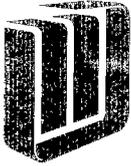


JUN 14 1994

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**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

EXECUTIVE SECRETARY

Handwritten signature of Karen E. Deff, Executive Secretary.

May 25, 1994

To: Board of Directors (Water Problems Committee--Information)

From: General Manager

Subject: San Gabriel Basin Conjunctive-Use Project Update

Report

In April, staff received a request from the San Gabriel Basin Water Quality Authority (WQA) that Metropolitan determine its preference between two alternatives: (1) San Gabriel Basin Conjunctive-Use Project or (2) the WQA's Consensus Approach for a remedial project in the Baldwin Park Operable Unit (BPOU). The BPOU is an area designated by the U.S. Environmental Protection Agency (EPA) as a Superfund site that requires treatment to remove and contain migration of volatile organic compounds (VOCs) in the groundwater underlying the cities of Baldwin Park, Irwindale, and Azusa.

Alternative 1, Metropolitan's proposed conjunctive-use project, would extract contaminated groundwater from the San Gabriel Basin (Basin), treat the water at a centralized plant to remove VOCs, and then export it from the Basin via Metropolitan's Middle Feeder for use as a potable supply within Metropolitan's service area. Metropolitan would deliver imported water to the Basin to offset export of extracted water.

Alternative 2, WQA's Consensus Approach, would reduce Metropolitan's role to financial support through the Groundwater Recovery Program (GRP). Staff is evaluating the WQA request and is recommending support of the WQA proposed consensus approach.

This letter describes the WQA's Consensus Approach, the reasons to support it, the EPA's Record of Decision, the Main San Gabriel Basin Watermaster's (Watermaster) negotiations, and the U.S. Bureau of Reclamation (Bureau) funding.

Water Quality Authority Consensus Approach

The WQA believes it has forged a consensus among the stakeholders for cleaning up the Basin, reducing impacts on the local economy, and assuring a safe water supply. It proposes to be the lead agency for a water supply/cleanup project (Project) that would be similar to Metropolitan's conjunctive-use project and would meet EPA's objectives for the Baldwin Park Operable Unit. The Project, like Metropolitan's, would extract and treat 19,500 gallons per minute from three areas of contamination. Unlike Metropolitan's, the treated water would be delivered only to local water purveyors in the Three Valleys Municipal Water District's (Three Valleys) service area, offsetting their imported water demands on Metropolitan.

The Project financing would come from the WQA, the EPA, the Bureau, and Metropolitan. Funding for the cleanup portion of the Project would come from either the parties that are responsible for the contamination or the Superfund Trust Account. Metropolitan staff will negotiate with the EPA, the WQA, and the responsible parties (RP) to assure that the RP's cost is fair and equitable. The Project would increase the use of storage in the Main San Gabriel Basin by in-lieu or other methods. It would thus be eligible for funding from the Bureau.

The financial contribution from these other parties would determine the amount of the incentive payment provided through the GRP. Staff has coordinated the basic requirements for participation in the GRP with the WQA, Upper San Gabriel Valley Municipal Water District (Upper District), and Three Valleys.

There are several reasons to support the WQA consensus approach:

1. Negotiations with the Watermaster for storage and export of water from the Basin by Metropolitan have not been successful. This is primarily due to the local belief that Metropolitan should pay for storage. Staff believes such unused storage is a public resource and such payment would comprise a gift of public funds. Furthermore, concerns regarding loss of local control and liability issues make it clear the Consensus Approach

has a greater chance of success. Since the WQA Project would be kept under local control, it should be more successful in reaching an agreement with the Watermaster for a storage agreement.

2. The Superfund transactional burdens and liability exposure for Metropolitan would be reduced.
3. The conjunctive use advantages are significant and represent a positive step toward facilitating interconnection between the Basin and Metropolitan.
4. The Project would be able to utilize results of the conjunctive-use studies developed by Metropolitan.

Environmental Protection Agency

The Record of Decision (ROD) for the BPOU was signed by the EPA Region IX Administrator on March 31, 1994. This decision document presents the selected remedial action based on the options described in EPA's 1993 Proposed Plan. The selected remedy includes extracting 19,000 gallons per minute of contaminated groundwater at the downgradient end of two broad subareas of contamination. The facilities needed to remove the contaminants include treatment plants, pipelines, pump stations, and other conveyance facilities for the delivery of treated water to one or more users. EPA's stated preference in the ROD is that treated water would be supplied to one or more water purveyors including Metropolitan.

EPA intends to negotiate with the San Gabriel Valley property owners and businesses responsible for the contamination to secure funding for the selected project. Negotiations are anticipated to last four months. Design and construction will begin after negotiations are completed.

Watermaster Negotiations

Staff has notified the Watermaster of Metropolitan's support of the WQA Consensus Approach and has suspended negotiations for a conjunctive use agreement. Since the GRP requires that the Project sustain

production during a three-year shortage period without receiving replenishment service from Metropolitan, the WQA Project may require a drought storage agreement with the Watermaster. Staff will therefore work with Three Valleys, Upper District, Watermaster, and other agencies in this regard.

Bureau of Reclamation Funding

Staff is preparing an agreement with the Bureau to encumber funds appropriated in the Bureau's 1993-94 budget. The authorizing legislation, Section 1614 of Public Law 102-575, allows the Bureau to participate with Metropolitan and the WQA in funding up to 25 percent of the Project. To date, Metropolitan has invested approximately \$2 million in the development of a conjunctive-use project. The proposed agreement with the Bureau would reimburse up to \$500,000 to Metropolitan.

Board Committee Assignment

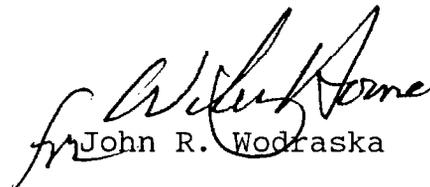
This letter is referred for information to:

The Water Problems Committee pursuant to Sections 2481(d) and (i) of Metropolitan's Administrative Code granting it authority regarding policies dealing with the sale and delivery of water for various uses, and underground storage of water and the use thereof.

Recommendation

For information only.

TH:hah


for John R. Wodraska