

APPROVED
By the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

EXECUTIVE SECRETARY

June 22, 1994

(Finance and Insurance Committee--Action)
To: Board of Directors (Water Problems Committee--Action)
From: General Manager
Subject: Creation of Appropriation No. 687 and Authorization for
All American Canal Lining Project Expenditures

Report

In July 1992, your Board approved Appropriation No. 647 in the amount of \$186,000 to fund in advance the U.S. Bureau of Reclamation's (Reclamation) costs for completing the environmental documentation for the All American Canal and Coachella Canal lining projects. In September 1993, your Board authorized the General Manager to enter into a contract with Reclamation and the Imperial Irrigation District (Imperial) to initiate preliminary All American Canal Lining Project work (Pre-construction Contract) and approved a \$15,000 increase in Appropriation No. 647 to initially fund that work. The Pre-construction Contract was executed on October 1, 1993. Attachment 1 provides background information on the All American Canal Lining Project and Coachella Canal Lining Project.

Pursuant to an advance funding agreement with Reclamation, Metropolitan and Imperial have each provided \$60,000 to Reclamation for the completion of the environmental documentation and the Record of Decision for the All American Canal Lining Project. In completing this work Reclamation has now estimated that it will incur additional expenses beyond the amount previously estimated. Staff has reviewed Reclamation's cost reports and queried Reclamation's Project Management Team member as to the validity of the expenses incurred. As a result of these queries Reclamation has agreed to delete some 600 man-hours charged to the advance funding agreement and is requesting that Imperial and Metropolitan each advance \$25,000 to reach a Record of Decision.

The All American Canal Lining Coordinating Committee established by the Pre-construction Contract has met five times and has made significant progress in establishing the process by which Project activities would proceed upon execution of a construction and funding contract. Resolution regarding the length of the construction and funding contract term and the

Secretary of the Interior's obligation to arrange for a supplemental water supply for the San Luis Rey Indian Water Rights Settlement (Title I of Public Law 100-675) has delayed the commencement of negotiations on a construction and funding contract. It may be necessary for Metropolitan and Imperial to each advance as much as an additional \$25,000 to fund potential additional Reclamation expenses involved in preparation of the construction and funding contract and continued preliminary activities that would have otherwise been funded through a construction and funding contract had there not been a delay.

To more efficiently account for Metropolitan expenditures for the All American Canal and Coachella Canal lining projects, it would be useful to create a new separate appropriation to which only All American Canal Lining Project expenditures would be charged. Existing Appropriation No. 647 would remain solely for Coachella Canal Lining Project expenditures. It is recommended that the new appropriation include the \$50,000 for completion of environmental documentation and continuing preliminary activities for the All American Canal Lining Project, as discussed above. In addition, Planning Division (Environmental Planning Branch) expenditures included in the Capital Program Budget in fiscal year 1994-95 total approximately \$65,000 for the All American Canal Lining Project and \$66,000 for the Coachella Canal Lining Project. These funds will be used to 1) coordinate preparation of a mitigation agreement with resource agencies and review implementation of mitigation activities for the All American Canal Lining Project, and 2) review of the environmental documentation and mitigation planning for the Coachella Canal Lining Project. Thus, to provide for projected expenditures for the All American Canal Lining Project and to include the transfer of \$75,000 of funds previously advanced under Appropriation No. 647, a new appropriation of \$190,000 would be necessary. Table 1 provides a summary of past and proposed capital expenditures.

Regarding Appropriation No. 647, when previous All American Canal Lining Project expenditures are deducted and projected Planning Division expenditures for the Coachella Canal Lining Project are added, the revised amount would be \$192,000, leaving \$9,000 as a contingency as shown in Table 1.

Board Committee Assignments

This letter is referred for action to:

The Finance and Insurance Committee because of its authority to study, advise, and make recommendations on disposition and appropriation of funds pursuant to Administrative Code Sections 2441(c) and (d); and

The Water Problems Committee because of its authority to study, advise, and make recommendations on policies, sources, and means of importing water required by Metropolitan pursuant to Administrative Code Section 2481(a).

Recommendation

FINANCE AND INSURANCE, AND WATER PROBLEMS COMMITTEES FOR ACTION.

That the Board authorize the appropriation of \$190,000 from the General Fund to fund Metropolitan's share of environmental documentation costs, projected Planning Division (Environmental Planning Branch) expenditures, and continuing preliminary activities related to the All American Canal Lining Project. This appropriation will be designated No. 687.

John R. Wodraska
General Manager

By: Debra C. Man
Debra C. Man
Chief of Planning/Resources

Concur:

John R. Wodraska
John R. Wodraska
General Manager

JLS:arb

Attachments

TABLE 1

Preliminary Work for
Lining All American Canal and Coachella Canal
 (dollars)

(Appropriation Nos. 647 and 687 [Proposed])

All American Canal

Environmental Impact Statement/ Environmental Impact Report (EIS/EIR) for All American Canal Lining Project (Advance Funding Agreement)	\$ 60,000
Preliminary All American Canal Lining Project Work (Pre-Construction Contract)	15,000
Subtotal	\$ 75,000*
Additional EIS/EIR Work for All American Canal Lining Project	\$ 25,000
Additional Preliminary All American Canal Lining Project Work	25,000
Planning Division Work on Environmental Mitigation Activities	65,000
Total (Proposed Appropriation No. 687)	\$190,000

Coachella Canal

EIS/EIR for Coachella Canal Lining Project (Advance Funding Agreement)	\$126,000*
Planning Division Work on Environmental Activities	66,000
Subtotal	\$192,000
Contingency	9,000
Total (Appropriation No. 647)	\$201,000

*Current Appropriation No. 647--\$201,000 (\$75,000 + \$126,000)

Attachment 1**Background on All American
and Coachella Canal Lining Projects**

Public Law 100-675 authorized the Secretary of the Interior (Secretary) to construct a new lined canal or to line the previously unlined portions of the All American Canal from the vicinity of Pilot Knob to Drop 4 and the Coachella Canal from Siphon 7 to Siphon 32. The conserved water would be made available to Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley Water District, and/or Metropolitan (collectively, the California Contractors) in accordance with the priorities contained in their water delivery contracts with the Secretary.

The availability of the Final All American Canal Lining Project Environmental Impact Statement/Environmental Impact Report (Final EIS/EIR) was announced by the U.S. Bureau of Reclamation (Reclamation) in the April 19, 1994 Federal Register. The public comment period ended May 19 during which only one comment letter was received. The letter, from the U.S. Environmental Protection Agency, commended Reclamation on the information provided in the Final EIS/EIR and suggested minor clarifications that Reclamation intends to include in its Record of Decision.

The preferred alternative is to construct a 23-mile parallel concrete-lined canal from Pilot Knob to Drop 3 which would conserve an estimated 67,700 acre-feet of Colorado River water annually at an estimated capital cost of \$118 million (escalated dollars). Table A lists estimated All American Canal Lining Project construction, mitigation, and other related costs. The unit cost of the water conserved is projected to be approximately \$140 per acre-foot over a 55-year period based on an 8 percent interest rate.

The Draft Coachella Canal Lining Project Environmental Impact Statement/Environmental Impact Report (Draft EIS/EIR) was made available for public review by Reclamation on January 11, 1994. The public comment period ended on March 15. Reclamation is now in the process of responding to comments received. By lining the 33.2 miles of earthen sections of the Coachella Canal from Siphon 7 to Siphon 32, approximately 31,000 acre-feet of Colorado River water would be conserved annually. If an alternative mitigation water supply, for example groundwater from public lands, cannot be utilized to maintain existing and revegetated wetland habitat, and live stream conditions for the federally endangered desert pupfish, as much as 5,180 acre-feet

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per year would need to be diverted from the Coachella Canal for these purposes. Thus, Reclamation estimates that the net amount of water that could be made available by the Coachella Canal Lining Project is approximately 25,700 acre-feet per year. The preferred alternative identified in the Draft EIS/EIR is Conventional Lining and consists of constructing a lined canal in the existing cross section while bypassing the canal flow through temporary pipelines. Table B lists estimated Coachella Canal Lining Project construction, mitigation, and other related costs. The unit cost of the water to be made available (25,700 acre-feet per year) is projected to be approximately \$215 per acre-foot over a 55-year period based on an 8 percent interest rate.

No federal funds are to be appropriated for the All American and Coachella Canal Lining Projects as funding is to be provided by those California Contractors choosing to participate. Subject to the completion of the environmental documentation, negotiation of construction and funding contracts, and approval of your Board, Metropolitan has expressed an interest in funding the projects with the understanding that it would receive the conserved water. Or, as required by Public Law 100-675, Metropolitan would be reimbursed by the other California Contractors who use the water.

Table A

All American Canal Lining Project
Estimated Construction, Mitigation, and Other Costs

(million dollars—escalated)

Construction Costs

Engineering and Administration	18.0
Utility Relocation	1.4
Parallel Canal from Pilot Knob to Drop 1	67.0
Parallel Canal from Drop 1 to Drop 3	<u>22.8</u>
Subtotal	109.2

Mitigation Costs

Recreation ¹ , Archaeological Surveys	0.1
Terrestrial Habitat	0.9
Wetlands Creation, Revegetation	0.2
Lower Colorado River Management ²	0.1
Fishery	0.3
Regulating Capacity Replacement	<u>3.3</u>
Subtotal	4.9

Other Costs

All American Canal Debt Payment	2.9
Environmental Documentation ³	1.0
Metropolitan Planning Division (Environmental Planning Branch)	
Labor and Overhead	<u>0.3</u>
Subtotal	4.2

Total Estimated Cost	118.3
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Notes

¹Development and implementation of interim recreation plan to mitigate impacts to existing recreation resources in Project area

²Funding for backwater restoration and enhancement on the Colorado River between Parker Dam and Imperial Dam to be implemented by the U.S. Bureau of Reclamation

³Represents total costs to reach Record of Decision and includes funds advanced by Imperial Irrigation District and Metropolitan

Table B

Coachella Canal Lining Project
Estimated Construction, Mitigation, and Other Costs

(million dollars—escalated)

Construction Costs

Engineering and Administration	5.4
Lining Siphon 7 to Siphon 14	15.3
Lining Siphon 15 to Siphon 32	<u>39.3</u>
Subtotal	60.0

Mitigation Costs

Recreation ¹ , Archaeological Surveys	0.1
Terrestrial Habitat	1.6
Wetlands Creation, Revegetation, and Lower Colorado River Management ²	4.4
Fishery	<u>0.2</u>
Subtotal	6.3

Other Costs

Environmental Documentation ³	1.0
Metropolitan Planning Division (Environmental Planning Branch)	
Labor and Overhead	<u>0.3</u>
Subtotal	1.3

Total Estimated Cost	67.6
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Notes

¹Development and implementation of interim recreation plan to mitigate impacts to existing recreation resources in Project area

²Includes funding of \$30,000 for backwater restoration and enhancement on the Colorado River between Parker Dam and Imperial Dam to be implemented by the U.S. Bureau of Reclamation

³Represents total costs to reach Record of Decision and includes funds advanced by Coachella Valley Water District and Metropolitan