

FOX CANYON GROUNDWATER MANAGEMENT AGENCY



MEMORANDUM

Date: August 1, 2022
To: Operations Committee
From: Kim Loeb, Groundwater Manager *KL*
Subject: Item E – Water Supply and Infrastructure Projects

Background

The FCGMA Board tasked the Operations Committee to develop recommendations for the criteria, guidelines, and policies for vetting, adding, and prioritizing projects to be considered for funding and implementation. The Committee met on May 2, 2022, to begin this process. The Committee reviewed FCGMA's past processes to select projects for inclusion in the Groundwater Sustainability Plans (GSPs). The Committee reviewed the process conducted by the Committee in 2018 including the criteria for project evaluation and the checklist used for submittal by project proponents. Additionally, the Committee reviewed Department of Water Resources' (DWR's) 2021 evaluation criteria for application of Round 1 Sustainable Groundwater Management (SGM) grant funds and the process by which these projects were selected. At the May 2nd meeting, the Committee said it wanted to review the previous GSP checklist in more detail and to revise it to include the DWR grant criteria.

Criteria, Guidelines, and Policies

Before beginning revision of the checklist, staff recommends the Committee first prepare recommendations to the Board for its adoption of criteria, guidelines, and policies that will be used to prioritize projects for funding and inclusion in future GSP amendments.

While grant funding is important and staff will continue to aggressively pursue grants, it will not be nearly enough funding to implement the hundreds of millions of dollars needed for projects currently under consideration. Much of this funding will need to be collected from pumpers through fees. Other agencies may be able to fund, or partially fund, projects as well. The amount of funding that can be collected through fees may not be enough to fund all desired projects. Additionally, some projects rely on each other, and other projects may be mutually exclusive. Prioritization of projects that provide the greatest benefits for the cost will help to assure the Agency' meets its fiduciary responsibilities.

In addition to the question of funding, inclusion of a project in the GSP is a commitment to stakeholders and the State that the project will be constructed and online by the 2040 SGMA deadline to bring the basins into sustainable groundwater management if the project is to be relied upon for the sustainable yield target. Failure to implement a project by 2040 likely will mean that the Agency will need to reduce extractions to achieve sustainable management until the project comes online. Prioritization of projects by likelihood of success will help to assure the Agency's stewardship responsibilities.

In light of the above discussion, staff recommends the Committee consider the following criteria for the project prioritization policies or guidelines that it recommends to the Board (not inclusive or in a particular order):

- Cost / benefit in acre-feet (AF) of increased sustainable yield or supplemental water produced, both capital cost and ongoing operations and maintenance (O&M) costs
- Likelihood of success versus uncertainty and risk
 - Whether and what level of environmental review (NEPA/CEQA) will be needed for the project. Whether that environmental review is complete.
 - What permits and regulatory approvals will be needed for the project's construction and ongoing operation. Whether those permits or approvals have been obtained.

- Stakeholder support for a given project and the fees necessary for its construction and operation
- Reliance on, or nexus to, other projects and the likelihood that those projects will be implemented
- Life expectancy of project
- Impacts or benefits to adjacent basins
- Effects on disadvantaged or under-represented communities
- Sufficiency of project documentation such as completed feasibility studies, engineering design, CEQA documentation, etc.

GSP Project Selection

At its May 2, 2022 meeting, the Committee also requested to continue reviewing the criteria used for to select projects for inclusion in the GSPs. For inclusion, projects needed to meet the checklist feasibility requirements in GSP Emergency Regulations Subarticle 5, which are summarized in the following list:

- Circumstances under which the project will be implemented (implementation trigger, if applicable)
- Description of public notice process
- Summary of permitting and regulatory requirements
- Status and implementation timetable
- Expectation and evaluation of benefits
- Explanation of how project will be accomplished (e.g., reliance on other jurisdictions)
- Legal authority
- Estimated cost and description of funding plan
- Uncertainty assessment

The criteria developed by the Operations Committee process in 2018 resulted in a project evaluation checklist for project proponents to submit. The checklist criteria included:

1. Sufficient project information is available for evaluation and modeling
2. Project increases sustainable yield, or reduces groundwater demand
3. Project implementation is planned within 20 years
4. Meets the GSP Emergency Regulations project criteria
5. There is a sponsoring agency for the project
6. Funding for the project is identified

The 2018 “GSP Project Evaluation Checklist” is attached as Item E-1.

Next Steps

Staff recommends the Committee direct staff to prepare draft policies and guidelines with criteria and processes, based on the Committee’s recommendations, for the evaluation of projects for FCGMA funding and inclusion in future GSP amendments for consideration at the next Committee meeting; schedule a future meeting for the Committee to review the draft policies and guidelines and discuss the preparation of its recommendation to the FCGMA Board; and provide any further direction to staff regarding next steps.

Attachments: Item E-1 – GSP Project Evaluation Checklist