



Item Number: 7

City Council / Board of Directors

Written Communications

Meeting of: September 3, 2024

Submitted By:

Fredy Bonilla, City Engineer
Doug Mathews, Public Works and Water Director

Subject:

Victorville Regional Recharge and Recovery Extension Project (Turnout 5) - Agreement Between the Mojave Water Agency and the Victorville Water District for Grant Funding

Recommendation:

That the Honorable Board of Directors:

- (1) Approve the Agreement between the Mojave Water Agency and the City of Victorville Water District for use of Proposition 1, Round 1, Integrated Regional Water Management (IRWM) Implementation Grant funding (Grant Agreement Number 4600013807, Amendment 3) from the California Department of Water Resources for the Victorville Regional Recharge and Recovery Extension Project (Turnout 5), subject to minor edits to be approved by the General Manager and Board Attorney;
- (2) Adopt Resolution No. VWD 24-008, amending the Fiscal Year 24-25 budget; and
- (3) Authorize the General Manager or his designee to execute all required documents for this grant.

Fiscal Impact:

A budget amendment (Attachment B) is required to appropriate the revenue and expenses for this grant. These grant funds will offset the budgeted expenses within Fund 410 (Water Fund) and Fund 414 (Water – Connection Fees) for the joint Regional Recharge and Recovery (R-Cubed or R3) Turnout 5 project with the Mojave Water Agency (MWA).

Should the Board of Directors move forward with staff's recommendation, the Fiscal Year 24-25 budget will be amended as shown below:

Account	Amount Adjusted
2657500N - 43100 - 74338 (Revenue)	\$1,100,000
2657500N – 55080 - 74338 (Expense)	\$1,100,000

Strategic Plan Goal:

This item aligns with Goal A – Financial Sustainability. This grant award reduces the need for water district funds to complete the project for Turnout 5, which allows the Victorville Water District (District) to foster fiscal health through increased revenue for this project. This item also aligns with Goal E, Invest in Infrastructure, based on the improvements to the Victorville Water District's potable water system, which will enhance both water quality and capacity.

Background:

The District sources its water supplies from local groundwater wells and, when needed or available, through interconnections with the R-Cubed Project. The R-Cubed Project is a conjunctive use project, owned and operated by MWA, that stores State Water Project water underground in the local aquifer and later recovers and distributes the water to local retail water purveyors in the Alto Basin. R-Cubed is part of a comprehensive solution developed by MWA and the region's stakeholders to ensure a sustainable water supply for the region. MWA imports and stores water from the State Water Project via recharge sites in the floodplain aquifer along the Mojave River and transports the stored water to retail water purveyors in the Mojave Basin through a conveyance system consisting of production wells, pipelines, booster stations, and reservoirs (see Attachment D, R-Cubed Facilities Map).

The imported water from the R-Cubed system is made available to local water purveyors through several interconnections (or "turnouts") along the R-Cubed pipeline. Currently, the District receives water from the R-Cubed Project from metering stations located at the following locations: Turnout 3 and Turnout 6. The proposed Victorville R-Cubed Extension Project (Turnout 5) was developed to import water from the MWA's R-Cubed pipeline located on Mesa Street for delivery to the District's existing Zone 3290 reservoirs and Amethyst Booster Pump Station, located at the northwest corner of Amethyst Street and Sycamore Street. The District aims to receive MWA's R-Cubed water and deliver it to the City's domestic water network, blending it with Zone 3485 water. From the R-Cubed pipeline point of connection on Mesa Street, approximately one mile of 24-inch pipeline will be installed running north along Amethyst Road, connecting to the District's Plant No. 129 at a new metering station, and entering the District's distribution system. Once completed, the R-Cubed Turnout 5 will function as a supplemental water supply, when available, to serve the District's customers and assist in meeting stringent water quality requirements more economically. This approach is considered the most cost-effective alternative to expensive ion-exchange and coagulation/filtration water treatment currently utilized by the District. Turnout 5 is estimated to provide 2,500 acre-feet per year (AFY) of water supply to the District.

The Victorville R-Cubed Extension Project (Turnout 5) was identified and included as one of the District's proposed projects within the 10-year planning period of its 2021 Water Master Plan. It was also included in the 2021 Water Rate Study adopted by the Board of Directors as one of the projects funded in the rate model. The project was delayed for a few years pending the outcome of proposed legislation aimed at protecting existing

Joshua trees, several of which are within the immediate vicinity of the project area. Pursuant to the Western Joshua Tree Conservation Act, signed into California law in 2023 and effective July 1, 2023, the District will be required to provide mitigation measures provided for in the legislation.

Discussion:

The Amethyst Road Water Pipeline and the Metering Facility (Turnout 5) plans for the Victorville R-Cubed Extension Project are now 100% complete, and all agency permits are pending. The District's goal is to advertise this project for construction as soon as we have acquired the agency permits and utility easements required. Staff estimates that these items will be completed in the next few months and hope to advertise the project for construction in January 2025.

In the month of April 2020, MWA applied for grant funding through the California Department of Water Resources (DWR) under the Proposition 1, Round 1, Integrated Regional Water Management (IRWM) Implementation Grant Solicitation. On February 3, 2021, MWA was awarded a grant amount totaling \$4,600,000, which included \$1,100,000 for the Victorville R-Cubed Extension Project (Turnout 5).

A copy of the grant agreement between DWR and MWA was forwarded to the City immediately after the award (Exhibit A of Attachment C). Although the District has been complying with the reporting requirements of the grant, a sub-agreement between MWA and the District has not been formalized. On April 2024, Engineering Department staff requested that MWA staff provide a sub-agreement to formally establish a contractual relationship between MWA and the District regarding this grant.

The sub-agreement stipulates a match requirement of non-State Funded Source of \$745,575 and other cost share of \$4,119,019 for this project, for a total of \$4,864,594. Funds have been appropriated in Fund 414 (Water Connection Fees) - \$6,210,000 and Fund 410 (Water Fund) - \$1,332,467.10 to cover the remaining balance of this project and to meet the match requirements. These funds are non-State Funded Sources as required by the sub-agreement.

On June 6, 2024, City staff received the final sub-agreement (Attachment C). It has been reviewed by the City's Risk Manager and City Attorney, fully executed by MWA, and is ready for the General Manager to sign in acceptance of this agreement on behalf of the Board of Directors once MWA makes minor edits to the agreement. For example, the agreement currently lists the City of Victorville as the subrecipient when in fact the Victorville Water District should be. Additionally, the General Manager is listed as the City Manager.

Reimbursement of project expenses will proceed as follows: MWA is the recipient of the grant from the State Waterboard for various projects. The District is entering into a sub-agreement with MWA for this specific project. The District will receive reimbursement of invoiced expenses every quarter, at the percentage stipulated in the agreement, via the quarterly progress reporting system, issued by MWA.

Staff is available to answer any questions the Board may have.

Attachments:

- A. Project Location Map
- B. Resolution No. VWD 24-008
- C. Mojave Water Agency Subaward Agreement - Grant Agreement No. 4600013807
- D. R-Cubed Facilities Map