



TECHNICAL MEMORANDUM

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SENT VIA: EMAIL

TO: Stanislaus Regional Water Authority Technical Advisory Committee

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SUBJECT: Methodology for Allocation of Surface Water Supply Project Costs

The purpose of this memorandum is to establish the methodology for allocating the project costs associated with the Stanislaus Regional Water Authority (SRWA) Surface Water Supply Project (Project). The current participants in Project cost sharing include the cities of Ceres and Turlock and, for SRWA/Turlock Irrigation District shared facilities (termed District Delivery Facilities to be consistent with the SRWA/TID Water Sales Agreement) only, TID is also a cost sharing participant.

The allocation of costs among the participants is dependent on the nature of the specific costs in question. In general, all anticipated Project costs fall into the following categories, each of which has an associated cost allocation percentage split:

- Administrative/Soft Costs
- Phase 1 Capacity Costs
- District Delivery Facilities Costs
- Ceres-Only Costs
- Turlock-Only Costs

The recommended cost allocation percentages associated with each of these categories are summarized in Table 1.

Table 1. Recommended Cost Allocation Percentages			
Category	Cost Allocation, percent		
	Ceres	Turlock	TID
Administrative/Soft Costs	50	50	0
Phase 1 Capacity Costs	33.3	66.7	0
District Delivery Facilities Costs	26.7	53.3	20
Ceres-Only Costs	100	0	0
Turlock-Only Costs	0	100	0

A detailed set of cost line items is presented in Attachment 1. The line items shown in Attachment 1 fall under the following headings:

- Program Management
- Finance/Funding
- Facilities Planning
- Permitting and Environmental Documentation
- Right-of-Way (ROW) Acquisition
- Infrastructure

The infrastructure category is further subdivided into facilities that will be constructed as part of this Project. Currently the procurement methods and packing of these facilities is being evaluated. The projects to be constructed are as follows:

- District Delivery Facilities
 - Wet Well Project
 - Intake//Raw Water Pump Station
 - Raw Water Pipeline
- Water Treatment Plant
- Ceres Finished Water Pipeline
- Turlock Finished Water Pipeline
- Ceres Local Improvements
- Turlock Local Improvements

ADMINISTRATIVE/SOFT COSTS

The majority of cost line items shown in Attachment 1 fall under the Administrative/Soft Costs category, all of which can be roughly summarized as follows:

- SRWA staff
- Management/communications/coordination/public outreach
- Engineering/technical assistance
- Permitting/environmental (associated with the regional facilities only)
- Water rights
- Funding (for non-Ceres & Turlock-specific funding opportunities)
- Legal/audits
- ROW acquisition (associated with the regional facilities only)

Generally speaking, the above listed activities are required regardless of the overall Project capacity and, therefore, it is recommended that these costs be shared equally between the two cities. TID would have no obligation to contribute to costs under this category.

PHASE 1 CAPACITY COSTS

The Phase 1 capacity will be 30 million gallons per day (mgd), as previously approved by the SRWA Board of Directors (Board). It is expected that Ceres will use one third of the capacity (10 mgd), Turlock will use two thirds (20 mgd), and TID will not use any of the capacity. As a result, the recommended allocation of cost percentages for the Phase 1 capacity costs is 33.3/66.7/0.0 for Ceres, Turlock and TID respectively. As indicated in Attachment 1, the only line item for which the shared Phase 1 allocation of costs applies is the construction of the Water Treatment Plant.

DISTRICT DELIVERY FACILITIES COSTS

According to the SRWA/TID Water Sales Agreement, TID will fund 20 percent of District Delivery Facilities costs. Consistent with the Phase 1 Capacity Cost allocation, it is recommended that the remainder of the costs be split at a 1-to-2 ratio between Ceres and Turlock. As a result, the recommended allocation of cost percentages for the District Delivery Facilities costs is 26.7/53.3/20.0 for Ceres, Turlock and TID respectively.

The shared District Delivery Facilities include the wet well project, the intake and raw water pump station, and the raw water pipeline, as indicated in Attachment 1. In addition to the direct infrastructure costs associated with these items, separate line items are identified for permitting, environmental documentation, and land and right-of way acquisition associated with District Delivery Facilities.

The SRWA Technical Advisory Committee and TID have identified the need to enter into future discussions about how and when payments will be made by each entity for District Delivery

Facilities costs. Following these discussions, this item will be brought to the Board for their input and subsequent action.

CERES-ONLY COSTS

It is proposed that Ceres cover 100 percent of the facilities that directly benefit only Ceres. These items include the Ceres finished water pipeline and the Ceres local improvements (including, but not limited to, the terminal reservoir, booster pump station, and distribution system piping), plus the ancillary costs associated with right-of-way acquisition and Ceres-specific funding opportunities.

TURLOCK-ONLY COSTS

It is proposed that Turlock cover 100 percent of the facilities that directly benefit only Turlock. These items include the Turlock finished water pipeline and the Turlock local improvements (including, but not limited to, the terminal reservoir, booster pump station, and distribution system piping), plus the ancillary costs associated with right-of-way acquisition and Turlock-specific funding opportunities.

ATTACHMENT 1

Cost Allocations by Task

Task Name	Project Partner		
	Turlock	Ceres	TID
Stanislaus Regional Water Authority Surface Water Supply Project Cost Allocations by Task			
Color Legend:			
		Administration/Soft Costs	
		Phase 1 Capacity Costs	
		District Delivery Facilities Costs	
		Ceres-Only Costs	
		Turlock-Only Costs	
Program Management			
General Manager Selection	50.0%	50.0%	0.0%
Discussions with Potential Project Partners	50.0%	50.0%	0.0%
Public Outreach	50.0%	50.0%	0.0%
General Management/Administration			
Program Management	50.0%	50.0%	0.0%
SRWA Board Meetings	50.0%	50.0%	0.0%
SRWA Staff: Treasurer/Accounting	50.0%	50.0%	0.0%
SRWA Staff: General Manager	50.0%	50.0%	0.0%
SRWA Staff: Secretary	50.0%	50.0%	0.0%
SRWA Staff: General Counsel	50.0%	50.0%	0.0%
SRWA Staff: TAC - City of Turlock ^(d)	100.0%	0.0%	0.0%
SRWA Staff: TAC - City of Ceres ^(d)	0.0%	100.0%	0.0%
Specialty Legal Counsel	50.0%	50.0%	0.0%
Gov Relations and Public Affairs Consultant	50.0%	50.0%	0.0%
SRWA Audits	50.0%	50.0%	0.0%
Incidental Costs	50.0%	50.0%	0.0%
Finance/Funding			
Funding Strategy	50.0%	50.0%	0.0%
Preliminary Financial Evaluation of Impact to Existing Rates	50.0%	50.0%	0.0%
Grant Funding	50.0%	50.0%	0.0%
State Revolving Fund Loans	50.0%	50.0%	0.0%
Funding Opportunities - Turlock Facilities	100.0%	0.0%	0.0%
Funding Opportunities - Ceres Facilities	0.0%	100.0%	0.0%
Prop 218 Support	50.0%	50.0%	0.0%
Facilities Planning			
Review Previous Work	50.0%	50.0%	0.0%
Demand and Supply Analysis	50.0%	50.0%	0.0%
Water Quality and Infiltration Gallery Evaluation	50.0%	50.0%	0.0%
TID's Water Right Modifications	50.0%	50.0%	0.0%
Alignment Study	50.0%	50.0%	0.0%
Hydraulic Analysis	50.0%	50.0%	0.0%
Treatment Process Evaluation	50.0%	50.0%	0.0%
Project Delivery Evaluation	50.0%	50.0%	0.0%
Schedule Development	50.0%	50.0%	0.0%
Cost Estimates and Cost Allocations	50.0%	50.0%	0.0%
Project Definition TM	50.0%	50.0%	0.0%
Permitting and Environmental Documentation			
CEQA/NEPA - Regional Facilities	50.0%	50.0%	0.0%
404 Permit and Other Environmental Permits - Regional Facilities	50.0%	50.0%	0.0%
EIR Technical Assistance - Regional Facilities	50.0%	50.0%	0.0%
Permit Fees - Regional Facilities	50.0%	50.0%	0.0%
Identification of Required Regulatory Permits - Regional Facilities	50.0%	50.0%	0.0%
CEQA/NEPA - District Delivery Facilities	53.3%	26.7%	20.0%
404 Permit and Other Environmental Permits - District Delivery Facilities	53.3%	26.7%	20.0%
Permit Fees - District Delivery Facilities	53.3%	26.7%	20.0%
Identification of Required Regulatory Permits - District Delivery Facilities	53.3%	26.7%	20.0%
Utility Coordination	50.0%	50.0%	0.0%

Stanislaus Regional Water Authority Surface Water Supply Project Cost Allocations by Task		Color Legend:		
		Administration/Soft Costs	Phase 1 Capacity Costs	District Delivery Facilities Costs
Task Name	Project Partner			
	Turlock	Ceres	TID	
ROW Acquisition				
Plats and Legals - District Delivery Facilities	53.3%	26.7%	20.0%	
Plats and Legals - Regional Facilities	50.0%	50.0%	0.0%	
Plats and Legals - Turlock Facilities	100.0%	0.0%	0.0%	
Plats and Legals - Ceres Facilities	0.0%	100.0%	0.0%	
Appraisals - District Delivery Facilities	53.3%	26.7%	20.0%	
Appraisals - Regional Facilities	50.0%	50.0%	0.0%	
Appraisals - Turlock Facilities	100.0%	0.0%	0.0%	
Appraisals - Ceres Facilities	0.0%	100.0%	0.0%	
Negotiations - District Delivery Facilities	53.3%	26.7%	20.0%	
Negotiations - Regional Facilities	50.0%	50.0%	0.0%	
Negotiations - Turlock Facilities	100.0%	0.0%	0.0%	
Negotiations - Ceres Facilities	0.0%	100.0%	0.0%	
Eminent Domain ^(a) - District Delivery Facilities	53.3%	26.7%	20.0%	
Eminent Domain ^(a) - Regional Facilities	50.0%	50.0%	0.0%	
Eminent Domain ^(a) - Turlock Facilities	100.0%	0.0%	0.0%	
Eminent Domain ^(a) - Ceres Facilities	0.0%	100.0%	0.0%	
Land/Easement Purchase - District Delivery Facilities	53.3%	26.7%	20.0%	
Land/Easement Purchase - Regional Facilities	50.0%	50.0%	0.0%	
Land/Easement Purchase - Turlock Facilities	100.0%	0.0%	0.0%	
Land/Easement Purchase - Ceres Facilities	0.0%	100.0%	0.0%	
Infrastructure				
Wet Well Project ^(b)	53.3%	26.7%	20.0%	
Intake/Raw Water Pump Station ^(b,c)	53.3%	26.7%	20.0%	
Raw Water Pipeline ^(b,c)	53.3%	26.7%	20.0%	
Water Treatment Plant ^(b,c)	66.7%	33.3%	0.0%	
Ceres Finished Water Pipeline ^(b,c)	0.0%	100.0%	0.0%	
Turlock Finished Water Pipeline ^(b,c)	100.0%	0.0%	0.0%	
Ceres Local Improvements ^(b)	0.0%	100.0%	0.0%	
Turlock Local Improvements ^(b)	100.0%	0.0%	0.0%	
^(a) Only if needed. ^(b) Includes but is not limited to the following activities: predesign, procurement document development, geotechnical investigations, design, permitting fees, environmental mitigation costs, construction, project close-out, engineering services during construction, contract oversight, and construction management. ^(c) Facilities may be combined into one or more larger projects. Project procurement method may affect project packaging decisions and is still under investigation. ^(d) In-kind services are currently being provided by staff from the cities of Ceres and Turlock until SRWA staff is hired.				