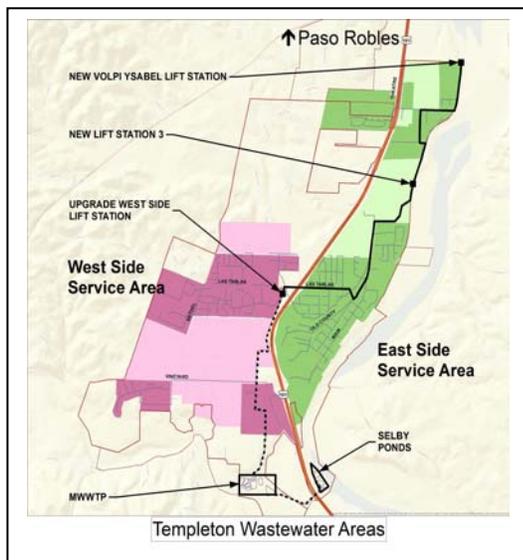


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## Upper Salinas River Basin Conjunctive Use Project (US-CUP) Overview and Update

**DATE:** November 30, 2016**FROM:** Bettina L. Mayer, PE, District Engineer

The Templeton Community Services District is actively developing a new, drought resistant water supply to meet seasonal and projected annual demands. The project, called the Upper Salinas River Basin Conjunctive Use Project (US-CUP) will capture existing wastewater flows that are currently being discharged outside of the Atascadero Basin, and return these east side area wastewater flows back to the Meadowbrook Wastewater Treatment Plant (MWWTP) for treatment, discharge and subsequent retrieval of water from District wells downstream. The US CUP is a drought responsive project that makes use of the natural processes of wastewater treatment and infiltration into the underflow of the Salinas River where it is later retrieved and distributed to water users. By off-setting the use of the basin's groundwater supply, the project will extend the supply and availability of the groundwater in dry years.



As shown on the map, the District wastewater service area is bisected by Highway 101 into two distinct wastewater areas. The west side area flows are treated at TCSD Meadowbrook Wastewater Treatment Plant (MWWTP) where it undergoes secondary treatment and is discharged into infiltration ponds, percolates into the underflow of the Salinas River and subsequently retrieved by TCSD wells downstream. However, the east side area flows are sent to the Paso Robles WWTP for treatment and disposal and are lost to the basin. **The US CUP facilities will redirect all of the wastewater generated in the east side area to the MWWTP, thereby increasing the supply by an additional 242 acre-feet per year (AFY).**

The District has long been planning this project. In 2008, the District expanded the MWWTP treatment facilities to 600,000 gpd and is ready to receive the additional wastewater flows from the East Side wastewater area captured with this project. The Upper Salinas River Basin

Conjunctive Use Project (US CUP) will complete the remaining construction components needed to deliver and utilize a new water supply that would otherwise be lost. The infrastructure improvements needed are the construction of two new lift stations and approximately 16,800 feet of sewer pipeline to capture and redirect East Side flows to the west side collection system. From there, additional upgrades needed to convey the flows to the MWWTP include upgrading the West side Lift Station, and finally upgrading the MWWTP headworks at the Meadowbrook Wastewater Treatment Plant (MWWTP). These project components are together named the Upper Salinas River Basin Water Conjunctive Use Project (US CUP).

The cost of the suite of projects is roughly \$8.2 Million dollars and the District is putting together financing to construct the capital improvements. The District funding plan includes proposition 84 grant funding, District self-financing, and either a Clean Water State Revolving Fund (CWSRF) or United States Department of Agriculture (USDA) loan for the balance.

## **Financing Update**

Integrated Regional Water Management (IRWM) Implementation Grant = \$2,956,796

- On August 7, 2015, the District submitted an application in coordination with the County, Oceano and San Simeon for IRWM Implementation Grant Funding.
- On January 13, 2016, we received the good news that the grant awards to the Central Coast Area were made at 75% of the grant application request. For the District this means the Prop 84 grant award amount is just under \$3M. Due to the decreased grant award, the District requested that the project scope also be reduced. The project scope was reduced by eliminating the tertiary treatment component of the project at this time. The County and Department of Water Resources (DWR) approved this reduction in scope. It is understood that this component may be necessary at a later time.
- On September 23, 2016, the San Luis Obispo County Flood Control and Water Conservation District (FCWCD) and the Department of Water Resources (State) entered into a grant agreement for funding under the IRWM program. The County has now provided mirrored agreements to each of the project sponsors and the District is reviewing the agreement including the tasks, deliverables, budget and schedule.

District Self-Financing = \$2,044,000

- In-Kind Services and Internal loan.

CWSRF or USDA Loan = \$3,173,000

Clean Water State Revolving Fund (CWSRF) Loan Application has been submitted and is complete, however due to a large backlog, it has not yet been reviewed.

United States Department of Agriculture (USDA) loan funding may be available up until mid 2017. Estimated time of review is 60 days after a complete application is received. This application has not been started. The District should consider applying for this loan early next year if no progress is being made on the CWSRF loan.

At this time, the proposition 84 grant funding and the District self-financing can be counted on. The District has completed an application to the CWSRF loan program for the balance, roughly \$3.2 M, however, the CWSRF financing program manager has indicated that it will be several

more months before the application will be reviewed, so funding, if available through this program, will not occur until midyear 2017 or later.

### **Schedule Update**

The project schedule created last January had the overall US CUP Project going out to bid in January 2017, contract award in April 2017, and overall project completion in late 2018. However, since the District does not yet have assurance that the CWSRF loan will be funded, the District will delay bidding the project. The schedule end date will remain the same, however the US CUP project start delay will impact the County's Main Street pavement project.

#### **Coordination with County Public Works**

Early this week, the District met with the County to discuss the impacts of the US CUP delay on the Main street project and possible actions the District and County could consider. There are three possible outcomes. First, that the County delay the Main Street Pavement Project until 2018. This would have the least impact on the District's Project and would allow for additional time to complete the funding process. Second, that the District consider entering into a reimbursement agreement with the County to add the segment of pipeline planned for the Main Street corridor to the County project. This option would incur additional costs in repackaging a segment of the overall project to fit into the County project and would introduce some additional complexity in coordinating the connection to the north and south pipeline segments. It would have the benefit of keeping the Main Street Pavement project on track for 2017. The third option is that the County move forward with the pavement project as scheduled in 2017 and that the District project be constructed later, cutting and repaving in the new section. For many reasons, the third option is the least desirable.

The County has requested that the District consider the options and has indicated that they may be able to enter into a reimbursement agreement whereby they would initially fund the project and seek reimbursement by the District after the Prop 84 funding becomes available.