacted. Most rights of entry obtained; still waiting on a few.
- Geotechnical consultant has completed about 1/3 of the soil borings.
- Bi-weekly coordination meetings with BLM to discuss NEPA and other issues.

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Preliminary Project Cost Estimates

- Cost estimate from GSP--\$177,975,000, includes 20% contingency (January 2020)
- Cost estimate in alignment study—\$165,740,000, includes 30% Contingency (April 2023)
- Updated cost estimate in PDR—\$200,536,000, includes 20% Contingency (August 2023)
- These estimates do not include the following:
 - Land Acquisition
 - Permanent easements, temporary construction easements, and fee property
 - Construction Administration
 - Permitting Fees
 - Credits on existing conservation easements for sensitive species take (mitigation)

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Key Issues

- Right of way
 - Public (City, County, State, BLM)
 - Private
 - Conservation easements
 - Red Rock Canyon State Park
- Power (working with SCE to get power to two pump stations and determining available existing capacity for third pump station)
- Water quality
- Construction issues (availability of water and suitable backfill, laydown areas, etc.)

EXHIBIT B

Staff Report - Agenda Item 17

Desert Tortoise and Mojave Ground Squirrel Mitigation

IWVGA ADMINISTRATIVE OFFICE

STAFF REPORT

TO: IWVGA Board Members **DATE:** August 23, 2023

FROM: IWVGA Staff

SUBJECT: Agenda Item 17 – Desert Tortoise and Mojave Ground Squirrel Mitigation for Imported Water Pipeline

BACKGROUND AND DISCUSSION

Throughout the Spring of this year, Provost & Pritchard (P&P), the Authority’s consultant provided services for CEQA/NEPA compliance and permitting by conducting reconnaissance-level, desert tortoise protocol-level, and botanical biological field surveys with support from Stantec desert tortoise experts to survey lands for species of concern in this region, including desert tortoise, Mojave ground squirrel, and rare botanical species. Desert tortoise is a California and federally threatened species, and Mojave ground squirrel is a California threatened species. The results of these surveys found one live desert tortoise within 100 meters of the alignment, presence of State Fish and Wildlife Fremont Valley Ecological preserve adjacent to the alignment, and suitable habitats and burrows for the desert tortoise and Mojave ground squirrel. These findings triggered the need for mitigation and discussions with California Department of Fish and Wildlife (CDFW) and the U.S. Fish and Wildlife Service (USFWS).

While presence/absence trapping studies could be completed for Mojave ground squirrel to try to demonstrate that mitigation isn’t needed, it is unlikely the CDFW or USFWS would accept any negative (or “absent”) results as sufficient information to discount the possibility that this species could occur on the site given the challenges with detecting this species via trapping studies and the occurrences of this species adjacent to the alignment. Therefore, P&P has recommended it be assumed “presence” and proceed with mitigating for impacts to desert tortoise and Mojave ground squirrel and their habitats. Compensation for loss of habitat for these species could be completed by purchasing CDFW- and USFWS-approved conservation bank credits that cover both species or by placing suitable lands for both species into conservation easements and providing management funding in perpetuity.

Mitigation for impacts to individuals of these species and their habitats also include issuance of a CDFW Incidental Take Permit (ITP) for both species and a USFWS Biological Opinion for desert tortoise. These permits may include a number of avoidance and minimization measures, such as pre-construction surveys, Worker Environmental Awareness Program preparation and training, and completion of daily biological pre-activity surveys and construction monitoring by a Designated Biologist. An ITP will require 1 year for issuance and would be needed prior to construction.

The amount of conservation bank credits or acres of conservation easement land required is based on the amount of temporary and permanent impacts and the ratios of different land types and values. Placing suitable lands into conservation easements and providing management funding in perpetuity takes time and since the project is proceeding on a very aggressive schedule, it is not recommended. Therefore, P&P has provided cost estimates for the purchase of these mitigation bank credits of approximately \$1.2 million. P&P has also recommended the purchase the mitigation bank credits as soon as possible as they have high market demand.

The \$7.6 million from the Sustainable Groundwater Management Implementation Round 1 Grant that is funding the planning of the IWVGA's Imported Water Interconnection Project is not sufficient to also fund the purchase of mitigation bank credits.

Capitol Core continues to look for additional funding opportunities for the Project. If additional funding for the Project becomes available, the purchase of credits can be reconsidered.

A memorandum on the Project's Desert Tortoise and Mojave Ground Squirrel Mitigation has been provided by P&P and included in your Board packet.

ACTION(S) REQUIRED BY THE BOARD

This is an informational item. No Board action is required.

EXHIBIT C

Staff Report - Agenda Item 14

Direction and Approval of Funding Program for
Imported Water Pipeline

IWVGA ADMINISTRATIVE OFFICE

STAFF REPORT

TO: IWVGA Board Members **DATE:** August 23, 2023

FROM: IWVGA Staff

SUBJECT: **Agenda Item 14 – Direction and Approval of Funding Program for Imported Water Pipeline**

BACKGROUND

Task #2 of Capitol Core Group’s 2023 Workplan requires specific focus on the Authority’s Interconnection Pipeline Project and involves four (4) subtasks concerning planning and construction funding as well as policymaker education on the overall project.

The Authority’s Interconnection Pipeline Project (Project) includes a conveyance facility consisting of a 50.3 mile-long and 24-inch diameter pipeline, 3 pump stations, storage tanks, and appurtenant facilities to convey treated water from an Antelope Valley-East Kern Water Agency (AVEK) pipeline in California City to a new Terminus Tank at the Indian Wells Valley Water District’s (IWVWD) Ridgecrest Heights Tank Facilities. The project was originally identified in the Groundwater Sustainability Plan (GSP) published by the Indian Wells Valley Groundwater Authority (Authority) in 2020 and approved by the Department of Water Resources in 2022.

Potential alternatives for the use of the water imported from AVEK include Direct Injection of the imported water into the Indian Wells Valley Groundwater Basin (Basin) and Surface Spreading for recharge into the Basin. Direct injection is economically infeasible due to the additional \$45 million capital cost for additional pipeline, additional pumpstation, and injection wells. The Authority’s Technical Advisory Committee (TAC) concluded that surface spreading is not currently viable in the Basin due to significant uncertainty as to where and how the water recharged through spreading will percolate into the aquifers that are used for pumping. Therefore, Direct Use with IWVWD is the technically and economically feasible alternative for the use of the Imported Water.

Capitol Core, based upon federal and State funding requirements, has divided the Project into two (2) categories:

1. **Planning Funds** – defined as initial engineering, studies, design, environmental permitting and certain right-of-way (ROW) costs associated with State/Federal agency permitting. Estimates provided by Stetson indicated planning costs for the project range between \$8 million and \$11 million with activities commencing in 2022 and continuing through the 2nd Quarter of 2026.

\$7.6 million in planning funds have been secured through the Department of Water Resources’ SGMA-IP grant. An additional, \$1 million-to-\$2 million is currently in negotiation through the U.S. Army Corps of

Engineers (USACE) Planning Assistance to States program. Another \$230,000 was appropriated in the *Energy & Water Development Act for Fiscal Year 2023* for USACE to validate specific studies associated with the interconnection pipeline project. Those validation studies, as authorized in the *Water Resources Development Act of 2022 (WRDA-22)*, were sponsored by Representative McCarthy.

Planning Fund Requirements	
\$8 million estimated amount	\$11 million estimated amount
(\$7.6 million) SGMA-IP Round 1 Funding	(\$7.6 million) SGMA-IP Round 1 Funding
(\$1 million) USACE PAS Program Funding	(\$2 million) USACE PAS Program Funding
Total Remaining – Complete	Total Remaining -- \$1.4 Million

The currently identified planning costs including the Alignment Study, the current contracts for design, environmental compliance and right of way services, and permitting and review fees total approximately \$9 million to \$9.6 million. The funds currently available, including the SGMA-IP Grant Round 1 for \$7.6 million and USACE Planning Assistance to States program funds of approximately \$800,000 for planning tasks Staff has identified the USACE may complete, total approximately \$8.4 million. Therefore, an additional \$600,000 to \$1 million in planning funds is needed.

2. **Construction Funds** – defined as engineering and design completed up to 30% of project total, NEPA/CEQA permitting activities completed and includes ROW costs for both permitting and purchase (overlap between sections). Construction is scheduled to begin in 3rd Quarter 2026. Funds required for Construction, Construction Administration, and Parcel Acquisition are estimated to be approximately \$212 million.

The Average Annual O&M and Service Costs for the Project are estimated to be approximately \$9 million, which includes operations, maintenance, power, water transportation, and treatment costs. Based on the average annual delivery of water over the 50-year life of the pipeline, the total average cost per acre-foot is \$2,594.66 per acre-foot.

State Funding

State funding sources for construction-related activities were hampered due to the State fiscal condition for the FY2023-2024 timeframe. That financial position is expected to continue for a period of four (4) years per the Legislative Analysts’ Office (LAO) State Budget projections. Funding programs for SGMA implementation are contained in the Governor’s Water Strategy plan (released in 2022). The Authority should take a greater role in supporting authorization of the Governor’s Water Strategy during 2024.

At this time, the State has insufficient resources to provide construction funding for SGMA implementation.

Federal Funding

Due to the project’s costs, Congressional Authorization would be required in all but two (loan) programs. These require specific enactment within the U.S. Code to establish, continue, or modify federal programs,

and they are a prerequisite under House and Senate rules (and sometimes under statute) for the Congress to appropriate budget authority for programs. Appropriation of the actual funding is obtained through a separate annual Congressional process.

Because Stetson estimates construction activities will begin in the 3rd Quarter of 2026, Congressional Authorization of the project may be required as early as 2024. Subsequent appropriations activities would begin in calendar year 2025 (for the Fiscal Year 2026) budget, to allow for sufficient funding in the year required.

There are five (5) potential options for federal funding of construction activities associated with the interconnection pipeline project. These programs are administered through four (4) separate agencies. In March 2023, the Board approved a Legislative Request to Authorize the project under the *Water Resources Development Act 2024* (WRDA-24) as an Environmental Infrastructure Project (“Section 219” Project). That request is pending with Speaker McCarthy’s, Senator Feinstein’s and Senator Padilla’s Offices with an expected deadline of September-October 2023.

Additional discussions with USACE leadership are needed to determine whether or not current activities will meet the stage requirements under the Water Resources Project. At a minimum, some duplication of efforts in the required “Reconnaissance” and “Feasibility” stages will occur and project delays between 18 and 36 months should be expected for the construction start date of the project under a Water Resource Project. A Water Resource Project should maintain the Authorization timeline to meet *WRDA-24* requirements.

The five (5) programs include:

Water Resources Development Act

The project qualifies for two programs under the Act.

	Water Resources Project	Environmental Infrastructure Project
Requires Congressional Authorization (Act of Congress)	Yes – But is a multi-step process requiring line-item budgeting by USACE through the President’s Budget Request. Projects are outlined and provided eligibility through the §7001 process.	Yes
Administrative Agency	U.S. Army Corps of Engineers	U.S. Army Corps of Engineers
Requires a §7001 Process	Yes – Requires that the Secretary of the Army annually submit to the Congress a report that identifies, for potential congressional authorization, completed feasibility reports, proposed feasibility studies, and proposed	TBD – There is some disagreement between the Speakers’ office, USACE and IWVGA representatives as to the requirement of USACE to “list” the project pursuant to §7001 requirements.

modifications to authorized projects or studies that meet all the following criteria:

- Are related to the missions and authorities of the Corps of Engineers (USACE). USACE primary missions are navigation, flood risk management, and aquatic ecosystem restoration. Recreation, hydropower and/or water supply will be considered “related” when it is performed in conjunction with one or more of the primary mission(s).
- Require specific congressional authorization.
- Have not been congressionally authorized.
- Have not been included in the main table of a previous annual report.
- If authorized could be carried out by the Corps of Engineers.

Cost Sharing Requirement	Yes – differs for each stage. <ul style="list-style-type: none"> • Recon. Phase – \$100,000.00 • Feasibility Study – Equal Cost Split • Preconstruction – 75%/25% • Construction – 100% 	Yes – <ul style="list-style-type: none"> • 75%/25% for most project • 65%/35% for some projects
Total Project Share Costs for IWVGA	~\$15 million	~\$53 million
Average USACE timeline	~11 years	~5 years
Ownership, Operations & Maintenance Requirements	Returned to IWVGA	Returned to IWVGA
General Description	These are the main project authorizations under the USACE jurisdiction. Projects specifically authorized by Congress allow the Corps of Engineers to provide support for a variety of water resources related issues. These projects differ in two ways from other program authorities. First, to initiate a study, the Corps of Engineers requires specific Congressional authorization to address issues within a specified area. Second, the study scope can include one or more different Corps of Engineers mission areas and the total study cost is not limited. Under this program projects <u>must go through a specific process as required by WRDA</u> . It is unclear whether or not our current activities and	Commonly referred to as “Section 219 Projects,” Environmental Infrastructure Projects (EIs) authorize USACE to perform design and/or construction work and may use appropriated funds to reimburse nonfederal sponsors for work the sponsors perform. Unlike traditional water resource projects, EI assistance is not subject to the USACE planning process (e.g., no USACE feasibility study is needed). USACE evaluates an activity’s eligibility for assistance by identifying whether there is an EI assistance authorization for the geographic area of the project (this exists for the entire State of California), and

	potential activities with USACE would satisfy the individual process requirements.	whether the proposed work is an eligible type of assistance provided for in the authorization (the interconnection project qualifies). The specifics of the authorization determine the nature of USACE's involvement and applicable nonfederal cost share.
Fiscal Year of Appropriations	FY2026 (calendar year 2025)	FY2026 (calendar year 2025)
Appropriations Act Requirement	<i>Energy & Water Development Act</i>	<i>Energy & Water Development Act</i>
Request In Progress	Considered by Speaker's Office	Yes, House/Senate/USACE

National Defense Authorization Act

Requires Congressional Authorization (Congressional Act)	Yes
Cost Sharing Requirement	No
Administrative Agency	Department of Defense
Ownership, Operations and Maintenance	United States Navy
General Description	The annual authorization of defense projects and budget amounts for the Department of Defense.
Appropriations Act Requirements	<i>Military Construction and Veterans Affairs Appropriations Act</i>
Fiscal Year of Appropriation	FY2026 (calendar year 2025)
Average length of Appropriations wait-time.	~5 years
Average DOD timeline	~11 years
Request In Progress	Yes – DOD, House/Senate

***Water Infrastructure Improvements for the Nation Act (WIIN) – “WaterSMART” Title IX
Water Storage, Groundwater Storage and Conveyance Projects***

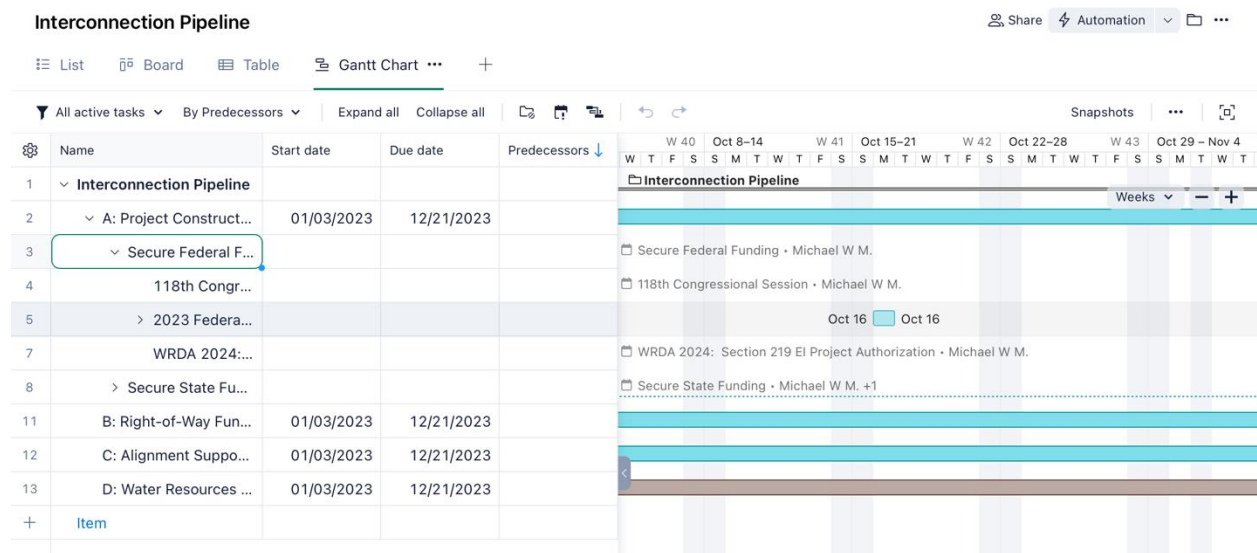
Requires Congressional Authorization (Congressional Act)	<p>Yes –</p> <p>The project does not qualify under the <i>IJA</i> authorization of the Western Waters Provisions at §40902 which provided funding allocations to project which <u>had been authorized by the Congress prior to the enactment of <i>IJA</i>.</u></p> <p>Congressional Authority, specifically for the interconnection pipeline project, would be required and a new appropriation would need to be established. This will likely trigger “earmark” rules in both the House/Senate.</p>
Cost Sharing Requirement	Yes – 25%-75%
Administrative Agency	Department of the Interior, U.S. Bureau of Reclamation
Ownership, Operations and Maintenance	IWVGA
General Description	<p>The objective of this program is to leverage local agency money and resources by cost sharing with Reclamation on Drought Resiliency Projects that will increase the reliability of water supplies; improve water management; and provide benefits for fish, wildlife, and the environment to mitigate impacts caused by drought.</p> <p>Originally limited to water storage projects, the <i>IJA</i> expanded “Title IX” to include water storage and water conveyance projects. The interconnection pipeline project would qualify under the “conveyance” section, provided drought mitigation factors could be met.</p>
Appropriations Act Requirements	<i>Energy and Water Development Act</i>
Fiscal Year of Appropriation	FY2026 (calendar year 2025)
Average Project Timeline	<p>Unknown –</p> <p>As this requires a new and specific authorization/appropriation, less confidence is given to the exact timeline for Congressional enactment and Agency response time.</p>
Request In Progress	No

**US Environmental Protection Agency
Loan Programs**

	Water Infrastructure Finance and Innovation Act (WIFIA)	Clean Water State Revolving Fund (SRF)
Requires Congressional Authorization (Act of Congress)	No – Programmatic This is a ministerial program managed by USEPA on behalf of Dept. of Interior to provide loans to local agencies for water infrastructure projects.	No – Programmatic This is a ministerial program which provide a formula-based funding to the State (Water Resources Control Board) who manages each application process.
Applications Timeframe	Immediate – Requires a minimum of 18 months to process through the private lending contractors used by USEPA.	Immediate – Application timeframes can be up to three years based upon the stage of the project and general qualification.
Administrative Agency	Private Finance Institution on behalf of USEPA	California State Water Resources Control Board
Funding Provision	Within 3-5 months of approval	Oversubscription to the program can delay funding for up to 24 months.
Cost Sharing	80%/20% required to qualify.	100% of Construction Costs
Interest Rate	Equal to or .1% greater than the U.S. Treasury Rate of a similar maturity as of date of closing.	At or below market rate with Agency discretion to determine “interest free” for disadvantaged communities.
Loan Term	35-years	30-years
Repayment Requirements	Project must have a dedicated source of revenues for repayment and IWVGA must be determined to be “creditworthy” by the outside financial institution.	Projects must have a dedicated source of revenues for repayment. Creditworthiness is determined by SWRCB. Project must be deemed “feasible.”
Average Applications Fees	\$250,000 to \$300,000	Minimal
Prequalified	Yes – But will require another discussion with USEPA. Capitol Core “prequalified” the interconnection project under WIFIA in 20219 (Trump Administration)	Yes – But will require another discussion with both USEPA and SWRCB. Capitol Core “prequalified” the interconnection project under the SRF in 2020 (Trump Administration)
Funding Forgiveness Allowances	No	Yes, but discretionary
Earmark Allowances	No – Applications must be considered under the creditworthiness of the borrow per the Act	Yes – <i>IIJA</i> funding has been earmarked by Congress

Capitol Core Project Timelines

- **Subtask A – Construction Funding:** Activities securing State/Federal Funding are estimated to continue through the 2023 Workplan.
 - State Funding subtasks are now completed for 2023 and will resume in December for 2024 activities.
 - General Federal Funding subtasks (non-WRDA) are contained within Subtask A and will continue through the month of October and will resume in November for 2024 activities.
- **Subtask B – ROW Funding/Activities:** Specific tasks concerning ROW funding for the interconnection pipeline have been labelled as completed, however; additional requirements – as directed by Stetson activities – may be required during the remainder of the year.
- **Subtask C – Alignment Support:** Specific tasks concerning alignment support have been labelled as “completed” pending further direction or new subtasks provided by Stetson.
- **Subtask D – WRDA-24:** Are federal funding tasks related to the WRDA Authorization request for the project and will continue into late-October 2023.



ACTION(S) REQUIRED BY THE BOARD

Staff recommends the Board provide direction and approval of a funding program for the Imported Water Pipeline.