



August 25, 1998

To: Board of Directors (Water Planning and Resources Committee--Information)

From: *for* General Manager

Edward L. McAvitt

Submitted by: Debra C. Man, Chief
Planning and Resources

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Subject: Semi-Annual Status Report on Metropolitan's Local Resources Program for
January to June 1998

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

Water production during fiscal year (FY) 1997-98 under Metropolitan's local resources programs declined to about 75 percent of the forecasted amount as a result of heavy rainfall and cooler temperatures. Production is expected to increase from 57,500 acre-feet (AF) last fiscal year to 86,000 AF in FY 1998-99 as project deliveries expand, and if normal weather patterns resume.

Since 1982, Metropolitan has entered 53 agreements with local agencies to support recycling and groundwater recovery in its service area. Forty-one projects are in operation. Total contributions amount to approximately \$54 million to support nearly 339,000 AF of water production. This locally developed water improves regional water supply reliability by displacing requirements for future Metropolitan capital improvements and water importation.

DETAILED REPORT

Introduction

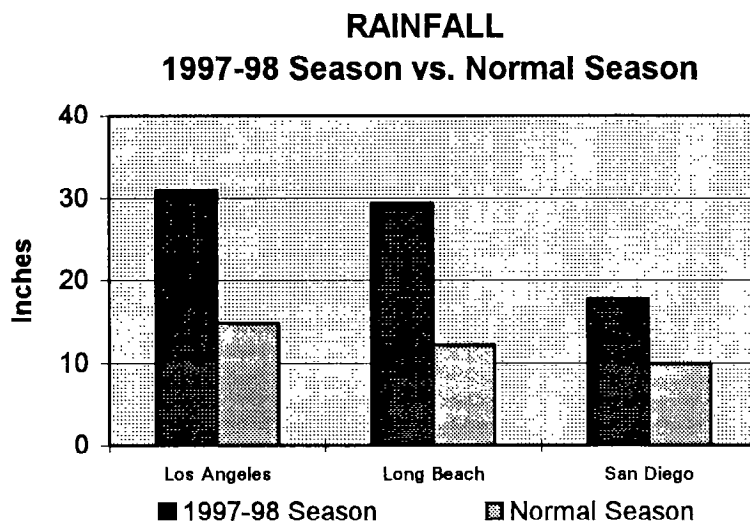
Metropolitan's three programs, the Local Projects Program (LPP), the Groundwater Recovery Program (GRP) and the Local Resources Program (LRP), provide financial assistance for local water development as listed below:

| | LPP | GRP | LRP |
|----------------------|----------------|-----------------------|--|
| Type of Production | Recycled Water | Recovered Groundwater | Recycled Water and Recovered Groundwater |
| Financial Assistance | \$154/AF | \$0 to \$250/AF | \$0 to \$250/AF |

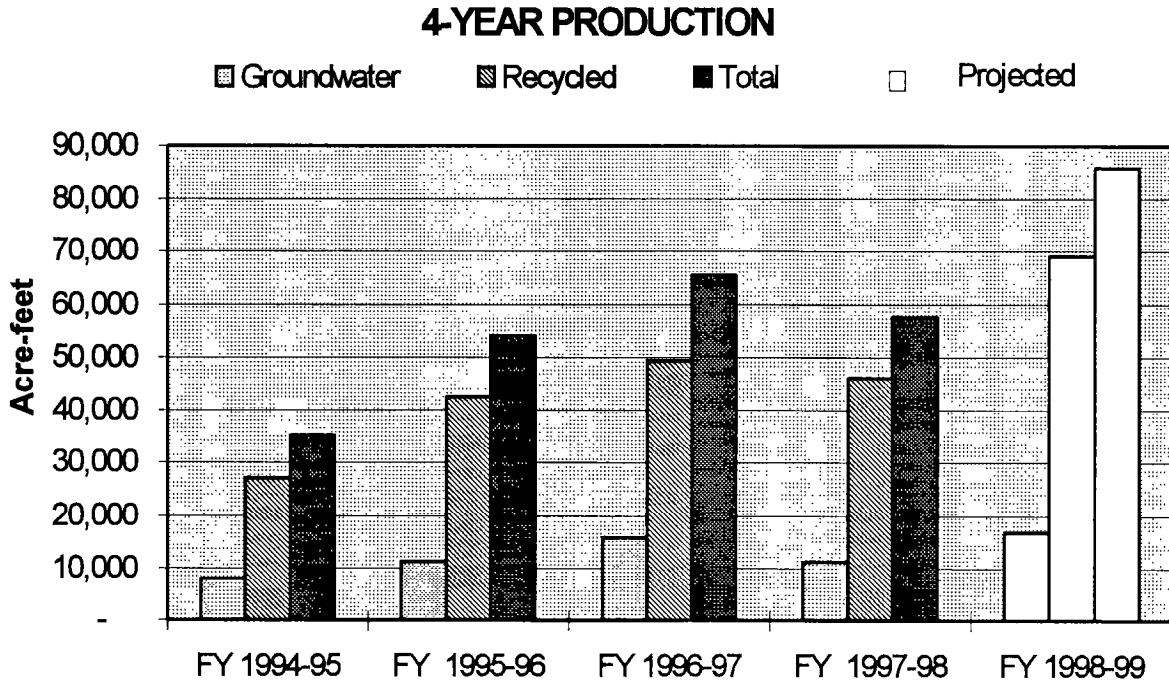
Locally developed water, under these programs, improves regional water supply reliability by reducing requirements for future Metropolitan capital improvements and water importation. Since 1982, these three programs have supported nearly 339,000 acre-feet (AF) of recycled water and recovered groundwater with approximately \$54 million in financial assistance for 41 operating projects.

Semi-Annual Highlights

1. In June, a request for project proposals was issued launching the new, competitive LRP.
2. Projects Starting Operation: The City of San Diego's 8,600 acre-feet per year (AFY) North City Water Reclamation Project and the Inland Empire Utility Agency's (a Municipal Water District) 13,500 AFY Carbon Canyon Reclamation Project.
3. Agreement Termination: The five-year LPP agreement for the 500 AFY Walnut Valley Water Reclamation Expansion Project located in Three Valleys Municipal Water District expired April 30, 1998. Metropolitan contributed over \$240,000 for production totaling 1,559 AF during the five years.
4. A website containing information on Metropolitan's local resource programs including projects participating in the LPP, GRP, and LRP was established. The website address is mwd.dst.ca.us/pr/lrp/LRPhome.htm.
5. El Nino conditions produced heavy rainfall throughout the region.



As a result of the abundant rainfall and cooler temperatures in the region, there was a pronounced reduction in demand for recycled water and recovered groundwater during the period of December 1997 through June 1998. Fiscal year 1997-98 program production declined to 57,500 AF, about 75 percent of the forecasted amount.



Water Recycling Status

Metropolitan has entered into 42 LPP agreements to assist recycled water production of up to 190,300 AFY (see attached Table 1). Thirty-four projects are in operation, including two project agreements that have expired. Operating water recycling projects are expected to increase production from about 46,000 AF this past fiscal year to about 69,000 AF this fiscal year (see figure above). Since inception of its programs, Metropolitan has contributed approximately \$42.2 million supporting production of nearly 264,500 AF of recycled water production for landscape irrigation, nurseries, seawater barriers, and industrial uses.

Groundwater Recovery Status

Metropolitan has entered into 11 agreements for projects that will recover about 40,700 AFY of degraded groundwater (see attached Table 2). Seven of these projects are in operation. Operating groundwater recovery projects are expected to increase production from about 11,500 AF this past fiscal year to 17,000 AF this fiscal year (see figure above). Since inception of this program, Metropolitan has contributed approximately \$11.5 million, supporting about 74,100 AF of recovered groundwater production for municipal uses.

Projects Under Consideration

Applications for two water recycling projects and nine groundwater recovery projects which would collectively yield about 60,076 AFY (see attached Table 3) are eligible to participate in the existing GRP and LPP under the "grandfathered" rules of the LRP. Staff is actively negotiating agreements for several of these projects. The window for participation under the "grandfathered" rules requires that all agreements be executed by December 9, 1998. Thereafter, new projects will only be considered in the new LRP process.

Interested project sponsors have an opportunity to submit proposals for participation in the new LRP based on the request for proposals issued in June 1998. Approximately 50 interested parties attended the LRP pre-proposal workshop. The proposals are due by October 1, 1998.

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Attachments

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**TABLE 1
RECYCLING CONTRACTS**

| MEMBER AGENCY | PROJECT | CONTRACT | FY 96-97 ¹ | FY 97-98 ¹ | TOTAL TO DATE | | |
|--|---|--------------|-----------------------|-----------------------|---------------|-------------------|-------------------|
| | | YIELD (AFY) | YIELD (AFY) | YIELD (AFY) | YIELD (AF) | Contribution (\$) | |
| LOCAL PROJECTS PROGRAM: | | | | | | | |
| Calleguas MWD | 1. Oak Park/North Ranch Reclaimed Water Dist. System | 1,300 | 880 | 711 | 1,863 | 286,840 | |
| Central Basin MWD | 2. Cerritos Reclaimed Water Extension Project | 260 | 260 | 260 | 1,131 | 174,205 | |
| | 3. Lakewood Water Reclamation Project | 440 | 440 | 368 | 3,643 | 561,053 | |
| Coastal MWD | 4. San Clemente Water Reclamation Project | 4,000 | 358 | 251 | 2,755 | 424,224 | |
| | 5. South Laguna Reclamation Expansion Project | 700 | 0 | 0 | 54 | 8,239 | |
| | 6. South Laguna Reclamation Project | 860 | 795 | 669 | 9,681 | 610,167 | |
| Eastern MWD | 7. Rancho California Reclamation Expansion Project | 6,000 | 2,058 | 1,460 | 7,663 | 1,180,148 | |
| | 8. Eastern Regional Reclaimed Water System | 4,830 | 0 | 0 | 0 | 0 | |
| | 9. Eastern Reach 1, Phase II Water Reclamation Project | 1,700 | 0 | 0 | 0 | 0 | |
| Inland Empire Utilit | 10. Carbon Canyon Reclamation Project | 13,500 | 0 | 0 | 0 | 0 | |
| City of Glendale | 11. Glendale Water Reclamation Expansion Project | 600 | 318 | 239 | 1,919 | 295,526 | |
| Las Virgenes MWD | 12. Calabasas Reclaimed Water System Extension Project | 700 | 437 | 303 | 3,339 | 514,268 | |
| | 13. Las Virgenes MWD Reclamation Project | 2,700 | 3,784 | 1,703 | 33,125 | 2,806,369 | |
| City of Long Beach | 14. Long Beach Reclamation Project | 1,700 | 1,345 | 1,037 | 10,871 | 1,580,964 | |
| | 15. Long Beach Reclaimed Water Master Plan Phase I | 2,750 | 0 | 0 | 0 | 0 | |
| City of Los Angeles | 16. Los Angeles Greenbelt Project | 1,610 | 837 | 739 | 3,742 | 576,314 | |
| | 17. Sepulveda Basin Water Reclamation Project | 1,900 | 0 | 0 | 0 | 0 | |
| MWD of Orange County | 18. Irvine Reclamation Project | 10,000 | 8,900 | 8,848 | 76,524 | 10,487,275 | |
| | 19. Moulton Niguel Water Reclamation Project | 8,000 | 2,038 | 996 | 6,968 | 1,073,087 | |
| | 20. Santa Margarita Water Reclamation Project | 3,600 | 1,885 | 1,465 | 14,047 | 2,089,192 | |
| | 21. Trabuco Canyon Reclamation Expansion Project | 800 | 369 | 423 | 1,938 | 298,406 | |
| San Diego County Water Authority | 22. Encina Water Pollution Control Reclamation Project ³ | 165 | 165 | 84 | 734 | 113,098 | |
| | 23. Oceanside Water Reclamation Project | 300 | 34 | 28 | 138 | 21,267 | |
| | 24. Santa Maria Water Reclamation Project | 1,600 | 0 | 0 | 0 | 0 | |
| | 25. Shadowridge Water Reclamation Project | 375 | 346 | 267 | 1,838 | 283,114 | |
| Three Valleys MWD | 26. Walnut Valley Water Reclamation Expansion Project | 500 | 466 | 0 | 1,559 | 240,117 | |
| | Subtotal | 70,890 | 25,715 | 19,850 | 183,533 | 23,623,872 | |
| TEMPORARY LOCAL RESOURCE PROGRAM: | | | | | | | |
| City of Burbank | 27. Burbank Reclaimed Water System Expansion Project | 850 | 517 | 401 | 1,103 | 275,535 | |
| Central Basin MWD | 28. Century Reclamation Program | 5,500 | 3,201 | 2,755 | 12,820 | 2,744,490 | |
| | 29. Rio Hondo Water Reclamation Program | 5,000 | 281 | 191 | 743 | 172,957 | |
| Coastal MWD | 30. Green Acres Reclamation Project (Coastal MWD) ² | 800 | 0 | 0 | 0 | 0 | |
| City of Glendale | 31. Glendale Brand Park Reclaimed Water Project | 225 | 32 | 57 | 89 | 22,275 | |
| | 32. Glendale Verdugo-Scholl Reclaimed Water Project | 2,000 | 472 | 479 | 1,168 | 288,997 | |
| MWD of Orange County | Green Acres Reclamation Project (MWDOC) ² | 5,400 | 1,307 | 850 | 5,555 | 1,150,006 | |
| San Diego County | 33. Encina Basin Water Reclamation Project Phase I | 2,050 | 1,340 | 1,189 | 5,868 | 1,098,985 | |
| | 34. Escondido Regional Reclaimed Water Project | 2,800 | 0 | 0 | 0 | 0 | |
| | 35. Fallbrook Public Utility District Water Reclamation Project | 1,200 | 707 | 652 | 2,949 | 620,619 | |
| | 36. North City Water Reclamation Project | 17,500 | 0 | 0 | 0 | 0 | |
| | 37. Otay Water Reclamation Project Phase I | 1,500 | 896 | 743 | 4,894 | 956,106 | |
| | 38. Padre Dam MWD Reclaimed Water System Phase I | 850 | 0 | 14 | 14 | 3,450 | |
| | 39. Rancho Santa Fe Reclaimed Water System | 220 | 0 | 0 | 0 | 0 | |
| | 40. San Elijo Water Reclamation System | 1,600 | 0 | 0 | 0 | 0 | |
| | 41. San Pasqual Water Reclamation Project | 1,100 | 251 | 253 | 823 | 193,493 | |
| City of Santa Ana | Green Acres Reclamation Project (Santa Ana) ² | 800 | 364 | 362 | 977 | 231,359 | |
| West Basin MWD | 42. West Basin Water Reclamation Program | 70,000 | 14,446 | 18,358 | 43,946 | 10,800,600 | |
| | Subtotal | 119,395 | 23,813 | 26,302 | 80,948 | 18,558,871 | |
| Operating Projects | 34 | Total | 190,285 | 49,528 | 46,152 | 264,482 | 42,182,744 |

1. Totals through June 1998 as reported to date - not all information is complete.

2. Green Acres Reclamation Project is approved as one project to deliver water to Coastal MWD, MWDOC, and Santa Ana.

3. Actual production is reported for the 1996-97 and 1997-98 Fiscal Year, however Metropolitan's financial contribution is limited to contract yield.

**TABLE 2
GROUNDWATER RECOVERY CONTRACTS**

| MEMBER AGENCY | PROJECT | CONTRACT YIELD ¹ (AFY) | FY 96-97 YIELD ² (AF) | FY 97-98 YIELD ² (AF) | TOTAL TO DATE ² | | |
|---------------------------------------|---|---|--|--|----------------------------|----------------------|---------------------|
| | | | | | YIELD (AF) | Contribution (\$) | |
| GROUNDWATER RECOVERY PROGRAM: | | | | | | | |
| City of Santa Monica | 1. Santa Monica Groundwater Treatment Plant | 1,800 | 1,800.0 | 1,800.0 | 10,570.0 | 0.0 | |
| City of Burbank | 2. Burbank Lake St. GAC Treatment Plant | 2,744 | 1,778.2 | 678.0 | 10,175.9 | 842,479.3 | |
| West Basin MWD | 3. West Basin Desalter Project | 1,524 | 1,293.0 | 949.9 | 6,558.0 | 1,639,525.0 | |
| San Diego CWA | 4. Oceanside Desalter Project | 2,000 | 2,185.3 | 2,149.7 | 9,200.2 | 1,663,068.5 | |
| | 5. Lower Sweetwater River Groundwater Demineralization Project, Phase I | 3,600 | 0.0 | 0.0 | 0.0 | 0.0 | |
| MWD of Orange County | 6. Tustin Desalter Project | 3,271 | 1,923.0 | 2,714.9 | 4,637.9 | 351,788.0 | |
| | 7. Irvine Desalter Project | 6,700 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Western MWD/ Inland Empire Utility | 8. Chino Basin Desalination Program, Phase I | 8,000 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Eastern MWD | 9. Menifee Basin Desalter Project | 3,360 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Subtotal | | 32,999 | 8,979.5 | 8,292.5 | 41,142.0 | 4,496,860.8 | |
| LOCAL PROJECTS PROGRAM: | | | | | | | |
| Foothill MWD | 10. Glenwood Nitrate Water Reclamation Project | 1,600 | 888.0 | 619.0 | 4,508.2 | 694,256.6 | |
| Western MWD | 11. Arlington Basin Groundwater Desalter Project ³ | 6,100 | 6,100.0 | 2,516.9 | 28,479.0 | 6,289,746.2 | |
| Subtotal | | 7,700 | 6,988.0 | 3,135.9 | 32,987.2 | 6,984,002.8 | |
| Operating Projects: | 7 | Total | 40,699 | 15,967.5 | 11,428.4 | 74,129.2 | 11,480,863.7 |

1. Most contracts allow an additional 20% production.

2. Totals through June 1998 as reported to date - not all information is complete.

3. Actual production is reported for the 1996-97 and 1997-98 Fiscal Year, however Metropolitan's financial contribution is limited to contract yield.

TABLE 3
GRANDFATHERED APPLICATIONS

| MEMBER AGENCY | PROJECT | OPERATING AGENCY | MAXIMUM YIELD (AFY) |
|---|---|--|---------------------|
| RECYCLING PROJECTS ⁽¹⁾: | | | |
| Calleguas MWD | 1. Conejo Creek Diversion Project | Calleguas MWD | 14,000 |
| City of Pasadena | 2. Pasadena Reclaimed Water Project | City of Pasadena | 4,000 |
| Subtotal | | | 18,000 |
| GROUNDWATER PROJECTS ⁽²⁾: | | | |
| City of Beverly Hills | 3. Beverly Hills Desalter | City of Beverly Hills | 2,688 |
| Coastal MWD | 4. Capistrano Beach Desalter | Capistrano Beach CWD | 1,372 |
| MWD of Orange Co. | 5. San Juan Basin Desalter | San Juan Basin Authority | 2,200 |
| San Diego CWA | 6. Oceanside Desalter Phase II | City of Oceanside | 4,500 |
| | 7. Bonsall Desalter | Rainbow MWD | 2,000 |
| Three Valleys MWD | 8. Baldwin Park Operable Unit (San Gabriel Basin) | Three Valleys MWD | 24,100 |
| | 9. Rowland Groundwater Treatment Plant | Three Valleys MWD | 516 |
| City of Torrance | 10. Madrona Desalination Facility Project | Water Replenishment District of So. California | 2,365 |
| West Basin MWD | 11. Sepulveda Desalination Facility Project | Water Replenishment District of So. California | 2,335 |
| Subtotal | | | 42,076 |
| Total | | | 60,076 |

- (1) Two recycling projects remain from seven pending applications submitted prior to August 1, 1995 when MWD's Board authorized the General Manager to approve and enter into agreements with member agencies and subagencies. Four applicants have executed LPP agreements and one project application has been withdrawn. (MWD Board Letter 8-3 dated August 8, 1995 and supplemented on August 21, 1995 regarding advance conversion of existing LPP projects to the LRP.) Based on MWD Board Letter 7-4 dated November 21, 1997 regarding LRP Principles, LPP applications that fail to meet the agreement execution deadline of December 9, 1998 may then be evaluated only under new LRP rules.
- (2) The MWD Board Letter 8-3 dated August 8, 1995 regarding advance conversion of existing LPP projects to the LRP did not address the GRP. To provide equal treatment of recycling and groundwater recovery projects during the transition period, MWD's Board grandfathered applications received before December 1, 1997. Like the LPP, agreements for these projects must be executed before December 9, 1998. Based on MWD Board Letter 7-4 dated November 21, 1997 regarding LRP Principles, GRP applications that fail to meet the agreement execution deadline of December 9, 1998 may only then be evaluated under new LRP rules.