

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

June 29, 1993

To: Board of Directors (Water Problems Committee--Information)
From: General Manager
Subject: Status Report on the All American Canal and Coachella Canal Lining Projects

Report

Public Law 100-675 (P.L. 100-675) authorized the Secretary of the Interior (Secretary) to construct a new lined canal or to line the previously unlined portions of a 30 mile reach of the All American Canal, and a 35 mile reach of the Coachella Canal. The conserved water would be made available to Palo Verde Irrigation District, Imperial Irrigation District (Imperial), Coachella Valley Water District (Coachella), and/or Metropolitan (California Contractors) in accordance with the priorities contained in their water delivery contracts with the Secretary.

No federal funds are to be appropriated for the funding of the two projects. Subject to the completion of the environmental documentation, negotiation of a design and construction-funding agreement, and approval of your Board, Metropolitan has expressed an interest in funding the projects. This is with the understanding that it would either receive the conserved water or, as required by P.L. 100-675, be reimbursed by the other California Contractors who use the water. Current estimates indicate that up to 100,000 acre-feet per year could be conserved at a capital cost of \$173 million (escalated dollars), with a combined equivalent annual cost of \$140 per acre-foot.

All American Canal Lining Project

The U.S. Bureau of Reclamation (Reclamation), Imperial, Coachella, and Metropolitan combined resources to produce the draft All American Canal Lining Project (Project) Environmental Impact Statement/Environmental Impact Report (EIS/EIR), which was released on July 9, 1991 with the public comment period closing on September 20, 1991. The preferred alternative for lining the All American

Canal is to construct a parallel concrete lined canal from Pilot Knob to Drop 3 which would conserve an estimated 67,700 acre-feet per year at a cost of \$110 million (escalated dollars). The bases for choosing a parallel-lined canal include: cost effectiveness, timeframe for construction, post-project seepage and evaporation, reliability, and redundancy.

The Draft EIS/EIR included project mitigation proposed by an interagency Biological Work Group (Work Group) composed of the U.S. Fish and Wildlife Service, U.S. Bureau of Land Management, California Department of Fish and Game, Reclamation, Imperial, Coachella, and Metropolitan. Project mitigation would consist of installation of artificial reefs to maintain shoreline fish populations, creation of 44 acres of wetland habitat and redistribution of seeds from special status plant species that would be dislocated by the Project. Restoration of public lands and/or purchase of private lands to be managed for the benefit of the flat-tailed horned lizard, which is expected to be federally listed as endangered in the near future, would also be included. Mitigation as proposed in the Draft EIS/EIR was estimated to cost \$500,000, however, issues regarding the extent of flat-tailed horned lizard habitat and effects to habitat along the lower Colorado River due to the reduced releases from Parker Dam have recently arisen. As a result mitigation costs may increase on the order of \$1,000,000.

Under an advance funding agreement among Reclamation, Imperial, and Metropolitan, Reclamation is completing the Final EIS/EIR and originally estimated that a Secretarial Record of Decision could be reached in September 1993. This date has been revised by Reclamation to October 1993. Major reasons for the delay cited by Reclamation were the need to address concerns raised about the content of the Draft EIS/EIR by the resource agencies, the need to renegotiate mitigation measures, and the need to modify the document to reflect policy concerns raised by Reclamation. Water could be made available to Metropolitan within four years of a Record of Decision assuming the timely execution of a construction-funding agreement with the United States.

In January 1990, Imperial informed Reclamation that it intends to become the sole participating contractor for the Project. In an April 6, 1993 letter, Reclamation noted its concern over Imperial's lack of progress in producing a viable plan for funding implementation of the

Project since passage of P.L. 100-675. As such, Reclamation has requested that Imperial provide a firm schedule for implementing the Project no later than the end of June 1993. Reclamation indicated that if real progress does not occur under a firm schedule, it may find it necessary to serve notice to Imperial that the Federal Government will proceed with the Project under an agreement with Metropolitan or another California Contractor.

Metropolitan has been discussing with Imperial the circumstances under which Imperial would withdraw its option to become the sole Participating Contractor for the Project. Metropolitan's staff was at an impasse with Imperial in late 1992 regarding this matter. As such, Metropolitan encouraged Reclamation to negotiate with Imperial and execute the construction-funding agreement necessary to implement the Project. In order to avoid needless delay, Metropolitan staff has proposed to Reclamation that Imperial and Metropolitan each advance \$13,500 in funds to begin preconstruction activities so that such activities could proceed in the interim. Metropolitan staff has also indicated to Imperial and Reclamation that they would pursue a parallel course and continue their discussions with Imperial.

On May 11, 1993, Imperial's Chief Legal Counsel presented Imperial's Board of Directors with a tentative draft Agreement Related to the Lining of the All American Canal (Agreement) negotiated with Metropolitan. The Agreement provides Imperial with certain guarantees and assurances as required in P.L. 100-675 in return for withdrawal of its option to become the sole Participating Contractor and allows Metropolitan to fund and Imperial to construct the Project. However, during the June 8, 1993 meeting of Imperial's Board of Directors, it was decided on a 3-2 vote that more information was needed on alternatives, including but not limited to Imperial funding construction of a well field along the All American Canal, before it could consider the Agreement. As such, Imperial's Chief Legal Counsel was directed to contact a consultant to prepare a study of alternatives. A motion was made for approval of the Agreement, but it died for lack of a second. On June 18, 1993, Imperial's Board approved the hiring of Rodney Smith, editor of the Water Strategist and Water Intelligence Monthly newsletters, to prepare a study of alternatives.

Coachella Canal Lining Project

The preferred alternative for the Coachella Canal Lining Project (Project) is to construct a lined canal in

the existing cross section while bypassing the canal flow through temporary pipelines. The bases for choosing to construct the canal in the existing cross section include: cost effectiveness, timeframe for construction, post-project seepage and evaporation, and minimal permanent land disturbance. Up to 30,000 acre-feet per year could be conserved by constructing this project at a cost of about \$63 million (escalated dollars). Metropolitan has informed Coachella of its interest in funding the more cost effective reaches and is awaiting Coachella's response to a proposal for Coachella to provide a portion of the funding for the Project.

Project mitigation proposed by the Work Group consists primarily of maintaining and creating wetlands equivalent to the existing wetland values that are currently supported by canal seepage. Wetland mitigation would be performed entirely within the Bureau of Land Management's Dos Palmas/Salt Creek Area of Critical Environmental Concern adjacent to the Coachella Canal. Project mitigation is at the present time estimated to cost \$5.5 million, or 10 percent of the total project costs. If an alternative mitigation water supply cannot be found, the conserved water yield may be reduced by as much as 5,000 acre-feet per year.

Under an advance funding agreement among Reclamation, Coachella, and Metropolitan, Reclamation is preparing the environmental documentation for the Project. Reclamation originally estimated release of the Draft EIS/EIR in March 1993 and issuance of a Secretarial Record of Decision in September 1993. These dates have been revised by Reclamation recently to September 1993 and February 1994, respectively. According to Reclamation, several factors have contributed to the delay including the time required for the Work Group to develop a concise mitigation plan, consideration and revision of the Draft EIS/EIR format, and a more rigorous than expected quality control process. As a result of the delay, Reclamation is projecting that an additional \$35,800 in excess of the \$140,000 provided by the existing advance funding agreement will be needed to reach a Record of Decision. Assuming a February 1994 Record of Decision, water could be available to Metropolitan beginning in 1995 with timely execution of a construction-funding agreement with the United States.

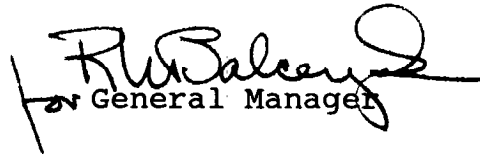
Board Committee Assignment

This letter is referred for information to the Water Problems Committee because of its authority to study,

advise, and make recommendations on the policies, sources, and means of importing water required by Metropolitan pursuant to Administrative Code Section 2481(a).

Recommendation

For information only.


for General Manager

JLS:bvf