

PROPOSAL EVALUATION

Proposition 84 Integrated Regional Water Management (IRWM) Grant Program Implementation Grant, Round 1, FY 2010-2011

Applicant	Castaic Lake Water Agency	Amount Requested	\$7,700,053
Proposal Title	Upper Santa Clara River Integrated Regional Water Management Plan Round 1 Proposition 84 Implementation Grant	Total Proposal Cost	\$15,533,742

PROPOSAL SUMMARY

Five projects are included in the proposal: (1) Santa Clarita Valley Water Use Efficiency Plan (CLWA-4), (2) Santa Clara River – Sewer Trunk Line Relocation (NCWD-3), (3) Santa Clarita Valley Southern End Recycled Water Project (VWC-1), (4) Electrolysis and Volatilization for Bromide Removal and Disinfection Byproduct Reduction (CLWA-2), and (5) Santa Clara River, San Francisquito Creek Arundo and Tamarisk Removal Project (SC-1/USFS-1).

PROPOSAL SCORE

Criteria	Score/ Points Possible	Criteria	Score/ Points Possible
Work Plan	12/15	Economic Analysis – Water Supply Costs and Benefits	12/15
Budget	3/5	Water Quality and Other Expected Benefits	9/15
Schedule	5/5	Economic Analysis – Flood Damage Reduction	3/15
Monitoring, Assessment, and Performance Measures	5/5	Program Preferences	8/10
Total Score (max. possible = 85)			57

EVALUATION SUMMARY

The following is a review summary of the proposal.

Work Plan

The criterion is fully addressed, but is not supported by thorough documentation or sufficient rationale. Project 2 is a multi-phased project that will not be operational until the next two phases are complete. Although the application indicates that funding for the remaining phases will be incorporated in the proponent's Capital Improvement Plan, it is not clear what timeframe is involved; hence, firm assurances that the remaining project phases will be completed are not provided. For Project 3, Task b (land purchase/easement), the easement "negotiations" description is insufficient (a \$250K budget item). Furthermore, although it is assumed the proposed projects are consistent with the Basin Plan, no mention of Basin Plan consistency is found in the application. A tabulated overview of projects that includes an abstract and sufficient description of project status is provided. In accordance with the PSP requirements,

the Proposal details the following: the project/program goals and objectives and the relation to the adopted IRWM Plan; a map showing relative project locations, a discussion of the linkages among the various projects, scientific and technical information, and CEQA/permit status. Additionally, each project includes detailed and sufficiently adequate task descriptions, including quarterly and final reports that support project implementation.

Budget

Most projects in the Proposal have detailed cost information, however, the reasonableness of costs cannot be evaluated for some tasks and supporting documentation is lacking. For Projects 1, 3, and 4, estimate for consultant costs, preliminary design, reports, and final designs are neither discussed, broken down, nor supported with any documentation. For Project 4, insufficient documentation is provided to support an estimate of nearly \$1 million (M) listed for project construction. Supporting documentation is lacking for the cost breakdowns provided in Project 5, Task g.2. An amount of \$304,583 is listed in the overall budget for grant administration (Table 4-7), however the cost breakdown provided shows \$102,200.

Schedule

The criterion is fully addressed as the applicant presents a detailed and specific schedule for each project that adequately documents the Proposal. Each schedule is consistent with work plan and budget, and is reasonable, and the applicant demonstrates a readiness to begin construction or implementation of at least one project (Projects 1 and 3) of the Proposal by December 1, 2011.

Monitoring, Assessment, and Performance Measures

The criterion is fully addressed and supported by thorough and well-presented documentation and logical rationale. The applicant provides a detailed description of the performance measures and well supported discussion of the monitoring system to be used to verify project performance with respect to the project benefits or objectives identified in the Proposal. Project performance measures tables are provided for each project, which include: project goals, desired outcomes, output indicators, outcome indicators, measurement tools/methods, and targets.

Economic Analysis – Water Supply Costs and Benefits

Above average levels of water supply benefits relative to costs can be realized through this Proposal and the quality of the analysis and supporting documentation demonstrates these benefits. Total monetized water supply benefits are \$13.332 M. Most benefits are from Project 1 (\$3.4 M) and Project 3 (\$9.06 M).

Water supply benefits for Project 1 are conservatively based on a constant real water price of \$822 per acre feet (AF) which is the cost of imported water from Buena Vista and Rosedale Rio Bravo water districts. If a real price increase of 2.5 percent annually is allowed through 2020, and 1 percent thereafter, then benefits of the recycled water project are understated by about 28 percent. Discounted benefits of the efficiency program appear accurate because most benefits occur in the early years.

For Project 3, benefits are also based on a constant real price of \$822 per AF. Costs include piping, booster stations, and service meters. The water quality analysis shows that the recycled water would otherwise be released into the Santa Clara River and improved water quality is claimed. Water is diverted for agricultural use downstream. If the volume of wastewater released to the River is reduced, and that water is diverted

for irrigation, then a benefit may be lost which is not considered in the analysis. The analysis should have confirmed that downstream appropriators would not be harmed.

Benefits for Project 5 (\$0.67 M) are based on 20 acres and 6.2 AF per acre and 50% of saved water recoverable. This seems reasonable.

Economic Analysis – Water Quality and Other Expected Benefits

Only average levels of water quality and other expected benefits relative to costs can be realized through this proposal, as demonstrated by the analysis and supporting documentation. All of the projects claim water quality or other benefits. Total monetized water quality and other benefits are \$8.08 M. Most of these benefits (\$7.09 M) are claimed by the Project 3. These benefits are mostly due to avoided costs of the Alternate Water Resource Management (AWRM), being 2.8 percent of total ARWM costs. Castaic Lake Water Agency estimates that, by reducing the amount of wastewater effluent discharged to the Santa Clara River, the project will reduce total AWRM costs by 2.8 percent. 2.8 percent is the amount of project yield, 910 AF, divided by the 32,000 AF per year that must be treated by the AWRM. Possibly, the project would delay the AWRM instead.

Most of the remaining quantified benefit is provided by Project 4 (\$0.77 M). Benefits are based on an apportioned share of a larger facility. Water quality benefits of the trunk line relocation and Arundo/tamarisk removal are described.

Economic Analysis – Flood Damage Reduction

Only low levels of flood damage reduction benefits relative to costs can be realized through this proposal, as demonstrated by the analysis and supporting documentation. Of the five projects, only Project 5 claims flood damage reduction benefits. There are no monetized flood damage reduction benefits.

Program Preferences

The Proposal includes five projects that collectively will implement multiple Program Preferences including: Integrate regional projects or programs, Effectively integrate water management programs and projects within hydrologic region, Contribute to attainment of one or more of the objectives of the CALFED Bay-Delta Program, Effectively integrate water management with land use planning, Drought preparedness, Use and reuse water more efficiently, Climate change response actions, Expand environmental stewardship, Practice integrated flood management, Protect surface water and groundwater quality, Improve tribal water and natural resources, Ensure equitable distribution of benefits. The applicant adequately documents the magnitude and breadth of the Program Preferences to be met and demonstrates with a high degree of certainty that if implemented, the Proposal will meet claimed preferences. However, the proposal does not meet the preference for addressing a specific critical water supply or water quality need of a disadvantaged community.