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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

[Signature]
EXECUTIVE SECRETARY

August 5, 1994

To: Board of Directors (Water Problems Committee--Action)
(Engineering & Operations Committee--Action)

From: General Manager

Subject: Review and Consider the Final EIR and Mitigation Monitoring
Plan, and Authorize the General Manager to Enter into an
Agreement for the Semitropic Groundwater Banking Project

Report

As reported to your Board on August 4, 1992, staff has been developing a long-term groundwater banking project with the Semitropic Water Storage District (Semitropic). Staff has now completed negotiations for an agreement with Semitropic for the Semitropic Groundwater Banking Project (Project). Under the agreement, Semitropic would provide water management services to Metropolitan by storing a portion of Metropolitan's State Water Project (SWP) Entitlement water supplies, or other available water, in the groundwater basin underlying Semitropic, and withdrawing and returning that water to Metropolitan at Metropolitan's discretion. Metropolitan would only store water in Semitropic after all of its Member Agency demands have been satisfied. Because Metropolitan would have the right to about 35 percent of the one million acre-feet (AF) of available storage capacity in Semitropic's groundwater basin, it is anticipated that other urban agencies will participate in similar groundwater storage programs with Semitropic.

The following summarizes the attached principles for an agreement between Metropolitan and Semitropic:

- Metropolitan will be responsible for delivering its water to Semitropic at the California Aqueduct. Semitropic will be responsible for obtaining all agreements and for designing, constructing, operating, and maintaining all facilities necessary for this program, including all mitigation costs and activities.
- Semitropic will receive, and place in storage by direct or in-lieu means, Metropolitan's water. The

maximum quantity of Metropolitan's water which will be in storage at any time shall not exceed 350,000 AF. At Metropolitan's call Semitropic will withdraw between a minimum of 31,500 AF per year and a maximum of about 170,000 AF per year, depending on SWP supply conditions and the extent of other agencies participation in the program. Semitropic will deliver withdrawn water to the California Aqueduct or exchange its SWP entitlement for the withdrawn water.

- In consideration of the above water management services, Metropolitan will pay Semitropic \$90 per acre-foot to place water into storage and \$40 per acre-foot, plus energy costs currently estimated at \$45 per acre-foot, to withdraw water. Metropolitan will pay Semitropic \$20 per acre-foot for water left in storage longer than five years. All of these monies, except for energy costs, will be used to construct facilities dedicated to Metropolitan's use. To cover the O&M cost of these facilities, Metropolitan will pay an annual O&M charge of \$3.98 per acre-foot of storage capacity developed for Metropolitan.
- After Metropolitan has stored 350,000 AF of water, payments to place water in storage will be \$50 per acre-foot, and the cost to have water withdrawn will be \$50 per acre-foot, and the above mentioned \$20 per acre-foot for water left in storage longer than five years will no longer apply.
- Metropolitan will make an advance payment of \$1.35 million to be used to design essential Project facilities that need to be constructed during the 1994-95 Semitropic off-peak period. This amount will be repaid to Metropolitan through reductions in Metropolitan's storage payments to Semitropic, beginning not later than the second year in which Metropolitan stores water.
- Semitropic will incur severe financial penalties if it fails to return Metropolitan's stored water under the terms of the agreement. The penalty for non-performance by Semitropic will be the amount of money paid by Metropolitan for all water remaining in storage, escalated to reflect the Consumer Price Index plus 20 percent.

A Draft Environmental Impact Report (Draft EIR) for this project was prepared by Semitropic and Metropolitan staff,

pursuant to the California Environmental Quality Act (CEQA), with Semitropic as the Lead Agency and Metropolitan as the Responsible Agency. The public review period for the Draft EIR ended on May 13, 1994, at which time responses to the comments were compiled and some further, limited analysis was conducted. Comments received during the review period and responses thereto were incorporated into the attached Final EIR, which Semitropic's Board of Directors certified on July 13, 1994 to be in compliance with CEQA. Alternative D2, described in the Final EIR as the conjunctive-use program with a banking partner, was approved by Semitropic's Board of Directors as the preferred alternative.

The attached Final EIR discusses the environmental effects associated with the Project, the design and future operations of the Project as modified, and the mitigation measures needed to ensure any environmental impacts are below a level of significance, as defined by CEQA.

As a Responsible Agency, Metropolitan "has responsibility for mitigating or avoiding only the direct or indirect environmental effects of those parts of the overall project which it decides to carry out, finance, or approve" (State CEQA Guidelines, Section 15096 (g) (1)). The Final EIR incorporates modifications to the Project to avoid or mitigate environmental impacts. These modifications have been adopted by the Semitropic Board, acting as Lead Agency. Metropolitan's responsibility is to review and consider the information contained in the Final EIR prior to reaching a decision on the Project. No further environmental documentation is necessary for Metropolitan to act upon this Project.

Board Committee Assignments

This letter is referred for action to:

The Engineering and Operations Committee because it has responsibility for providing storage and distribution facilities and connections for the delivery of water, pursuant to Administrative Code Section 2431 (d).

The Water Problems Committee because it has responsibility for the policies, sources, and means of importing water required by the District, pursuant to Administrative Code Section 2481 (a).

Recommendations

WATER PROBLEMS AND ENGINEERING AND OPERATIONS COMMITTEES FOR ACTION.

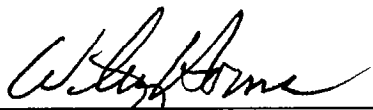
It is recommended that your Board: (1) Review and consider the information contained in the Final Environmental Impact Report and find that modifications necessary to avoid or mitigate environmental impacts have been adopted by Semitropic; and (2) Authorize the General Manager to enter into an agreement with the Semitropic Water Storage District (Semitropic), substantially based on the attached Principles for an Agreement between Metropolitan and Semitropic, in a form acceptable to the General Counsel.

Advisory committees of your Board acting upon this letter are also required to review and consider this information.

John R. Wodraska
General Manager

By Debra C. Man
Debra C. Man
Chief of Planning and
Resources

Concur:



John R. Wodraska
General Manager

RLH:cl

Attachments

Principles For An Agreement Between The
Metropolitan Water District of Southern California
and The Semitropic Water Storage District

1. Through development of a groundwater storage project, the Semitropic Water Storage District (Semitropic) will provide water management services to The Metropolitan Water District of Southern California (Metropolitan) and other agencies. These services include: (a) placing water in storage through direct or in-lieu means by utilizing existing facilities when available, and through facilities constructed for this project; and (b) withdrawing and delivering stored water through State Water Project (SWP) Entitlement Exchange or by direct pumpback to the California Aqueduct.

2. Metropolitan will deliver water for storage to Semitropic at the California Aqueduct. Semitropic will deliver withdrawn water to Metropolitan in the California Aqueduct. Semitropic will be responsible for obtaining all agreements and designing, constructing, and operating and maintaining all facilities necessary to fulfill its responsibilities under this program.

3. Semitropic, at Metropolitan's, request shall receive and place Metropolitan's water into storage in the groundwater basin underlying Semitropic. The maximum quantity of Metropolitan water which can be in storage at any time shall not exceed 350,000 acre-feet. Semitropic shall provide storage and withdrawal services based on providing a minimum of 35 percent of all available annual storage, withdrawal and SWP exchange capacities of the program facilities. The minimum, guaranteed withdrawal capacity will be 31,500 AF of water per year, with a maximum withdrawal capacity of about 170,000 AF per year.

4. If Metropolitan does not store or pay to store 350,000 AF of water during the next ten years, Metropolitan's storage, withdrawal, and SWP Exchange capacities could be reduced to reflect the capacity of facilities funded by Metropolitan.

5. Metropolitan will have the right to use unused storage, withdrawal, and SWP exchange capacities in the program.

6. Until Metropolitan has stored or paid to store 350,000 AF of water, Metropolitan will pay Semitropic \$90 per acre-foot for each acre-foot of water stored and \$40 per acre-foot, plus energy costs currently estimated at \$45 per acre-foot, for each acre-foot of water returned to Metropolitan in the California Aqueduct. All of the money paid to store and withdraw water will be used to construct facilities dedicated to Metropolitan's use.

7. Metropolitan will also pay Semitropic \$20 per acre-foot for any water left in storage longer than five years. This money will also be used to construct storage and withdrawal facilities to be dedicated for Metropolitan's use. After Metropolitan has stored and withdrawn or paid to store and withdraw 350,000 AF of water, the \$20 per acre-foot for water left in storage longer than five years will no longer apply.

8. Metropolitan will pay Semitropic \$3.98 per acre-foot to cover the cost of operating and maintaining facilities dedicated to Metropolitan's use. If those facilities are used by others, Metropolitan's cost of O&M will be proportionally reduced. After Metropolitan has stored and withdrawn or paid to store and withdraw 350,000 AF of water, any storage or withdrawal activities will offset the O&M payment.

9. After Metropolitan has stored or paid to store 350,000 AF of water, it will pay Semitropic \$50 per acre-foot to store water and \$50 per acre-foot, plus energy costs currently estimated at \$45 per acre-foot, to withdraw water.

10. If Semitropic does not return water to Metropolitan at Metropolitan's request, Semitropic will be required to repay the amount of money paid by Metropolitan for all water remaining in storage, escalated to reflect the Consumer Price Index, plus 20 percent.

11. Semitropic's portion of the environmental documentation and other costs, about \$200,000, will be reimbursed to Metropolitan by a reduction in charges for storing water as described below.

12. Metropolitan will make an advance payment of 1.35 million. This money will be used to design essential Program facilities that need to be constructed during the 1994-95 Semitropic off peak shutdown period. This amount will be repaid to Metropolitan through \$30 per acre-foot reductions in Metropolitan's storage payments to Semitropic, beginning not later than the second year in which Metropolitan stores water.

13. Beginning in 1996, storage, withdrawal, and O&M costs will be escalated to reflect changes in the Consumer Price Index.

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