

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

March 14, 2000 Board Meeting

9-12

Subject

Local Resources Program Agreement for the Juan Well Filter Facility with Central Basin Municipal Water District

Description

The Project is the last of 14 competitively selected projects to be considered for participation under Metropolitan's Local Resources Program (LRP). The 14 projects, which would collectively produce 51,500 acre-feet per year of new LRP production ([Attachment 1](#)), 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 900 acre-feet per year.

Under LRP rules adopted by the Board, all assistance agreements must be executed prior to April 1, 2000. Following the selection process, the project sponsor, Southern California Water Company (SCWC), initially declined negotiating an agreement due to concerns over upcoming arsenic standards. However, SCWC later decided to proceed, but was unable to meet the deadline for the Rules Committee to establish the March agenda. This Board letter was subsequently added to the Water Planning and Resources agenda for consideration. A copy of the project's categorical exemption 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 categorical exemption; and
- B. Authorize the general manager to execute a LRP agreement for this project to provide incentive payments over seven years of \$75 per acre-foot.

Fiscal Impact: Not to exceed \$475,000 for approximately 6,300 acre-feet of water over seven years.

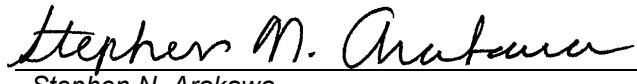
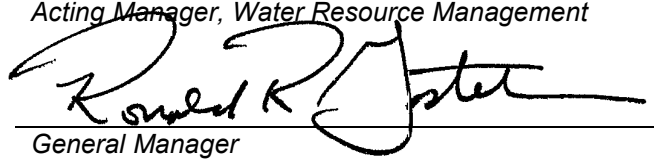
Option #2

Defer entering a LRP agreement.

Fiscal Impact: Would avoid future maximum payments of about \$475,000 over seven years.

Staff Recommendation

Option # 1.

	3/9/2000
Stephen N. Arakawa Acting Manager, Water Resource Management	Date
	3/9/2000
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 Figure 1).

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 Juan Well Filter Facility (Project) is one of the 14 selected projects. Southern California Water Company's (SCWC) 900 acre-feet per year (AFY) project will remove high levels of iron and manganese and reduce arsenic levels from a groundwater well located in the city of Hawaiian Gardens for municipal use. This will reduce the demand for an equal amount of potable supplies from Metropolitan that SCWC has provided since the well was removed from service in 1993. This locally developed water improves regional water supply reliability by displacing requirements for future Metropolitan capital improvement and water importation. SCWC will construct and operate the Project under an agreement with Central Basin. The Project's features are provided in the Project Description.

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 of \$75 per acre-foot over seven years as specified in SCWC's proposal. A corresponding annual contribution from the start of operation (1999-2000) through 2005-2006 will be included in future O&M budgets. Metropolitan will provide up to \$67,500 annually for a total contribution of about \$475,000 for approximately 6,300 acre-feet over seven years. Metropolitan's financial contribution to the Project would be provided to SCWC through Central Basin under a seven-year agreement term. In turn, Central Basin and SCWC will execute an agreement which outlines the financial arrangement of Metropolitan incentives between the two agencies. Figure 3 is a schedule of Metropolitan's projected annual contribution to the Project.

Environmental Documentation

Pursuant to the California Environmental Quality Act (CEQA), the Department of Health Services, acting as the Lead Agency, has prepared a categorical exemption 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 categorical exemption prior to reaching a decision on the Project. A copy of the Lead Agency's categorical exemption 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.

FIGURE 1**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	x
Otay Recycled Distribution Expansion	8,515	160-200	21,637,465	24	125,880	x	x
Santa Margarita Non-Domestic System	2,772	79-214	6,538,416	25	65,951	x	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	x	x
Capistrano Valley Non-Domestic System	2,895	150	9,591,300	25	63,942	x	
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	x	
Rincon del Diablo Recycled Water Program	648	15-250	648,785	11	4,633	x	
Total	51,498		145,237,459		1,110,926		

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

Juan Well Filter Facility Project Description

Overview:

The proposed project, sponsored by Central Basin Municipal Water District (Central Basin), will provide a reliable and consistent supply of potable water to Southern California Water Company (SCWC) customers served by the Artesia system. The Juan Well Filter Facility (Project) will deliver about 900 acre-feet per year of treated groundwater for municipal and domestic purposes in the cities of Artesia, Hawaiian Gardens, portions of the cities of Lakewood and Long Beach, and portions of Los Angeles County.

SCWC will construct and operate the Project under an agreement with Central Basin.

Treatment Facilities:

The Juan Well is located in southeastern portion of Los Angeles County in the City of Hawaiian Gardens and is one of nine wells in SCWC's Artesia system (see Figure 1). The well has been removed from service since 1993 due to high levels of iron and manganese. High arsenic levels and impending stringent standards are also barriers to restoring production from Juan Well.

SCWC has identified a new arsenic treatment technology using granular ferric hydroxide. The technology has been successfully used in various drinking water and mineral water applications throughout Germany and will be the first application in the United States. The most cost-effective treatment for iron and manganese removal is oxidation followed by filtration. The Project will include the construction of a dual media filter for iron and manganese removal followed by a ferric hydroxide filter for arsenic removal. Other related improvements include a waste discharge line for filter backwashing purposes and chemical storage and feed facilities.

Process Residuals Disposal

Backwash water from the iron and manganese treatment filters will be discharged to the flood control channel located about 60 feet from the project site. SCWC will apply for an NPDES permit for discharge into the flood control channel. SCWC has constructed several similar facilities in Los Angeles County with similar discharge and permit requirements confirming the performance of the dual media filter. The arsenic treatment filters do not require backwashing and can be regenerated and reused in some applications.

Points of Connection

Project facilities begin at the Juan Well and terminate at the point of connection to SCWC's potable water system and the discharge line to the flood control channel.

FIGURE 2

JUAN WELL FILTER FACILITY

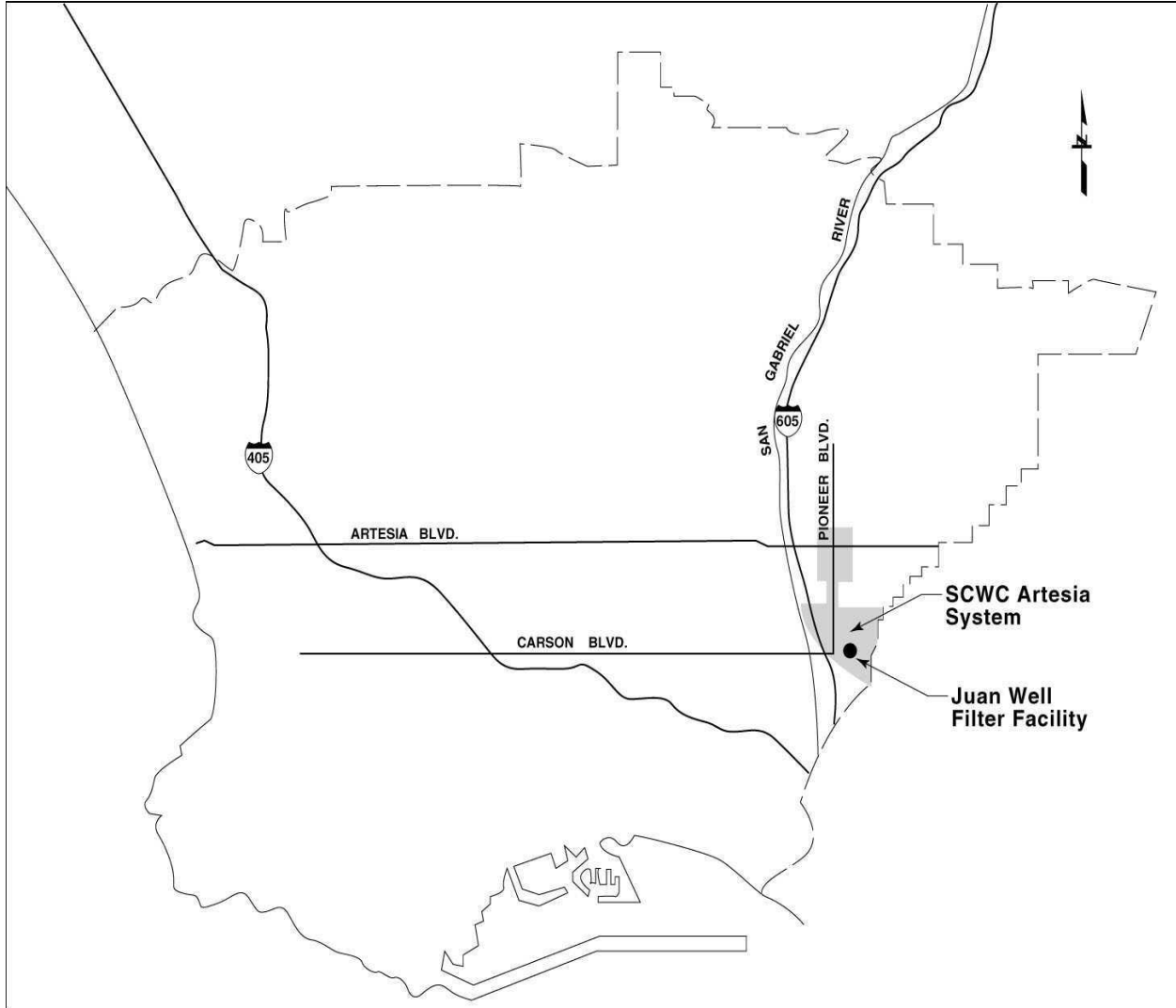


FIGURE 3

Metropolitan's Maximum Annual Contribution

<u>Fiscal Year</u>	<u>Incentive Rate (\$/AF)</u>	<u>Production (AF)</u>	<u>Annual Contribution (\$)</u>
1999-2000	75	900	67,500
2000-2001	75	900	67,500
2001-2002	75	900	67,500
2002-2003	75	900	67,500
2003-2004	75	900	67,500
2004-2005	75	900	67,500
2005-2006	75	900	67,500
Total		6,300	472,500