

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

November 20, 2001 Board Meeting

9-2

Subject

Appropriate \$250,000 for preliminary design and environmental documentation for the Yorba Linda Feeder Bypass, and authorize increased funding levels for the groundwater storage programs in the Chino and Orange County Basins

Description

In April 2001, the Board directed staff to finalize agreement terms with the sponsoring entities on the Proposition 13 shortlist. In negotiating these terms, staff identified additional opportunities in the Chino and Orange County Basin groundwater storage programs. In order for Metropolitan to take advantage of these opportunities, Metropolitan would need to provide monies in addition to the \$45 million of the Proposition 13 funds.

In the April 2001 board letter, staff identified the potential to spend \$15 million of the Proposition 13 funds in the Orange County Basin. These funds would be spent on the development of extraction and barrier wells. During discussions with Orange County parties to refine the program, staff identified a need for monies of up to \$13.8 million to fund a portion of the Orange County Water District Capital Improvement Plans (up to \$8 million) and the Yorba Linda Feeder Bypass (estimated at \$5.8 million). These additional components are necessary to protect the groundwater basin at increased operating levels that will occur as a result of the groundwater storage program. At this time, staff is seeking Board authorization to complete the preliminary design and environmental documentation for the Yorba Linda Feeder Bypass. These facilities will complete a comprehensive groundwater storage program that provides Metropolitan with needed water supply reliability while also protecting the basin's water quality.

For the Chino Basin, staff identified the potential to spend \$9 million of the Proposition 13 funds. These funds would be spent on the development of ion exchange facilities. In negotiations for the Chino Basin program, staff recognized the potential to fund additional ion exchange facilities and new wells that would provide Metropolitan with increased dry-year yield. Groundwater storage capacity of the program would be increased with the refurbishment of inactive Inland Empire Utilities Agency replenishment connections. The facilities under the modified program would cost an additional \$18.5 million.

As part of the Chino Basin groundwater storage program, Metropolitan would also modify the Carbon Canyon Reclamation Project agreement to allow credits under the Local Projects Program (LPP) to be applied to other areas in the Inland Empire Utilities Agency service area. The resultant acceleration in recycled water use would allow local agencies to redirect groundwater production to higher-value potable applications that would offset demand for imported water. The agreement limit of 13,500 acre-feet (AF) per year would remain unchanged, therefore Metropolitan would have no new funding commitment.

The additional cost for expanding the programs submitted by Inland Empire Utilities Agency and Municipal Water District of Orange County would be up to \$32.3 million. Metropolitan could obtain funding for these two expanded programs from three sources:

1. State funding sources, such as additional Proposition 13 funds or AB 303 funds.
2. Metropolitan's Proposition 13 funds that may become available if other proposals fail to meet any of the milestone targets and deadline requirements outlined in the original Request for Proposal.

3. Metropolitan's Local Groundwater Storage Programs Capital Budget.

The modified groundwater storage programs in the Chino and Orange County Basins would provide a total of up to 53,000 AF of dry-year yield and 160,000 AF of total groundwater storage. Both programs have a 25-year term. At Metropolitan's request, the participating agencies would pump Metropolitan's stored water from the basins, thereby reducing or eliminating their demand on Metropolitan's imported deliveries during dry years and emergency conditions. Metropolitan's member agencies would pay the firm water rate when the water is extracted. These programs would increase Metropolitan's regional reliability during dry-year conditions when implemented and will be significant components of Metropolitan's IRP 2020 goal of 150,000 AF of dry-year yield. Staff will return to the Board with the required environmental documentation for certification, request authorization to enter into the agreements with entities in the Chino and Orange County Basins, and request authorization to amend or enter into a new agreement to change the allocation of the credits for the Carbon Canyon Reclamation Project.

Policy

Action by the Board on Jan. 11, 2000, Board Letter 9-5, establishing principles for negotiation and implementation of groundwater storage projects within Metropolitan's service area

Action by Board on Oct. 10, 2000, Board Letter 8-5, adopting Resolution 8706 to accept the \$69 million grant from the state through the Department of Water Resources (DWR) for groundwater storage programs, water quality exchanges, and desalination research and innovation partnerships; designating the Chief Executive Officer as representative to sign the letter of agreement and authorizing the Project Director to administer the projects and serve as liaison with DWR for submission of required documents

Action by Board on April 10, 2001, Board Letter 9-9, directing staff to finalize agreement terms with the shortlisted proposals, including programs sponsored by Inland Empire Utilities Agency and Municipal Water District of Orange County

Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation and § 8117: Professional and Technical Consultants

CEQA

Authorize Finalizing Agreements at Increased Funding Levels for the Groundwater Storage Agreements in the Chino and Orange County Basins

The proposed actions, i.e., to authorize finalizing agreements at increased funding levels for the Groundwater Storage Agreements in the Chino and Orange County Basins, are not defined as projects under the California Environmental Quality Act (CEQA), because they involve continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed actions are not subject to CEQA per Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Appropriate Funding for the Preliminary Design and Necessary Environmental Documentation for the Yorba Linda Feeder Bypass

The proposed action, i.e., to appropriate funding for the preliminary design and necessary environmental documentation for the Yorba Linda Feeder Bypass, will consist of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. As such, the proposed action qualifies under a Class 6 Categorical Exemption (Section 15306 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under a Categorical Exemption (Class 6, Section 15306 of the State CEQA Guidelines).

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Appropriate \$250,000 and authorize preliminary design and necessary environmental documentation required for the construction of the Yorba Linda Feeder Bypass; and
- b. Authorize the Chief Executive Officer to proceed with finalizing agreements at increased funding levels for the Chino and Orange County Programs.

Fiscal Impact: \$250,000 of unbudgeted Capital Improvement Project funds under new Appropriation 15379 and up to \$32.3 million of Proposition 13 or other state funds, or Metropolitan's Local Groundwater Storage Program (Appropriation 15272). No additional financial commitment for LPP will be realized.

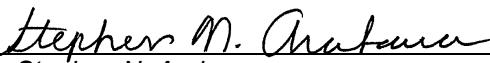
Option #2

Do not proceed with finalizing agreements at increase funding levels for the Chino and Orange County programs. Do not appropriate \$250,000 and do not authorize preliminary design and necessary environmental documentation required for the construction of the Yorba Linda Feeder Bypass.

Fiscal Impact: May jeopardize current plans to spend \$24 million of Proposition 13 funds in the Chino and Orange County Basins.

Staff Recommendation

Option #1


Stephen N. Arakawa 10/30/2001
Manager, Water Resource Management


Ronald R. Gasterman 10/30/2001
Chief Executive Officer

BLA #1377