

- **Board of Directors**
Engineering and Operations Committee

June 13, 2000 Board Meeting

REVISED 8-2

Subject

San Diego Pipeline No. 6 – Approve Acquisition of Right of Way and Authorization to Execute Environmental Mitigation Agreements – Assessment District No. 161 Sub-Regional Habitat Conservation Plan.

Description

This letter is a revision to the previously submitted letter on this issue. The revision is required due to recent developments regarding the right of way acquisition negotiations and agency review of environmental permit documentation.

The Final Environmental Impact Report (FEIR) for San Diego Pipeline No. 6 (SD6) was certified, and funds required for design, right of way acquisition, and environmental mitigation planning were appropriated by the Board in May 1993. Since that time, numerous studies, including the Rate Refinement Process and the Integrated Resources Plan, have established the current project on-line date of mid-2008. Increased land development in the project area requires that Metropolitan and the San Diego County Water Authority (SDCWA) proceed with the acquisition of right of way along critical sections of the project corridor now. Staff is currently evaluating acquisition strategies in light of the new developments. One of the critical areas of concern is the Johnson Ranch and University of California Riverside (UCR) Properties, located immediately south of the Skinner filtration plant. Plans are currently underway by Riverside County to establish the Assessment District No. 161 (AD 161) Sub-Regional Habitat Conservation Plan (SHCP) encompassing a significant portion of the Johnson Ranch and UCR properties. This SHCP is part of an application for a permit to allow incidental “take” of endangered species associated with construction of several land development projects. Metropolitan staff has contributed to the development of the SHCP documents and has been able to include SD6 as a “covered” project. The biological impacts associated with the construction of SD6 through the SHCP area have been identified, and mitigation provided, in the SHCP documents. Metropolitan must now participate in the SHCP, through an amendment to the Implementation Agreement, in order to obtain the permit for incidental take of endangered species within the AD 161 SHCP area, which overlays approximately 2 miles of the SD6 pipeline corridor.

Additionally, Metropolitan will need to acquire the permanent and construction easements for the pipeline corridor through the Johnson Ranch and UCR properties. Rancho California Water District (RCWD), on behalf of Metropolitan, submitted an offer to procure the easements, totaling about 50 acres, through Johnson Ranch for SD6 at a cost of \$310,634. The Johnson Ranch property owner, Riverside County, has accepted this offer. This price, based on a prorated value of the fee price of approximately \$17,775/acre paid by the County, has been reviewed and confirmed by Metropolitan’s appraisers. Staff is now negotiating the specifics of the acquisition, in coordination with RCWD. Staff is also negotiating separately for acquisition of the necessary easements, totaling about 10 acres, through the UCR Property. An offer has not yet been made to UCR.

Additional costs will be incurred to perform the necessary biological surveys and analyses, document preparation, survey, engineering, project management activities, and to make a one time estimated payment of about \$65,000 as a contribution to management of the SHCP reserve. Approval of this action would authorize the General Manager to enter into negotiations and execute agreements and property acquisitions, including agreements exceeding \$250,000, as well as to approve CEQA and/or other environmental documentation.

Because of the regional benefit of SD6 and the cost benefit associated with this opportunity, the directly impacted Member Agencies (Eastern Municipal Water District, Western Municipal Water District, SDCWA) and sub-Agency (Rancho California Water District) submitted letters ([Attachment 4](#)) to Metropolitan supporting a decision to approve the recommended action. (See [Attachment 1](#) for Detailed Report, see [Attachment 2](#) for Location Map, and see [Attachment 3](#) for Detailed Map).

Policy

Existing: Administrative Code Section 8115(a).

Existing: Administrative Code Section 8221(a).

Board Options/Fiscal Impacts

Option #1

Authorize the General Manager to perform all activities necessary to establish Metropolitan as a participant in the A.D. 161 Sub-Regional Habitat Conservation Plan, negotiate for mitigation credits and take authorization for endangered species, take all appropriate actions regarding CEQA and/or other environmental documents, execute agreements for environmental mitigation and right of way acquisition, including agreements exceeding \$250,000, and acquire necessary right of way through the affected properties at a price consistent with the amount set forth in this letter.

Fiscal Impact: Expenditure of approximately \$700,000 of previously appropriated funds.

Option #2

Do not authorize the General Manager to take any action at this time to participate in the SHCP or procure right of way. Staff would continue to comment and respond to notices on the SHCP process to maintain an easement reservation for the SD6 corridor. Subsequent decisions pertaining to the management of the reserve could result in significant increases in future requirements and costs for mitigation of impacts to endangered species within the proposed corridor, as well as the loss of available credits to other covered non-Metropolitan projects.

Fiscal Impact: Costs deferred. Eventual cost of right of way and environmental documentation and mitigation credits would most likely increase substantially.

Option #3

Authorize the General Manager to procure right of way only and execute acquisition contracts exceeding \$250,000. Securing the necessary easements now ensures the most cost-effective alignment for the pipeline. However, easement ownership without participation in the SHCP may not be acceptable to Riverside County, since habitat acreage would be removed from the mitigation bank without commensurate compensation. Additionally, upon subsequent application, mitigation credits and take authorization may either be unavailable within the SHCP and/or cost substantially more than Option No. 1.

Fiscal Impact: Expenditure of approximately \$560,000 of appropriated funds. Eventual cost of environmental documentation and mitigation credits would most likely increase substantially.

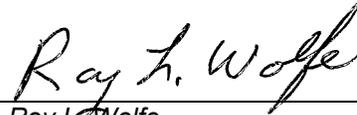
Option #4

Authorize the General Manager to perform all necessary activities, with the exception of procuring right of way, to establish Metropolitan as a participant in the SHCP, negotiate for mitigation credits and take authorization for endangered species, and execute agreements for environmental mitigation exceeding \$250,000. This would enable Metropolitan to expeditiously obtain the necessary mitigation credits and endangered species take authorization. Not procuring the right of way through the SHCP property at this time could result in the loss of the most cost effective alignment for the pipeline because subsequent management of the reserve could result in the establishment of new habitat where the pipeline is currently proposed to be constructed.

Fiscal Impact: Expenditure of approximately \$225,000 of appropriated funds. Eventual cost of right of way and potential additional environmental documentation and mitigation credits would most likely increase substantially.

Staff Recommendation

Option #1.



Roy L. Wolfe
Acting Manager, Corporate Resources

6/6/2000
Date



Ronald R. Jester
General Manager

6/7/2000
Date

Attachment 1 (Detailed Report)

Attachment 2 (Location Map)

Attachment 3 (Detail Map)

Attachment 4 (Member Agency Support Letters)

Detailed Report

Background

The planning process and environmental analyses for SD6 began in 1987. SD6 is a joint project between Metropolitan and the SDCWA. Metropolitan's portion of the project includes 12.5 miles of 10-foot diameter pipeline and 8 miles of 9-foot diameter tunnel. The Board certified the Final Environmental Impact Report (FEIR) and approved the project in May 1993. SD6, along with comprehensive groundwater management, conservation, and water reclamation programs, is needed to provide sufficient water deliveries to meet water resources management, system reliability, and system flexibility objectives in San Diego and southern Riverside counties. The "needs analysis" identified the need for additional conveyance capacity ranging from 470 cfs to 636 cfs. At that time, it was determined that without additional capacity, there would be significant deficits in seasonal and short term delivery capacity beginning approximately in the year 1998. Staff immediately initiated preliminary design activities in concert with the SDCWA, including the process of retaining professional services for aerial topographic surveys, geotechnical/geological investigations and tunnel design, and environmental and mitigation monitoring services. Since that time, additional analyses were conducted, including the Integrated Resources Plan and the Rate Refinement Process, that resulted in a series of revised completion dates for SD6, first from 1998 to 2000, then to 2002, and eventually to 2005. In October 1995, all work by Metropolitan staff and consultants on SD6 was deferred until further notice.

In April 1997, under the authority of the General Manager and in advance of detailed design, Metropolitan staff initiated efforts to begin the procurement of critical rights of way along the project alignment in order to preserve the ability to construct the pipeline at minimal cost. Since the majority of Metropolitan's portion of the pipeline is planned to be in road right of way, most of the needed property rights are in the form of temporary construction easements, which cannot be obtained too far in advance of construction. Although equally important, the acquisition of easements along the tunnel portion of the project, with the exception of the portal sites, is not as critical. This is because any development over the tunnel alignment would represent minimal, if any, disruption to construction activities.

Subsequently, staff was informed of efforts by the SDCWA to implement alternative programs that would defer the construction of SD6 beyond 2005. These programs included a series of treatment plant expansions within the SDCWA's service area, and other projects that could increase conveyance capacity to deliver the treated water. Although SDCWA staff was initially supportive of Metropolitan's efforts to acquire critical rights of way, the success of these programs led to a recommendation by the SDCWA to again defer the on-line date for SD6 to no sooner than 2008, with a potential for even further deferral until 2015. Therefore, in December 1997, the SDCWA recommended that Metropolitan proceed only with ongoing coordination with developers and local agencies, but stated that it was inappropriate to spend additional money until a clear need and schedule for the project is established. In 1998, both Metropolitan's and the SDCWA's Capital Improvement Programs were adjusted to reflect an on-line date of 2008. Metropolitan staff continued only with coordination, mapping and monitoring activities along the project corridor.

Development Impacts

Over the past year or so, renewed land development activity in Riverside County has raised concerns regarding the preservation of the SD6 corridor. There are several areas where proposed and ongoing development is or will impact the pipeline corridor. Staffs from both Metropolitan and the SDCWA are currently working on strategies to maintain low cost options for eventual construction of the pipeline. One option under consideration is the procurement of a permanent easement adjacent to the road right of

way. One particularly critical area is the Johnson Ranch and UCR properties. SD6 traverses Johnson Ranch, a 1376-acre development south of Lake Skinner. SD6 is also located on the eastern edge of the UCR property, originally a part of Johnson Ranch but recently granted to the University of California, Riverside. As a result of Metropolitan's efforts, the Final EIR and Specific Plan for Johnson Ranch included specific language protecting the road right of way corridor intended for SD6. However, in December 1999, Metropolitan was informed that the county of Riverside was proposing to establish Assessment District No. 161 Sub-regional Habitat Conservation Plan (SHCP) encompassing a significant portion of the Johnson Ranch/UCR property. This SHCP is part of an application for a permit to allow incidental "take" of endangered species associated with construction of several land development projects in the area. The implementation of this SHCP could eliminate the approved pipeline corridor. Metropolitan staff has been in continuous communication with the SHCP proponents and has been able to include SD6 as one of the projects covered by the document. However, it is necessary to delineate and procure the required permanent and temporary construction easements for SD6 through this area prior to its establishment as an environmental reserve.

Environmental Mitigation

Habitat suitable for several state and federally listed endangered species has been identified along the approved alignment for SD6. Prior to implementation of the project, permits would be required from the United States Fish and Wildlife Service (USFWS) and the California Department of Fish and Game (CDFG) for incidental take of protected species and their habitat. This process can take several years to complete. The A.D. 161 SHCP has been well coordinated with the permitting agencies, ie. USFWS and the CDFG, and can provide Metropolitan with the necessary take authorization through the SHCP area in an expedited fashion. The biological impacts associated with the construction of SD6 through the SHCP area have been identified, and mitigation provided, in the SHCP documents. Metropolitan must now participate in the SHCP, through an amendment to the Implementation Agreement, in order to obtain the permit for incidental take of endangered species within the AD 161 SHCP area, which overlays approximately 2 miles of the SD6 pipeline corridor.

Fiscal Impacts

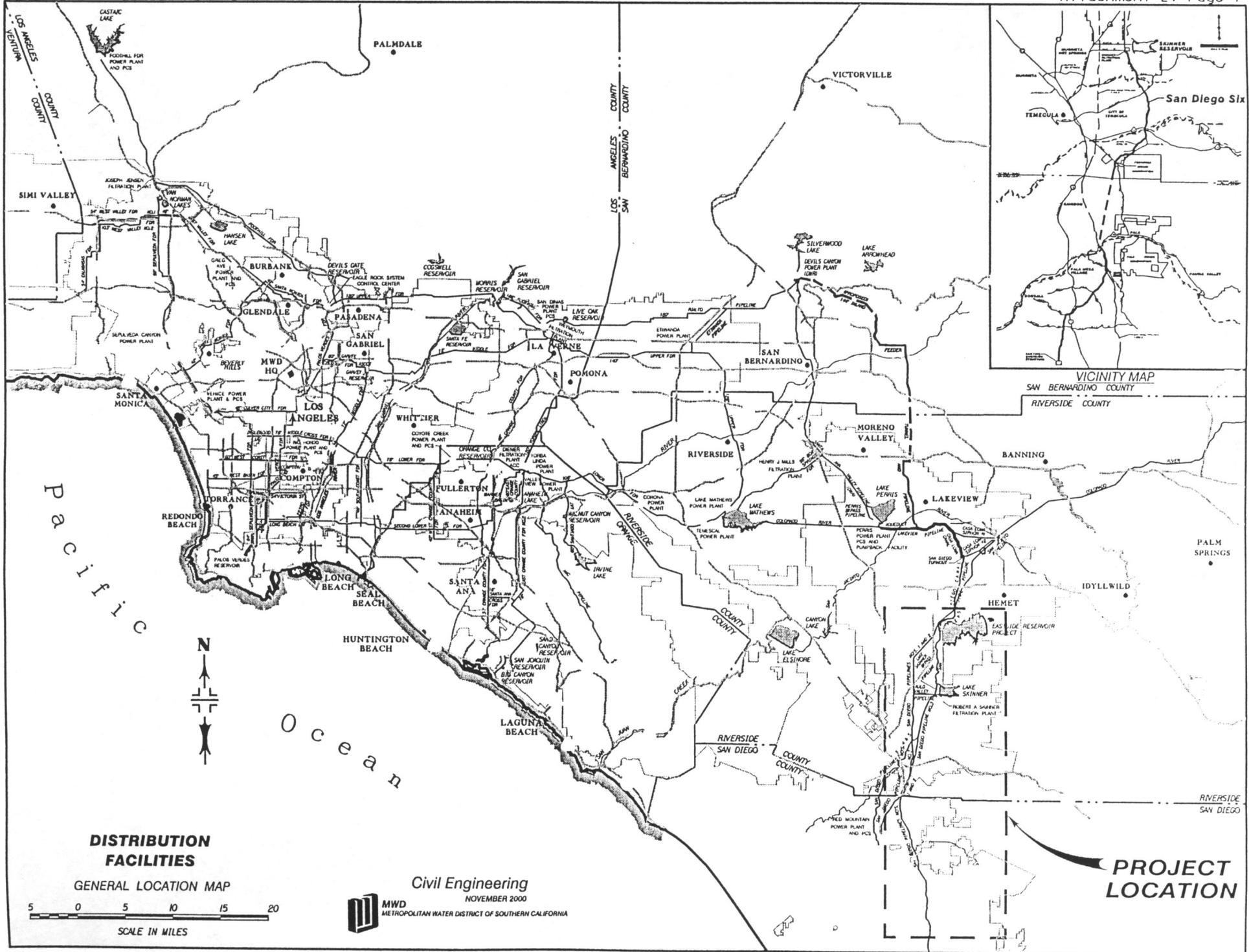
The current program appropriation is for a total of \$47,753,800. Approximately \$8,850,000 has been spent to date on planning, survey, preliminary design, environmental, and project management activities. The estimated cost to proceed with the recommended option is approximately \$700,000. This includes the acquisition cost of about 24 acres of permanent and 36 acres of temporary easements, and an estimated one-time payment of \$65,000 as a contribution to the endowment for management of the reserve. The mitigation credits and take authorization Metropolitan would receive in return are described above. The \$65,000 payment amounts to a rough cost of about \$1,100/acre of impacted habitat. Pursuing individual endangered species take authorization and independently negotiating mitigation agreements would not only cost Metropolitan additional staff and consulting time, but the costs of obtaining mitigation credits are estimated to be up to twenty times greater than they are for participation in the SHCP.

The right of way cost for the permanent and construction easements is estimated to be approximately \$430,000. This estimate is based on a 100-foot wide permanent easement and a 150-foot wide temporary construction easement over the entire length of the corridor through the Johnson Ranch and UCR properties. Upon approval by the Board, staff would prepare the necessary documentation and enter into negotiations for the property acquisition. This effort would be conducted in coordination with the Rancho California Water District, which is pursuing a similar effort for its EM-20 pipeline project through the Johnson Ranch property.

In addition to the \$65,000 estimate for the reserve management fee, and the \$430,000 for permanent and temporary easements, additional costs will be incurred by staff and consultants to prepare the necessary documentation and environmental analyses, conduct environmental and land use surveys, and perform engineering, survey, mapping, and project management activities.

CEQA Compliance / Environmental Documentation

When the Board certified the FEIR and approved the project in May 1993, it authorized the General Manager to “proceed with final design, including all land acquisition and proposed mitigation programs leading to construction of the [San Diego Pipeline No. 6 Project].” No additional environmental documentation is necessary for the Board to approve the recommended action.



DISTRIBUTION FACILITIES

GENERAL LOCATION MAP

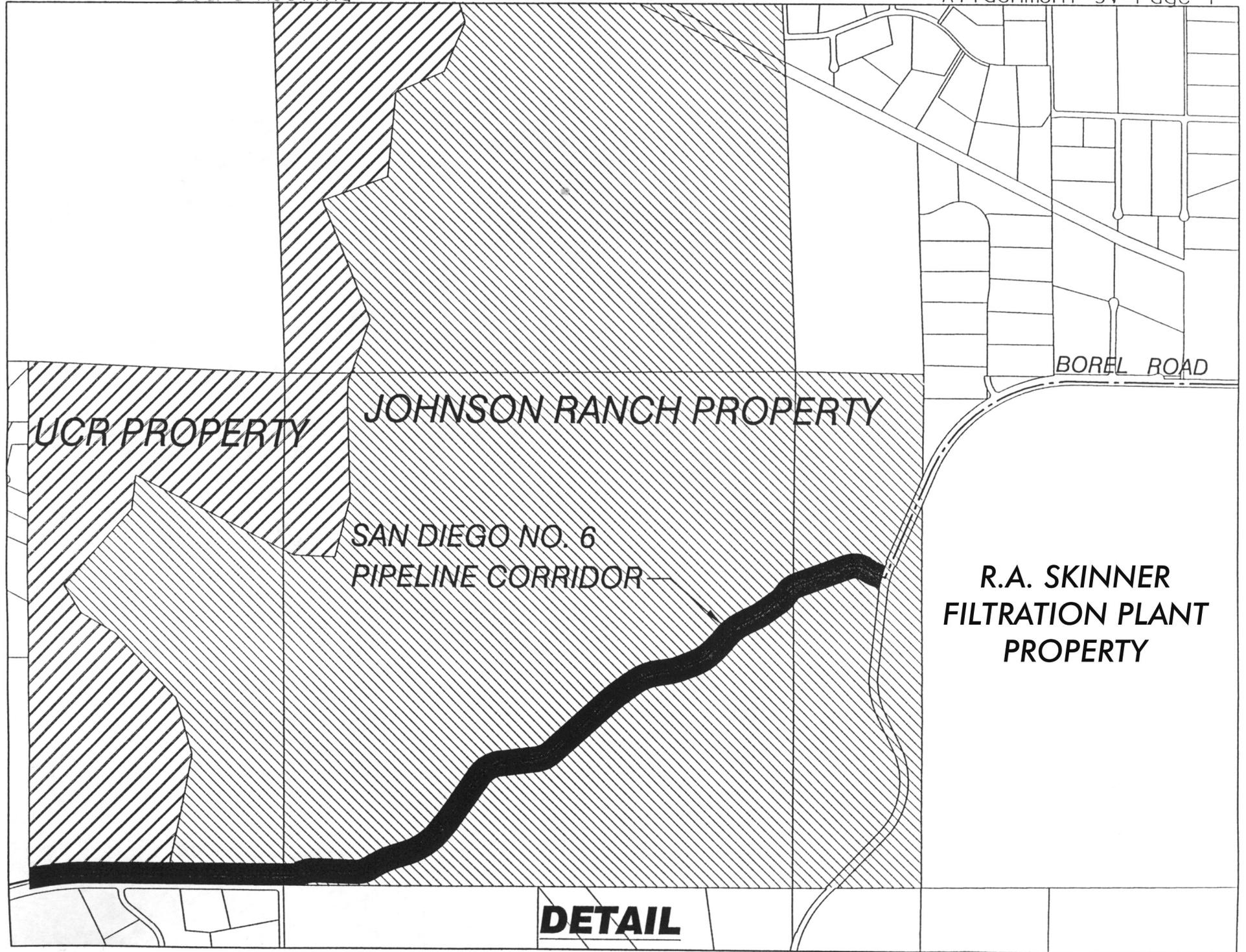


Civil Engineering
NOVEMBER 2000



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

PROJECT LOCATION



UCR PROPERTY

JOHNSON RANCH PROPERTY

SAN DIEGO NO. 6
PIPELINE CORRIDOR

BOREL ROAD

R.A. SKINNER
FILTRATION PLANT
PROPERTY

DETAIL

The Following 5 Pages (Member Agency Support Letters) are

Attachment 4

To Board Letter 8-2



Elizabeth L. Cunnison
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Donald L. Schroeder
Vice President

Lester E. Boston, Jr.
Secretary/Treasurer

Wayne H. Holcomb
Director

Donald L. Harriger
General Manager
Kevin D. Jeffries
Director

April 24, 2000

Mr. Ronald R. Gastelum
General Manager
Metropolitan Water District of Southern California
Box 54153
Los Angeles CA 90054

**SAN DIEGO PIPELINE NO. 6 – SUPPORT FOR METROPOLITAN’S PARTICIPATION IN A
SUB-REGIONAL HABITAT CONSERVATION PLAN**

Dear Ron:

I understand from your April 6 letter to Maureen Stapleton that Metropolitan has the opportunity to make important progress on the San Diego Pipeline No. 6 Project property acquisition by participating in the Sub-Regional Habitat Conservation Plan.

As I had written to you previously, the completion of the San Diego Pipeline No. 6 Project is of considerable importance to Western and the Rancho California Water District, which lies within both Western and Eastern Municipal Water District’s boundaries. Rancho is in need of additional treated water capacity from Lake Skinner to help meet increasing water demand and has been working with Metropolitan staff for some time to develop a solution. Rancho requires Pipeline No. 6 in order to fully utilize its water distribution facilities and to implement its groundwater recharge program. Therefore, the timely completion of Pipeline No. 6 is of some urgency.

Attached you will find a letter of support for the SHCP from the Rancho California Water District’s General Manager John Hennigar. Western is also in full support of Metropolitan proceeding to participate in the SHCP process to facilitate property acquisition and move construction of Pipeline No. 6 forward.

Metropolitan’s efforts on this project are sincerely appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "DLH", written over a white background.

DONALD L. HARRIGER
General Manager

DLH/mdj

cc: John Hennigar, RCWD
John Brudin, EMWD
Maureen Stapleton, SDCWA



April 10, 2000

Donald L. Harriger, General Manager
Western Municipal Water District
Post Office Box 5286
Riverside, CA 92517-5286

SUBJECT: SAN DIEGO PIPELINE NO. 6

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Jeffrey L. Minkler

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General Manager

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Director of Finance-
Treasurer

E.P. "Bob" Lemons
Director of Engineering

Kenneth C. Denly
Director of Operations
& Maintenance

Perry R. Louck
Controller

Linda M. Fregonese
District Secretary/Administrative
Services Manager

C. Michael Cowett
East Root & Krieger LLP
General Counsel

Dear Don:

Rancho California Water District (RCWD) hereby offers this letter of support for the Metropolitan Water District of Southern California (MWD) participation in the Assessment District No. 161 (AD-161) Sub-Regional Habitat Conservation Plan (Conservation Plan) as part of the San Diego Pipeline No. 6 Project.

Participation in the AD-161 Conservation Plan provides a unique opportunity to mitigate for the biological impacts associated with the proposed San Diego Pipeline No. 6 Project. It is RCWD's opinion that if MWD does not participate in the AD-161 Conservation Plan, a significant increase in cost and time would occur for the completion of San Diego Pipeline No. 6.

The San Diego Pipeline No. 6 Project not only provides a benefit to other member agencies within MWD, but San Diego Pipeline No. 6 is required for RCWD to fully implement its ground water recharge program. As previously noted in RCWD's Water Facilities Master Plan, RCWD proposes to relocate the existing EM-19 turnout facility (design capacity 40 cfs) from San Diego Pipeline No. 3 to San Diego Pipeline No. 6 and to increase the capacity of the EM-19 turnout to 80 cfs. The timely construction of San Diego Pipeline No. 6 and the subsequent relocation of the EM-19 turnout facility are also required for RCWD to fully utilize its existing water distribution facilities due to the temporary use of the existing EM-19 turnout facility.

Therefore, RCWD strongly supports MWD's participation in the AD-161 Conservation Plan as part of the San Diego Pipeline No. 6 Project.

Sincerely,

RANCHO CALIFORNIA WATER DISTRICT

John Hennigar
General Manager
00\JH:BL:m003\00810

c: Bob Lemons, RCWD Director of Engineering
John Brudin, Eastern Municipal Water District
Ronald Gastelum, Metropolitan Water District of Southern California
Maureen Stapleton, San Diego County Water Authority



May 9, 2000

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Legal Counsel

Redwine and Sherrill

**Mr. Ronald Gastelum
General Manager
Metropolitan Water District
of Southern California
P.O. Box 54153
Los Angeles, CA 90054**

Subject: San Diego Pipeline No. 6

Dear Mr. Gastelum:

Please accept this letter as an indication of Eastern Municipal Water District's support of the subject project. Specifically, we support the effort of MWD to enter into negotiations with the County of Riverside for participation in a sub-regional Habitat Conservation Plan being proposed for the Johnson Ranch property, with the goal of preserving pipeline corridors for regional conveyance facilities.

The San Diego Pipeline No. 6 is a critical facility needed to provide adequate water supply to the Rancho California Water District and others. We would request that MWD take the necessary action required to keep this project moving forward.

Sincerely,

for John B. Brudin
General Manager

**c: John Hennigar
Rancho California Water District**

**Don Harrigar
Western Municipal Water District**

nr plpe6.mwd



San Diego County Water Authority

A Public Agency

3211 Fifth Avenue • San Diego, California 92103-5718
(619) 682-4100 FAX (619) 297-0511

May 5, 2000

Mr. Ronald R. Gastelum, General Manager
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, California 90054-0153

Subject: San Diego Pipeline 6

Dear Ron:

Since your letter dated December 28, 1999, Metropolitan Water District (MWD) and San Diego County Water Authority (Authority) staff have met twice to discuss preserving right of way alignments, acquisition costs and the proposed agreement with the Gregory Canyon Landfill proponents. I understand our staffs are in agreement that preservation of key reaches of the future pipeline alignment is imperative due to pressing land development in southern Riverside County.

Key to our continued efforts is the completion of an Authority Draft Regional Water Facilities Master Plan, which is scheduled for presentation to our Board of Directors in November, 2000. The current schedule is for Pipeline 6 to be in-service by 2008. However, the results of our facilities master plan may suggest a deferred in-service date.

Even if the need for Pipeline 6 is deferred beyond 2008, our staffs concur that some acquisition should proceed, and perhaps a segment of pipeline or large sleeve should be installed at Red Hawk due to the developing golf course and future homes. We agree the area along Anza Road can be deferred, and our initial thought was acquisition at the Johnson Ranch would not need to proceed in the foreseeable future due to the pending acquisition of the Ranch by the County of Riverside for its Habitat Conservation Plan. Your letter of April 6, 2000, however, raises a new issue regarding the Johnson Ranch and possible MWD participation in the Riverside County Sub-regional Habitat Conversation Plan (SHCP). If MWD participation in SHCP is solely to mitigate for the Pipeline 6 project and permanent land rights through the Johnson Ranch can be acquired through the SHCP, the Authority's staff is in support. If not, we will need a better understanding of the cost break downs relative to MWD's participation in the Johnson Ranch SHCP before we can indicate support.

My point of contact is Tom Nutt, Director of Right of Way, at (619) 682-4190, if you or your staff have any questions or wish to meet and discuss this matter further.

Sincerely,

Maureen A. Stapleton
General Manager

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• Olivenhain • Rincon del Diablo
• Valde San • Valley Center
• Kearney • Turin



April 10, 2000

John Brudin, General Manager
Eastern Municipal Water District
Post Office Box 8300
Perris, CA 92572-8300

SUBJECT: SAN DIEGO PIPELINE NO. 6

Board of Directors
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District Secretary/Administrative
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C. Michael Cowett
Best Best & Krieger LLP
General Counsel

Dear John:

Rancho California Water District (RCWD) hereby offers this letter of support for the Metropolitan Water District of Southern California (MWD) participation in the Assessment District No. 161 (AD-161) Sub-Regional Habitat Conservation Plan (Conservation Plan) as part of the San Diego Pipeline No. 6 Project.

Participation in the AD-161 Conservation Plan provides a unique opportunity to mitigate for the biological impacts associated with the proposed San Diego Pipeline No. 6 Project. It is RCWD's opinion that if MWD does not participate in the AD-161 Conservation Plan, a significant increase in cost and time would occur for the completion of San Diego Pipeline No. 6.

The San Diego Pipeline No. 6 Project not only provides a benefit to other member agencies within MWD, but San Diego Pipeline No. 6 is required for RCWD to fully implement its ground water recharge program. As previously noted in RCWD's Water Facilities Master Plan, RCWD proposes to relocate the existing EM-19 turnout facility (design capacity 40 cfs) from San Diego Pipeline No. 3 to San Diego Pipeline No. 6 and to increase the capacity of the EM-19 turnout to 80 cfs. The timely construction of San Diego Pipeline No. 6 and the subsequent relocation of the EM-19 turnout facility are also required for RCWD to fully utilize its existing water distribution facilities due to the temporary use of the existing EM-19 turnout facility.

Therefore, RCWD strongly supports MWD's participation in the AD-161 Conservation Plan as part of the San Diego Pipeline No. 6 Project.

Sincerely,

RANCHO CALIFORNIA WATER DISTRICT

John Hennigar
General Manager
00\JH:BL:mc004\D0810

c: Bob Lemons, RCWD Director of Engineering
Ronald Gastelum, Metropolitan Water District of Southern California
Donald Harriger, Western Municipal Water District
Maureen Stapleton, San Diego County Water Authority