



• **Board of Directors**
Water Planning and Resources Committee

December 14, 1999 Board Meeting

8-4

Subject

Local Resources Program Agreement for the Harbor Water Recycling Project with the City of Los Angeles Department of Water and Power

Description

The Project is one of 14 competitively selected projects under Metropolitan's Local Resources Program (LRP) that would collectively produce 51,500 acre-feet per year of new LRP production ([Attachment 1](#)). The 14 projects were selected following guidelines adopted by the Board in June 1998. A report summarizing the screening process was presented to the Board in December 1998. The final step in the process is Board authorization of the LRP agreement for the Project with an ultimate yield of 5,000 acre-feet per year. A copy of the negative declaration is available for your review in the office of the executive secretary.

Policy

Prior Board direction provided by Board letter 8-9 dated May 26, 1998.

Board Options/Fiscal Impacts

Option #1

- A. Review and consider information provided in the Project's mitigated negative declaration and adopt the Lead Agency's findings related to the Project; and
- B. Authorize the general manager to execute a LRP agreement for this project to provide incentive payments over 24 years that begin at \$86 per acre-foot and are incrementally increased each year. The payment in year 24 would be \$139 per acre-foot.

Fiscal Impact: About \$13.6 million for approximately 120,000 acre-feet of water over 24 years.

Option #2


Defer entering a LRP agreement.

Fiscal Impact: Would avoid future payments totaling about \$13.6 million over 24 years.

Staff Recommendation

Option #1

 11/19/99
Stephen N. Arakawa Date
Acting Manager, Water Resource Management

 11/22/99
General Manager Date

[Attachment 1](#)

Detailed Report

Local Resources Program Background

In June 1998, with endorsement of the member agencies, Metropolitan's Board of Directors established the Local Resources Program (LRP). Metropolitan issued a competitive Request for Proposals (RFP) for 53,000 acre-feet per year (AFY) of production. Twenty-eight proposals were received, and in the ensuing two-month period reviewed, by a committee made up of Metropolitan staff and water resource consultants using weighting criteria for ranking factors adopted by the Board. In December 1998, staff reported to the Board that the review committee identified 14 projects that best meet the selection criteria. Those 14 projects would collectively yield about 51,500 AFY (see Attachment 2).

Project implementation would help the region meet the year 2020 goal of 500,000 AFY for recovered groundwater and recycled water production. An estimated 125,000 AFY shortfall in meeting the goal was identified in the RFP. This locally developed water improves regional water supply reliability by displacing requirements for future Metropolitan capital improvements and water importation.

Project Features

The Harbor Water Recycling Project (Project) is one of the 14 selected projects. The Project involves construction of approximately five miles of recycled water distribution pipeline from the Terminal Island Treatment Plant for municipal and industrial purposes. This Project will reduce the demand for an equal amount of potable supplies from Metropolitan that the City of Los Angeles Department of Water and Power (Department) has used to supply the Water Replenishment District of Southern California, the Department's Harbor Generating Station, and Tosco Anaheim Refinery. The Department will construct and operate the Project. Attachment 3 provides a description of the Project's features. The Project's capacity is 5,000 AFY.

The Project complies with the LRP criteria adopted by the Board in June 1998. Subject to the Board's approval, the proposed Project would receive financial assistance which varies from \$86 to \$139 per acre-foot over 24 years as specified in the Department's proposal. A corresponding annual contribution from the start of operation (2001-2002) through 2024-2025 will be included in future O&M budgets. No incentive payments will be provided this fiscal year. Metropolitan will provide up to \$695,000 annually for a total contribution of about \$13.6 million for approximately 120,000 acre-feet over 24 years. Metropolitan's financial contribution to the Project would be provided to the Department under a 24-year agreement term. Attachment 4 is a schedule of Metropolitan's projected annual contribution to the Project.

Environmental Documentation

Pursuant to the California Environmental Quality Act (CEQA), the Department, acting as the Lead Agency, has prepared and adopted a Mitigated Negative Declaration for the Project. Metropolitan, as a Responsible Agency due to its financial participation in the Project, is required to review and consider the information provided in the Mitigated Negative Declaration prior to reaching a decision on the Project. Copies of the Lead Agency's Mitigated Negative Declaration and Notice of Determination are available for your review in the office of the Executive Secretary. No further environmental documentation is necessary for you to act upon in this matter.

LOCAL RESOURCES PROGRAM

14 Selected Projects

Selected Projects	Ultimate Yield (AFY)	Financial Incentive (\$/AF)	Total MWD Contribution (\$)	Agreement Term (yrs.)	Total Yield* (AF)	MWD Board Approval	Executed Agreement
Westlake Wells - Tapia WRF Intertie Project	150	130	78,000	4	600	x	x
Temescal Basin Desalting Facility	10,000	100	25,000,000	25	250,000	x	x
Dry Weather Runoff Reclamation Facility	280	150	1,050,000	25	7,000	x	x
Colored Water Treatment Facility	11,300	97-169	37,115,824	25	277,792	x	x
Alamitos Barrier Reclaimed Water Project	3,024	151-209	13,636,728	25	74,088	x	
Olivenhain Recycled Project - SE Quadrant	1,788	150	4,076,400	20	27,176	x	
Otay Recycled Distribution Expansion	8,515	160-200	21,637,465	24	125,880	x	
Santa Margarita Non-Domestic System	2,772	77-214	6,538,416	25	65,951	x	
Moulton Niguel Phase 4 Expansion	1,276	154	3,821,356	20	24,814	x	
Harbor Water Recycling Project	5,000	86-139	13,595,000	24	120,000		
Capistrano Valley Non-Domestic System	2,895	150	9,591,300	25	63,942		
Juan Well Filter Facility	900	75	472,500	7	6,300		
Encina Water Reclamation Phase 2	2,950	100-210	7,975,685	25	62,750		
Rincon del Diablo Recycled Water Program	648	15-250	648,785	11	4,633		
Total	51,498		144,588,674		1,106,293		

* Total Yield is the sum of the project's annual yield over the requested term of financial assistance.

Harbor Water Recycling Project **Project Description**

Overview:

The Harbor Water Recycling Project (Project) will deliver about 5,000 acre-feet per year (AFY) of recycled water for seawater intrusion barrier and industrial purposes in the Los Angeles Harbor area.

Project Facilities:

The Project will involve construction of approximately two miles of recycled water distribution pipeline. The pipeline begins on Terminal Island, crosses the Los Angeles Harbor Turning Basin and continues north before branching off to recycled water users (see Figure 1). The pipeline will serve as the backbone distribution system and will have the capacity to serve future phases. Other facilities include a pressure regulating station, and flow and pressure measuring instrumentation.

Source of Recycled Water

The sole source of supply for the Project is the Terminal Island Treatment Plant (TITP) located in the City of Los Angeles on Terminal Island. TITP is not a Project facility.

Recycled Water Customers

Project water will be shared among municipal and industrial users including the Water Replenishment District of Southern California, the Department of Water and Power's Harbor Generating Station, and Tosco Anaheim Refinery.

Points of Connection

Project facilities begin downstream of the distribution system pump station located at the TITP terminal and terminate at the point of connection to the recycled water customers.

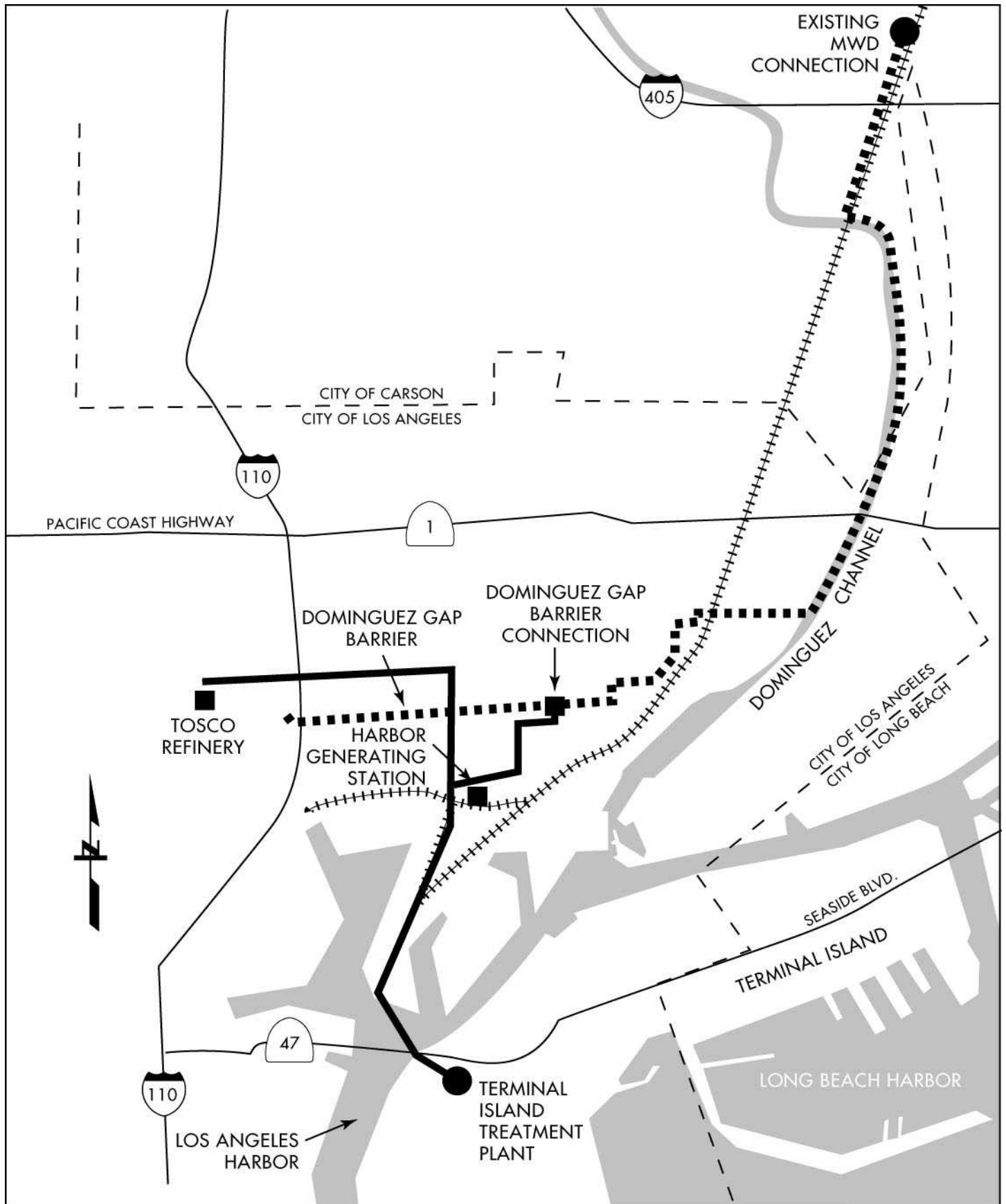


Figure 1
HARBOR WATER RECYCLING PROJECT

Metropolitan's Annual Contribution

<u>Fiscal Year</u>	<u>Incentive Rate (\$/AF)</u>	<u>Production (AF)</u>	<u>Annual Contribution (\$)</u>
2001-2002	86	5,000	430,000
2002-2003	86	5,000	430,000
2003-2004	86	5,000	430,000
2004-2005	86	5,000	430,000
2005-2006	99	5,000	495,000
2006-2007	99	5,000	495,000
2007-2008	99	5,000	495,000
2008-2009	99	5,000	495,000
2009-2010	99	5,000	495,000
2010-2011	112	5,000	560,000
2011-2012	112	5,000	560,000
2012-2013	112	5,000	560,000
2013-2014	112	5,000	560,000
2014-2015	112	5,000	560,000
2015-2016	125	5,000	625,000
2016-2017	125	5,000	625,000
2017-2018	125	5,000	625,000
2018-2019	125	5,000	625,000
2019-2020	125	5,000	625,000
2020-2021	139	5,000	695,000
2021-2022	139	5,000	695,000
2022-2023	139	5,000	695,000
2023-2024	139	5,000	695,000
2024-2025	139	5,000	695,000
Total		120,000	13,595,000