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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

FILED
by the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

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Debra C. Man
EXECUTIVE SECRETARY

April 27, 1995

To: Board of Directors (Water Problems Committee-Information)
From: General Manager
Subject: Groundwater Storage Program and System Reliability Development with the Calleguas Municipal Water District

RECOMMENDATION:

FOR INFORMATION ONLY.

John R. Wodraska
General Manager

Submitted by:

Debra C. Man

Debra C. Man, Chief
Planning & Resources

Concur:

John R. Wodraska

John R. Wodraska
General Manager

EXECUTIVE SUMMARY:

In October 1994, staff updated your Board on negotiations between the Calleguas Municipal Water District (Calleguas) and Metropolitan for a second point of delivery and groundwater storage program (Program) in the North Las Posas

Groundwater Basin (Basin). Negotiations for the Program are entering the final stages, and Calleguas certified the Environmental Impact Report (EIR) for the Program at its April 26, 1995 Board meeting. It is anticipated that staff will request your Board, in June, to review and consider the EIR and authorize the General Manager to enter into a contract for the Program with Calleguas. This proposed Program provides for two separate and distinct activities -- (1) A second point of delivery to serve Metropolitan water to Calleguas, and (2) a local groundwater storage program that provides regional benefits. These two activities, and the operation of the related facilities, will be complimentary and will increase the operational flexibility and yield of the entire Program. The second point of delivery for treated water meets Metropolitan's service reliability objective of providing at least two points of delivery for treated, Metropolitan water to each member agency. The groundwater storage provisions of the proposed Program will help to meet the groundwater storage and production goals of the Integrated Resources Plan. In addition to providing two points of delivery, the Program will provide two major regional benefits -- (1) Development of additional local groundwater storage that can be used to reduce or eliminate shortages as part of a drought management plan or for operational needs, including meeting demand during peak periods, and (2) Delay of additional facilities necessary to reliably serve Calleguas. The total cost to Metropolitan of the second point of delivery will be approximately \$31 million, and the total cost to Metropolitan for the groundwater storage portion of the Program will be approximately \$16 million. Calleguas will construct, own and operate all facilities developed under this Program. The additional dry-year yield produced under this Program that would be made available to the region will range from 45,000 acre-feet to 70,000 acre-feet, depending upon the amount of water stored and retrieved by Metropolitan.

DETAILED REPORT:

In October 1994, staff updated your Board on negotiations between the Calleguas Municipal Water District (Calleguas) and Metropolitan for a second point of delivery and groundwater storage program (Program) in the North Las Posas Groundwater basin (Basin). Negotiations for the Program are entering the final stages, and Calleguas certified the Environmental Impact Report (EIR) for the Program at its April 26, 1995 Board meeting. It is anticipated that staff will request your Board, in June, to review and consider the EIR and authorize the General Manager to enter into a contract for the Program with Calleguas. This proposed Program provides for two separate and distinct activities -- (1) A second point of delivery to serve Metropolitan water to Calleguas, and (2) a local groundwater storage program that provides regional benefits. The two activities, and the operation of their related facilities, will be complimentary and will increase the operational flexibility and yield of the entire Program. The second point of delivery

for treated water meets Metropolitan's service reliability objective of providing at least two points of delivery for treated, Metropolitan water to each member agency. Calleguas is located along Metropolitan's northwestern boundary, and its 450,000 people are connected to Metropolitan by a single point of delivery, the east portal of the Santa Susanna Tunnel, an area of recent seismic activity. An outage of this single point of delivery would leave Calleguas without a water supply from Metropolitan.

The groundwater storage provisions of the proposed Program will help to meet the groundwater storage and production goals of the Integrated Resources Plan. In addition to providing the second point of delivery discussed above, the Program will provide two major regional benefits – (1) Development of additional local groundwater storage that can be used to reduce or eliminate shortages as part of a drought management plan or for operational needs, including meeting demand during peak periods, and (2) Delay of additional facilities necessary to reliably serve Calleguas. The additional dry-year yield produced under this Program that would be made available to the region will range from 45,000 acre-feet to 70,000 acre-feet, depending upon the amount of water stored and retrieved by Metropolitan.

The total cost to Metropolitan of the second point of delivery will be approximately \$31 million, and the total cost to Metropolitan for the groundwater storage portion of the Program will be approximately \$16 million. Calleguas will construct, own and operate all facilities developed under this Program. Metropolitan will have first priority of use for specific capacity of the facilities developed under the second point of delivery. Metropolitan will have first priority use of all facilities developed under the groundwater storage portion of the Program. Under the second point of delivery portion of the Program, Calleguas will construct approximately 20 aquifer storage and recovery (ASR) wells and associated pipelines at a cost of about \$31 million. Calleguas will guarantee Metropolitan the right to use specific capacity in these wells and associated pipelines, and will use these facilities to store and recover water in the Basin at Metropolitan's request.

Under the groundwater storage portion of the Program, Calleguas will construct approximately 10 more ASR wells and associated pipelines at a cost of about \$16 million. Metropolitan will have first priority to use these facilities. Funds for the construction of these facilities will be developed through payments by Metropolitan for water management services provided by Calleguas and using the facilities built for the second point of delivery. Metropolitan will pay Calleguas \$90 per acre-foot to store water, and \$40 per acre-foot, plus energy, operations and maintenance, to retrieve water. Calleguas will use the funds from the water management fees to build the facilities for the groundwater storage portion of the Program. Calleguas will pay Metropolitan's Firm Water Rate when Metropolitan calls

water from storage.

Principles for an Agreement - Second Point of Delivery

- Metropolitan will provide an up-front payment of \$ 6 million to Calleguas to build initial facilities for a second point of delivery of treated water;
- Calleguas will finance, construct, own, and operate additional facilities costing \$ 25 million for a second point of delivery of treated water, and Metropolitan will guarantee annual payment of approximately \$ 2 million per year for these facilities;
- Construction of these facilities will delay construction of a necessary second pipeline to serve Calleguas until after the year 2010; and
- Calleguas will store and retrieve water at Metropolitan's request, including during peak demand periods, and Metropolitan will have first priority of use for specific capacity in the second point of delivery facilities.

Principles for Groundwater Storage Portion of the Program

- Calleguas will develop additional groundwater storage facilities using funds paid by Metropolitan for water management services using facilities constructed under the second point delivery portion of the Program;
- Metropolitan will pay \$90 per acre-foot to store water, and \$40 per acre-foot, plus operation, maintenance and energy costs, to retrieve water. The fees for these water management services will be used to develop the groundwater storage facilities;
- Calleguas will store and retrieve water at Metropolitan's request, including during peak demand periods, and Metropolitan will have first priority of use for all groundwater storage facilities. These facilities will cost approximately \$16 million; and
- After Calleguas and Metropolitan have developed the full \$16 million of facilities under the groundwater storage portion of the Program, Metropolitan will pay \$50 per acre-foot to store water and \$50 per acre-foot, plus operations, maintenance and energy costs,

for water management services.

Common Principles

The following principles are common to both portions of the Program:

- Metropolitan will have the right to call water stored under the Program to reduce or eliminate shortages, to fill the Domeigoni Valley Reservoir Project, or other regional storage facilities, or for other operational needs. The water can be called as part of a drought management plan, including shortage allocations
- Calleguas will pay Metropolitan's Firm Water Rate when water stored by Metropolitan is retrieved;
- Calleguas will construct, own, and operate all facilities necessary for this Program;
- Metropolitan will have contractual protection against non-performance; and
- Satisfactory provision for regulatory approvals or alternative security.