

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

September 11, 2001 Board Meeting

9-3

Subject

Authorize entering into a construction agreement with U.S. Bureau of Reclamation and Coachella Valley Water District for the Coachella Canal Lining Project

Description

Coachella Canal Lining Project

The Coachella Canal Lining Project (Project) entails lining 33.2 miles of the canal to conserve 26,000 acre-feet per year and is an essential component of Metropolitan's Colorado River strategy. Metropolitan anticipates receiving 21,500 acre-feet of that amount annually in accordance with an Allocation Agreement to be executed among Metropolitan, the Imperial Irrigation District, the Coachella Valley Water District, the U.S. Bureau of Reclamation (Reclamation), the San Luis Rey parties, and the Palo Verde Irrigation District. The remainder of the water would be made available to facilitate implementation of the San Luis Rey Indian Water Rights Settlement.

Funding Agreement with California Department of Water Resources

In April 2001, the Board authorized Metropolitan to enter into a funding agreement with the California Department of Water Resources (DWR). The funding agreement provides for the reimbursement of costs incurred by Metropolitan for implementing the Project, up to a total amount not to exceed \$74 million. Reimbursement for planning, environmental compliance and permitting, design, and other pre-construction activities becomes effective upon approval and certification of environmental documentation and permits, and the making of a finding by the Director of the California Department of Fish and Game which is to be accompanied by a statement by the Secretary of the Interior. Metropolitan is to certify in writing that the Quantification Settlement Agreement (QSA) has been fully executed prior to DWR providing funds for reimbursement of Project construction costs. If the QSA is not fully executed prior to the time that Project construction could begin or if there is insufficient state funding, the beneficiaries would be requested to consider taking further action. DWR will administer payment from state funds appropriated under California Water Code Sections 12560 *et seq.*

Construction Agreement with Coachella Valley Water District (CVWD) and Reclamation

Authorized and constructed pursuant to the Boulder Canyon Project Act, the Coachella Canal is a federal facility operated and maintained by CVWD under contract with the Reclamation. Metropolitan, CVWD and Reclamation have negotiated a construction agreement for the Project pursuant to Title II of Public Law 100-675 (Title II). The construction agreement:

- sets forth the responsibilities of Metropolitan, CVWD and Reclamation;
- establishes a committee to provide a forum for Project activity discussions and decisions including budgeting and scheduling, and for providing recommendations to Reclamation; and
- provides a framework to advance funds for required federal work.

The federal work required includes reviewing and approving the Project design and specifications, providing periodic review and oversight of construction activities for quality assurance, issuing notices of completion, and making the determinations required by Title II. Metropolitan would be responsible for planning, designing, and constructing the Project.

California Water Code Section 12563 provides that through a future statute the state could require that it be reimbursed for its payments by the California Contractors which receive the water conserved, if the contingencies for the water transfer between IID and the San Diego County Water Authority (SDCWA) have not been satisfied in full by December 31, 2006.

Upon completion of the Project, CVWD will operate and maintain the Project in accordance with its existing contract with Reclamation. Significant delays in implementation of the Project may result in loss of state funding.

Attachment 1 is the Abstract to the Final Environmental Impact Statement/Environmental Impact Report (EIS/EIR). The Final EIS/EIR is available in the Executive Secretary's office. The Notice of Determination (NOD) is found in **Attachment 2**.

Policy

By Minute Item 43767, dated October 18, 1999, the Board approved the use of the *Key Terms for Quantification Settlement Among the State of California, IID, CVWD, and MWD* (Key Terms) as the basis for completing a new QSA among the parties to the Key Terms. Designing and constructing the Project is an integral Key Terms component.

CEQA

Pursuant to the provisions of the California Environmental Quality Act (CEQA), CVWD, acting as the CEQA Lead Agency, certified the Final EIS/EIR for the Project on May 15, 2001. The Lead Agency also issued a NOD. Included as components of the Project and discussed within the Final EIS/EIR were the funding agreement between Metropolitan and DWR and the construction agreement with Metropolitan, CVWD and Reclamation. Metropolitan, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information contained in the Final EIS/EIR relative to the environmental effects of the proposed action and has adopted the Lead Agency's findings prior to approval of the proposed action.

The CEQA determination is: Review and consider information provided in the Final EIS/EIR and adopt the Lead Agency's findings relative to the proposed action.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize the Chief Executive Officer to enter into the construction agreement with Reclamation and CVWD for the Project.

Fiscal Impact: None, if Project costs do not exceed \$74 million. The state could, through future statute, require that it be reimbursed for its payments by the California Contractors which receive the water conserved, if the contingencies for the water transfer between IID and SDCWA have not been satisfied in full by December 31, 2006.

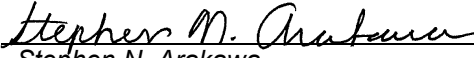
Option #2


Adopt the CEQA determination and direct the Chief Executive Officer to renegotiate the terms of the construction agreement.

Fiscal Impact: Additional cost for staff time to renegotiate the agreement.

Staff Recommendation

Option #1

 Stephen N. Arakawa Manager, Water Resource Management	8/17/2001 <i>Date</i>
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 Ronald R. Gastelum Chief Executive Officer	8/27/2001 <i>Date</i>
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Attachment 1 – Abstract, Coachella Canal Lining Project, Final Environmental Impact Statement/Environmental Impact Report, April 2001

Attachment 2 – Notice of Determination

BLA #1154

**Final Environmental Impact Statement/
Final Environmental Impact Report
Coachella Canal Lining Project
Riverside and Imperial Counties, California**

Prepared by: United States Department of the Interior, Bureau of Reclamation (Reclamation), and Coachella Valley Water District (CVWD)

Abstract

This Final Environmental Impact Statement/Environmental Impact Report (EIS/EIR) has been prepared in compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, and the California Environmental Quality Act (CEQA). Reclamation is responsible for project compliance with NEPA. CVWD is responsible for project compliance with CEQA. This Final EIS/EIR incorporates revisions and responses to public comments received on the Revised and Updated Draft EIS/EIR, which was circulated for a 60-day public review period extending from September 22, 2000 through November 21, 2000. That Draft EIS/EIR revised and updated a 1994 Draft EIS/EIR which was previously prepared and circulated for public review for this proposed action.

The purpose of this federal action is to conserve 30,850 acre-feet annually of water presently being lost as seepage from the earthen reaches of the Coachella Canal. A specific quantity of conserved water would be assigned to the Department of the Interior to facilitate implementation of the San Luis Rey Indian Water Rights Settlement Act (Public Law 100-675, November 17, 1988). Remaining quantities of conserved water would be distributed to southern California to meet present water demand and to assist the State in attaining the goals of California's Colorado River Water Use Plan. The State of California is providing funding for the Coachella Canal Lining Project under California Water Code §12560 et seq.

This Final EIS/EIR describes the project area environment, addresses the significant environmental issues, and presents evaluations of the environmental consequences of the proposed action and its alternatives. The four alternatives evaluated are Conventional Lining, Underwater Lining, Parallel Canal, and No Action. Under the Conventional Lining Alternative, the canal would be lined in place after draining the water from each section of the canal and diverting the water flow around the construction area. The Underwater Lining Alternative would utilize a special process to line the canal while water continues to flow in the canal. The Parallel Canal Alternative would involve construction of a new canal parallel to the existing canal.

This Final EIS/EIR also complies with the Endangered Species Act of 1973, as amended, the Fish and Wildlife Coordination Act, the Clean Water Act (Section 404), the Clean Air Act, Executive Order 11988 (Floodplain Management), and Executive Order 11990 (Wetlands Protection), and partially fulfills the requirements of the National Historic Preservation Act of 1966, as amended, and the Archaeological and Historic Preservation Act of 1974.

For further information regarding the processing or content of this document, please contact Mr. Don Young, Bureau of Reclamation, Yuma Office, P.O. Box D, Yuma, Arizona, 85366, telephone (520) 343-8159; or, Mr. Don Mitchell, Coachella Valley Water District, P.O. Box 1058, Coachella, California, 92236, telephone (760) 398-2651. Parties interested in providing comments prior to the adoption of a Record of Decision for the proposed action must provide their comments to Reclamation within 30 days of the publication of the Final EIS Notice of Availability in the *Federal Register*.

NOTICE OF DETERMINATION
COACHELLA VALLEY WATER DISTRICT
Post Office Box 1058
Coachella, California 92236

To: County Clerk
County of Imperial
Imperial County Courthouse
El Centro, California 92243

Subject: Filing of Notice of Determination in compliance with Section 21152 of the Public Resources Code.

Project Title: Coachella Canal Lining Project, Final Environmental Impact Statement/Environmental Impact Report.

State Clearinghouse Number (if submitted): 1990020408.

Lead Agency: Coachella Valley Water District.

Contact Person: Tom Levy, General Manager-Chief Engineer.
Phone: (760) 398-2651, Extension 201.

Project Location: The project is located in Imperial and Riverside Counties several miles to the east of and generally parallel to the Salton Sea between the communities of Calipatria on the south and Mecca on the north.

Project Description: The Coachella Canal Lining Project is the installation of concrete lining along the unlined portions of the Coachella Canal approximately 33.2 miles.

On May 16, 2001, the Board of Directors of the Coachella Valley Water District approved the above described project and made the following determinations:

1. Determined the project will have a significant effect on the environment.
2. An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA and reflects the independent judgement of the agency.
3. Mitigation measures were made a condition of the approval of the project.
4. A statement of Overriding Considerations was adopted for this project.

This is to certify that the final EIR with comments and responses and record of project approval is available to the general public at Coachella Valley Water District's Headquarters, Highway 111 and Avenue 52, Coachella, California.

Date: May 16, 2001.


Bernardine Sutton, Secretary
Coachella Valley Water District