**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

June 25, 1993

To: Board of Directors (Engineering and Operations Committee--Action)
 (Finance and Insurance Committee--Action)
 (Land Committee--Information)

From: General Manager

Subject: Appropriation No. 664 for \$975,000 to Finance the Cost of
 Preliminary Acquisition and Environmental Studies for Land
 Adjacent to the Diemer Filtration Plant

Report

Shell Western E&P, Inc. (Shell), is in the process of converting 875 acres of land they own adjacent to and in the immediate vicinity of the Diemer Filtration Plant to residential development. The Diemer site has limited developable areas available for the addition of future facilities that may be required by future regulations. The Diemer site also contains areas of sensitive coastal sage scrub vegetation (habitat for the California gnatcatcher) and other habitats that support additional sensitive species, which also restricts Metropolitan's ability to use the existing site for facility and operations needs. Residential development adjacent to the Diemer site would further restrict Metropolitan's ability to eventually expand the site as may be necessary to accommodate future facility and operational needs.

Metropolitan has been closely coordinating with Shell to ensure that the proposed residential development will have minimal impact on Metropolitan's operations and will not restrict the ability for site expansion.

Several potential facility needs have been identified and are described in Attachment 1. These facilities may be needed due to future water quality regulations. Based on these facilities, staff has conducted a preliminary evaluation of the Diemer plant's future site and operation needs and has identified that the following lands may be desirable for site expansion:

22± acres owned by Shell west of the site, to accommodate future plant process and support facilities;

33± acres owned by the State of California (Chino Hills State Park) east of the site to accommodate a second treated water reservoir or other facility needs; and

Areas owned by the State northwest of the site, to accommodate expansion of solids drying lagoons.

The Diemer site and the potential areas for its expansion are shown in Figure 1. It is requested that \$975,000 be appropriated to prepare land acquisition and environmental studies in advance of potential land purchases or exchanges. Acquisition of lands adjacent to the Diemer site will enable Metropolitan to meet future regulations.

The right-of-way studies would include surveying, mineral research, title reports, appraisal, negotiation, and a hazard material study. Environmental studies would address biological, cultural, and paleontological resources and land use considerations as appropriate to address any concerns with land purchase or exchange with Shell or the State.

There is an urgent need to proceed with this project for the following reasons:

a. A portion of the residential development Shell is proposing is located immediately adjacent and overlooking the Diemer facility. Metropolitan's acquisition of this site is essential for future plant expansion and to prevent conflict between the proposed residential development and Diemer operations.

b. Shell is developing a multi-species plan for the management of endangered and threatened species on lands surrounding and abutting Metropolitan's Diemer facility. This plan is being prepared with the U.S. Fish and Wildlife Service and the California Department of Fish and Game. The presence of these species around the Diemer facility is a threat to Metropolitan's operations unless Metropolitan is included as a party to the plan and receives guarantees that operations will not be interrupted. Metropolitan can also obtain mitigation credits for any expansion of the Diemer facility.

c. Shell owns additional lands northerly of the Chino Hills State Park. It is selling some of these lands to the California Department of Parks and Recreation. The remainder thereof, Shell is giving State Parks an option to purchase. Metropolitan could purchase some of the optioned property to exchange with State Parks

for State Parks' property needed for Diemer expansion. Without the Shell property, Metropolitan would have to initiate separate negotiations with State Parks which would be time consuming and face an uncertain chances of success.

d. Shell is preparing environmental documents for the accomplishment of the foregoing matters. Metropolitan could join in this process and include Metropolitan's proposed activities. This should result in a monetary savings and an expedited procedure.

Action requested by this letter is exempt from the provisions of California Environmental Quality Act (CEQA), because it involves feasibility, right-of-way, and planning studies for possible future actions which your Board has not yet approved. Preparation of CEQA documentation will be necessary for your Board to act on any future recommendation to purchase or exchange lands. When land appraisals are complete, proposed environmental compliance and other steps required for acquisition will be presented for consideration by your Board.

Board Committee Assignments

This letter is referred to:

The Engineering and Operations committee for action because of its jurisdiction over the operation, protection, and maintenance of the plants and facilities required for the storage and treatment of water pursuant to Administrative Code Section 2430(c);

The Finance and Insurance for action because of its jurisdiction over the authorization of appropriations pursuant to Administrative Code Section 2441(d); and

The Land Committee for information because of its jurisdiction over the proceedings relating to purchase or sale of land pursuant to Administrative Code Section 2451(g).

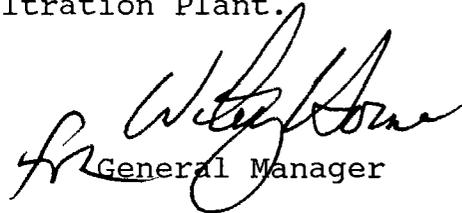
Recommendations

ENGINEERING AND OPERATIONS COMMITTEE FOR ACTION

It is recommended that the General Manager be authorized to have all work performed, other than consultant agreements over \$250,000, to prepare right-of-way acquisition and environmental studies for lands adjacent to the Diemer Filtration Plant.

FINANCE AND INSURANCE COMMITTEE FOR ACTION

It is recommended that the Board authorize Appropriation No. 664 for \$975,000, as shown in Table 1, from the 1992 Revenue Bond Construction Fund, or other construction funds, as available, to prepare right-of-way acquisition and environmental studies for lands adjacent to the Diemer Filtration Plant.


General Manager

PLJ/dgs-wlb
S:Board/DIEMER

Attachments

POTENTIAL FACILITY NEEDS

The following potential facility needs were identified by staff:

Solids Handling Facilities

Water treatment residuals are currently dried in lagoons. Increasingly stringent regulatory requirements may increase the volume of solids that must be dried in the lagoons. In addition, during wet weather, the existing lagoons are overloaded. Shell and State lands to the northwest may be desired for additional solids drying lagoons.

Ozone Retrofit

Planned federal regulations may result in Metropolitan using ozone in lieu of chlorine for initial disinfection. This process will require the construction of the following facilities at Diemer: ozone contact basins; an oxygen separation plant; ozone generation building; new chemical storage tank farms (sulfuric acid and hydrogen peroxide); additional existing chemical tank farm storage capacity; and relocation of the existing maintenance and warehouse facility. Shell land contiguous with Metropolitan land, to the west of the Diemer site, is an ideal site to accommodate these new and relocated facilities.

Water Storage to Increase Chemical Contact Time

The existing finished water reservoir provides about an hour of final disinfection contact time if the reservoir is full. MWD's criteria is to provide two hours so that a portion of the reservoir can be used as regulatory storage.

Mitigation Lands

Metropolitan-owned land contains suitable habitat for some State and Federally listed species of plants and animals. Purchase of similarly characterized lands would allow for mitigation of any future expansion activities both on-site and off-site at the Diemer Plant.

Table 1

REQUESTED APPROPRIATION FOR THE
DIEMER LANDS ACQUISITION STUDY
APPROPRIATION No. 664

<u>Cost Requirement</u>	<u>Requested Appropriation</u>
Right-of-Way Investigations	690,000
Environmental Studies	185,000
Metropolitan Staff (labor, additives, overhead, and miscellaneous)	100,000
Total	\$975,000

SCHEMATIC OF POSSIBLE LAND PURCHASES AT THE DIEMER PLANT

FIGURE 1

