

FEB 14 1995



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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

[Signature]
EXECUTIVE SECRETARY

8-6

January 31, 1995

(Special Committee on Water Quality and
Environmental Compliance--Action)
To: Board of Directors (Engineering and Operations Committee--Action)
(Land Committee--Information)
From: General Manager (Finance and Insurance Committee--Information)
Subject: Authorization to Enter into an Agreement with Riverside County
Flood Control and Water Conservation District, and County of
Riverside to Implement the Lake Mathews Drainage Water Quality
Management Plan for the Lake Mathews Watershed

Background

The Lake Mathews Drainage Water Quality Management Plan (Plan) is intended to protect the water quality of Lake Mathews from upstream pollutants resulting from development by establishing a system of structural and nonstructural best management practices throughout the Lake Mathews watershed. The Plan, once implemented, will serve as a demonstration project for comprehensive water quality management for watersheds in the southwestern United States. In addition, the Plan has won support from the environmental community, including such groups as Heal the Bay and the Riverside County Habitat Conservation Agency. Additional background on the Plan is provided in the Board letter of August 1994 (Attachment 1).

Report

Your Board authorized the General Manager to enter into a Memorandum of Understanding (1991 MOU) with the Riverside County Flood Control and Water Conservation District (RCFCWCD), the County of Riverside (County), and a consortium of landowners in the Lake Mathews watershed for development of the Plan in May 1991. In December 1992, your Board authorized the General Manager to enter into an Implementation Agreement (1992 Agreement) with those parties to the 1991 MOU. The 1992 Agreement established the terms and conditions for finance, construction, operation, and maintenance of the Plan's facilities, described in the Plan as Phases I through IV (see Attachment 2). Although approved by the County and Metropolitan, the 1992 Agreement was never executed due to financial problems of the private landowners.

The current Agreement, as described in this letter, revises and supersedes the terms and conditions of the 1992 Agreement. There are two significant revisions in the current Agreement. The first is that the RCFCWCD would agree to proceed with design and construction of its facilities, Phases I and III of the Plan, instead of waiting for development to trigger their implementation. The second significant revision is that the RCFCWCD's facilities will be designed and constructed with Metropolitan providing either direct funding or guaranteeing a State Nonpoint Source Pollution Control loan on behalf of the RCFCWCD. Metropolitan, in addition to guaranteeing the loan, would make regular payments to the RCFCWCD for repayment of the loan. State loans for nonpoint source pollution control projects are generally provided at a three percent interest rate. The major advantage to Metropolitan of guaranteeing the loan and accepting the agreement is that all the structural facilities will be implemented together in advance of development, providing Lake Mathews with better protection.

Metropolitan expenses, including funds advanced and any loan payments made to the RCFCWCD, would be reimbursed from revenue collected through the Lake Mathews Area Drainage Plan (ADP) adopted by the County in August 1994. ADP revenue would be received over a long period of time as future development in the watershed is assessed drainage fees. As identified to your Board in August 1994, Metropolitan's full reimbursement may never be realized since the expected ADP revenue over the next 20 years is estimated to be between \$11-\$12 million.

The conditions regarding funding, and Metropolitan's commitment to the Plan, are consistent with a partnership approach to source water quality protection and significant environmental enhancements in the watershed. The General Manager will periodically report to your Board on the Plan's funding and implementation status.

CEQA Compliance/Environmental Documentation

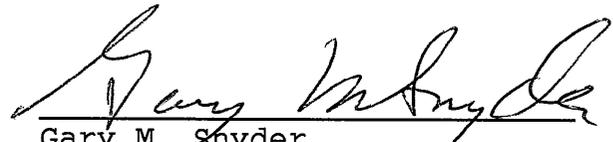
The Final Environmental Impact Report for the Drainage Water Quality Management Plan for the Lake Mathews Watershed was certified by your Board in January 1993.

Recommendation

It is recommended that the General Manager be authorized to enter into an agreement that will include flexibility for Metropolitan to fund or guarantee loans to proceed with Phases I and III, in form approved by the General Counsel, and consistent with the terms and conditions as outlined in this letter, with the Riverside County Flood Control and Water Conservation District and the County of Riverside to implement the Lake Mathews Drainage Water Quality Management Plan.

John R. Wodraska
General Manager

Submitted by:



Gary M. Snyder
Chief Engineer

Concur:



John R. Wodraska
General Manager



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

August 5, 1994

To: Board of Directors (Engineering and Operations Committee--Action)
(Special Committee on Water Quality and
Environmental Compliance--Action)
(Finance and Insurance Committee--Action)

From: General Manager

Subject: Appropriation No. 683 for \$ 3.5 Million, Including
Approximately \$1 Million for Studies Already Completed, to
Finance All Estimated Costs for the Studies and Design of
Metropolitan's Facilities in the Implementation of the Drainage
Water Quality Management Plan for the Lake Mathews Watershed,
Subject to Reimbursement from the County of Riverside.

Report

For a number of years, the potential hazards associated with contaminated water entering Lake Mathews has been a major concern. From Metropolitan's perspective, not taking action to resolve this issue increases the likelihood of potential upsets in Lake Mathew's water quality. Due to increasingly stringent water quality regulations, and rising levels of stormwater contamination due to further urbanization, Metropolitan has given resolution of this matter the highest priority. In 1991, a Memorandum of Understanding (MOU) was entered into between Metropolitan, Riverside County, and private developers in the watershed. The MOU sought to develop a comprehensive drainage water quality management plan for the entire watershed, which would represent a cooperative solution to a long-standing dispute over watershed development and stormwater contamination.

In January 1993, your Board certified the Final Environmental Impact Report (FEIR) for the Drainage Water Quality Management Plan (Plan) for the Lake Mathews watershed. Work on the Plan began in 1986, and negotiations with the County of Riverside regarding its implementation have occurred regularly since then. In the Board letters sent to you in January and October, 1992 you were informed about the Plan's components, financing programs, Metropolitan's environmental documentation for the Plan's Environmental Impact Report, and the Implementation Agreement describing the terms and conditions of the Plan.

The Plan is a non-point source pollution elimination project that will allow the County of Riverside to develop the

watershed in accordance with the Lake Mathews Community Plan (LMCP), while protecting the water quality of the lake from contaminated stormwater. Originally, the LMCP constrained development of the watershed with a 2.5 acre minimum parcel size restriction, unless a form of bypass or equivalent alternative stormwater control measure was in place. The concept of a canal and/or pipeline bypass system, able to carry contaminated stormwater runoff from the surrounding watershed and around the reservoir, has been under consideration since the reservoir was constructed. A stormwater detention facility could either regulate discharges directly into the reservoir or serve as headworks for a bypass system. Prohibitive costs (estimated \$100 million) and regulatory constraints, however, have stalled construction of a "Lake Mathews Bypass".

With the completion of the Plan, the LMCP has been amended (General Plan Amendment No. 247) by substituting the Plan for the requirement of a bypass. Under the Plan, drainage water quality will be managed and protected by the implementation of structural and nonstructural best management practices throughout the watershed in a phased manner. The structural components include a series of engineered wetlands in the upper watershed, designed to reduce flow and pollutant load in normal-sized storms, and the Cajalco Creek Dam and Detention Basin (CCDDB), designed to capture and store stormwater in large-sized storms. In addition, six smaller sediment basins would capture stormwater from watersheds to the south of the lake. The Plan will protect the water quality in Lake Mathews, provide significant environmental enhancements, allow measured development in the watershed and, importantly, resolve a nearly decade-long dispute over watershed development.

The CCDDB has been sited on Metropolitan's property near the inlet of the Colorado River Aqueduct into Lake Mathews. The facility would be designed by consultants to Metropolitan and operated jointly by Metropolitan and the County. The sediment basins along the south shore of the lake have also been sited on Metropolitan's property, and are considered to be Metropolitan's facilities.

Considerable resources have been applied to the development and approval of the Plan and FEIR. Metropolitan, Riverside County, and a group of landowners in the watershed have advanced the funds necessary for the effort expended to date. Your Board has been periodically updated on these expenditures. None of these funds have been reimbursed, and it is apparent at this time that all contributing parties will have to bear the expenses of carrying this project to its

current status. The funds expended to date by Metropolitan will be transferred from Appropriation No. 102 to Appropriation No. 683 as part of the planning studies and environmental documentation necessary for the design and construction of Metropolitan's facilities. The approximate amounts of funds expended by each party are listed in Attachment A.

The total escalated cost to implement the Plan, including design and construction of all components, is estimated to be \$23.8 million. Construction of the Plan components would be phased, with Metropolitan facilities being built first. Other facilities would be added as development occurs in the watershed. The costs for the studies and design of Metropolitan facilities is estimated to be \$3.5 million. Approximately \$1 million has already been expended for the planning studies and environmental documentation for Metropolitan's facilities.

Several attempts over the past three years to obtain external funding for the implementation of the Plan have been unsuccessful. Initially, the County made efforts to secure a loan from the California State Non-Point Source Pollution Control Revolving Fund. Funds from this loan were intended to reimburse Metropolitan for planning and construction for its Plan components. In 1992, The Riverside County Flood Control and Water Conservation District proposed a Benefit Assessment District (BAD) over the benefitting properties in the watershed. Due to a weak real estate market, however, affected property owners did not have the financial ability to pay the assessment. As a result, the Benefit Assessment District was not implemented. The Benefit Assessment District was the key to successfully obtaining the State loan. More recently, the County pursued federal grant funding for fifty percent of the project costs, with the intent of presenting the Plan as a demonstration project related to a County-wide Wetlands and Water Quality Program. The grant would have been made part of the amendments to the Clean Water Act reviewed in 1994, but this option failed when Congress did not take legislative action. Further, intense competition for decreasing federal grant monies reduces the chances for a successful grant application. There may be a possibility for small grants for portions of the project in the future.

It has been proposed that Metropolitan advance funds for the successful implementation of the Plan, beginning with the \$2.5 million to design the CCDDDB and six smaller sediment basins along the south shore of the lake. Metropolitan's funding would be partially reimbursed by fees obtained from an Area Drainage Plan (ADP) set up by the County. However, these

fees would be received only as development occurs, and full reimbursement may never be realized. As such, the County will continue to pursue grants and loan funds from various sources for partial reimbursement. Any remaining, unreimbursed costs would represent Metropolitan's portion of the investment in the successful implementation of the \$23.8 million Plan. The County is scheduled to adopt the ADP for reimbursement purposes in August of 1994.

Support for the Plan, and County and Metropolitan participation have been obtained from the following groups: Tri-County Conservation League, Riverside County Habitat Conservation Agency, Heal the Bay, and Arroyo Seco Council.

Historically, Metropolitan's position has been that water quality problems are the responsibility of upland sources. However, it must be recognized that substantial water quality benefits related to existing and future development-related contamination would be obtained from the CCDDDB and the Plan. In addition, development of the watershed could continue with 2.5 acre parcels without any water quality improvement facilities, in accordance with the LMCP. Subject to the prior adoption of an ADP by the County and appropriate agreements with the County and Flood Control, Metropolitan's interests would be served by advancing the necessary funds to implement the Plan. It is estimated that the ADP would reimburse a substantial portion of the total project costs over the life of the Plan. Metropolitan, however, would not be reimbursed for the remainder of the balance. Alternative courses of action involving legal action to require full reimbursement from the County of Riverside may or may not be successful. The proposed plan is consistent with a partnership approach to source water quality protection. The General Manager will periodically report to your Board on the Plan's funding status.

The Environmental Impact Report (EIR) for the Plan was prepared by the County of Riverside, acting as lead agency, pursuant to the California Environmental Quality Act (CEQA) and was certified by the Riverside County Board of Supervisors on December 21, 1992. Acting as a responsible agency, your Board certified that it considered the information in the Plan EIR at its January 1993 meeting. Compliance with the requirements of CEQA is completed for this project. No further CEQA documentation is needed for your Board to act on the recommendations made herein.

Board Committee Assignments

This letter is referred for action to:

The Engineering and Operations Committee because of the need to protect water quality in Lake Mathews pursuant to Administrative Code Section 2431 (c);

The Special Committee on Water Quality and Environmental Compliance for consideration of water quality and environmental issues pursuant to Administrative Code Section 2551 (b) (c); and

The Finance and Insurance Committee because of its authority over requests for disposition and investment of funds pursuant to Administrative Code Section 2441 (c) (d).

Recommendations

ENGINEERING AND OPERATIONS COMMITTEE AND SPECIAL COMMITTEE ON WATER QUALITY AND ENVIRONMENTAL COMPLIANCE FOR ACTION.

It is recommended that your Board approve the implementation of the Lake Mathews Drainage Water Quality Management Plan, and authorize the General Manager to have all work performed, other than work performed under contracts involving an expenditure of \$250,000 or more, for the studies and design of Metropolitan's facilities within the Plan, provided the County of Riverside has adopted an Area Drainage Plan which will partially reimburse Metropolitan as development occurs.

It is recommended that the Board authorize the General Manager to participate with the County of Riverside in seeking grant funding for reimbursement of the project costs.

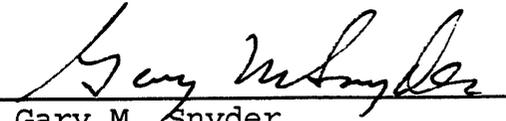
FINANCE AND INSURANCE COMMITTEE FOR ACTION.

It is recommended that the Board authorize Appropriation No. 683 in the amount of \$3.5 million from the Pay-As-You-Go Fund, including approximately \$1 million for

August 5, 1994

studies already completed, to finance the studies and design of Metropolitan's facilities included in the Drainage Water Quality Management Plan for the Lake Mathews Watershed.

John R. Wodraska
General Manager

By 
Gary M. Snyder
Chief Engineer

Concur:


John R. Wodraska
General Manager

BAF/mf
DOC#: apr-683.pl
Attachment

ATTACHMENT A

Estimated Expenditures
Lake Mathews Drainage Water Quality Plan

<u>PARTICIPATING PARTY</u>	<u>FUNDS EXPENDED</u>
Metropolitan	\$ 950,000
Landowners	\$1,300,000
County of Riverside	\$ 650,000

ATTACHMENT B

Financial Statement

The breakdown of the total estimated cost for the Drainage Water Quality Management Plan for the Lake Mathews Watershed is shown below:

Labor:	Funds Expended <u>To Date</u>	Appropriation <u>No. 683</u>
Study/Investigations	\$120,000	\$ 310,000
Preliminary Design	0	90,000
Final Design	0	250,000
Environmental Documentation	<u>100,000</u>	<u>110,000</u>
Subtotal Labor	\$220,000	\$ 760,000
Materials and Supplies	0	10,000
Incidental Expenses	10,000	30,000
Professional/Technical Services	585,000	1,865,000
Right of Way	13,000	13,000
Operating Equipment	2,000	17,000
Administrative Overhead	120,000	286,000
Environmental Mitigation	0	282,000
Contracts	0	0
Contingencies	<u>0</u>	<u>237,000</u>
Total	<u>\$950,000</u>	<u>\$3,500,000</u>

Source of Funds: Pay-As-You-Go Fund

Class: Two - Projects directly related to delivery of water but are of less urgent nature and, therefore, can be delayed for a year or more.

Projected Expenditures of Funds:

Thru Fiscal Year 1993/94	\$ 950,000
Fiscal Year 1994/95	950,000
Fiscal Year 1995/96	<u>1,600,000</u>
Total	<u>\$ 3,500,000</u>

Project Benefit: Provides reduction of non-point source pollutants entering Lake Mathews.

Capital Program for Fiscal Year 1994/95:

The proposed project was not included in the Capital Program for Fiscal Year 1994/95 because the project feasibility had not been determined at the time the Capital Program was prepared. However, funds are available for this project.

Estimated Additional Annual O&M Funds Required: \$50,000

LAKE MATHEWS DRAINAGE WATER QUALITY MANAGEMENT PLAN**DESCRIPTION OF FACILITIES BY PHASE
(Escalated Costs)**Phase I Facilities

- Cajalco Creek Wetlands
- Lake Mathews Estates Water Quality Pond

These will be constructed by the RCFCWCD after the Section 404 Permit and Section 1600 Streambed Alteration Agreement can be obtained, as development occurs. Estimated cost of Phase I facilities is \$2,500,000

Phase II Facilities

- Cajalco Creek Sediment Basin
- Cajalco Creek Dam and Detention Basin

These will be constructed by Metropolitan as soon as plans and specifications are completed and the Section 404 Permit and Section 1600 Streambed Alteration Agreement are obtained. The estimated cost of Phase II facilities is \$16,800,000, including \$1,000,000 in studies already performed.

Phase III Facilities

- Alexander Street Water Quality Wetlands (west)
- Alexander Street Water Quality Wetland (east)
- Tailings Water Quality Wetland

These facilities will be built by the RCFCWD in the order listed above as development occurs. The estimated cost for Phase III facilities is \$3,300,000.

Phase IV Facilities

- Lake Mathews Sediment/Wetland Basin Nos. 1 through 5

These facilities will be built by Metropolitan as soon as plans and specifications are completed. The estimated cost of Phase IV facilities is \$1,200,000.

The total estimated cost for all Plan facilities is \$23,800,000.