

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

October 8, 2002 Board Meeting

9-2

Subject

Approve an implementation plan for the San Diego Pipeline No. 6 project

Description

At the August and September 2002 joint meetings of the Engineering and Operations and Water Planning, Quality and Resources Committees, staff presented detailed information on the status of the San Diego Pipeline No. 6 (Pipeline 6) project, current facility capacities and projected service demands, policy issues, and project implementation options. Metropolitan's policies clearly establish that Pipeline 6 should only be constructed if it is needed to meet demands in the San Diego County Water Authority (SDCWA) service area. Metropolitan's most recent analysis, as described in the 2002 Skinner Service Area Study, indicates that Pipeline 6 should be completed and on-line by 2012. However, there has existed ongoing uncertainty on the part of the SDCWA regarding its need for the project. The SDCWA stated in an information letter to its board in May 2002, that "Preliminary results from the Master Plan analysis demonstrate that Pipeline 6 will be needed no earlier than 2015. Depending on the alternative studied [for long-term imported water supply], it is possible that Pipeline 6 will never be needed for expanding imported water supply capacity." In August and September, the four Skinner area agencies signed letters ([Attachments 1](#) and [2](#)) recommending that Metropolitan proceed with the design and construction of the north reach of Pipeline 6; continue the pursuit of all necessary project rights-of-way; defer the design of the south reach and tunnel portions of Pipeline 6, except that which is necessary to define rights-of-way; secure all necessary projects rights-of-way; identify options for accelerating the north reach construction; and identify other projects to reduce demands on the Skinner filtration plant.

The Pipeline 6 project is comprised of approximately 24 miles of 9-to-10-foot diameter pipeline and 6.5 miles of 9-foot diameter tunnel. Approximately 12.5 miles of the pipeline and one-half mile of the tunnel would be located in Riverside County, with the remainder in San Diego County. Metropolitan is currently budgeted to design and build the pipeline in Riverside County as well as the tunnel. The current delivery point is approximately six miles beyond the Riverside/San Diego County line at the terminus of the Mount Olympus Tunnel. The SDCWA would design and construct the remaining 11.5 miles of pipeline in San Diego County. Because of the possibility of the SDCWA eventually deciding to not build its portion of Pipeline 6, proceeding in accordance with the Skinner area agencies' recommendation would have placed Metropolitan at risk of making a substantial investment in local conveyance facilities for Rancho California Water District (RCWD), a member agency of Eastern Municipal Water District (EMWD), and Western Municipal Water District (WMWD), which is contrary to current policy. Previously, it was anticipated that a final determination by the SDCWA on its long-term supply option, which depends on the approval by its board of a Water Facilities Master Plan and certification of a Program EIR, by June 2004, would be determinative of the SDCWA need and request for Pipeline 6. In a letter to Metropolitan Board Chairman Philip Pace, dated September 30, 2002, ([Attachment 3](#)) the SDCWA has now clarified that they do request and will need Pipeline 6, although it is still uncertain when that need will actually occur.

Project Implementation Options

The recent decision by the SDCWA board provides a definitive request to construct Pipeline 6 and a statement as to the eventual need for the project. The uncertainty and risk associated with a decision to move forward with any portion of the project have therefore been eliminated, as has the need for a reimbursement agreement.

The implementation options are as follows. Under Options 1 and 2 a future board action would determine the Pipeline 6 delivery point to the SDCWA. Under Option 3, a board determination of the delivery point would be needed now. Option 4 is the "No Project" option.

Option 1. Proceed with design of the north and south pipeline reaches within Riverside County and acquisition of critical rights-of-way.

Future board authorizations will be required to award the pipeline construction contracts, purchase the portal sites, and proceed with the design of the tunnel.

The majority of the pipeline alignment is within public road right-of-way, wherein Metropolitan has the right to install facilities. However, acquiring temporary construction easements when installing long reaches of large diameter pipeline is desirable in order to minimize impacts to traffic, as well as property and business owners. Temporary easements can only be obtained when construction is imminent. Ongoing development, particularly along the south reach, may soon preclude this method as a least cost option, requiring instead "tight-sheeting" of the pipeline trench over long stretches. Under this option, Metropolitan will complete final design and all permitting, and advertisement for award of construction contracts for the north and south reaches in order to avoid potential future cost increases. While staff can proceed with acquisition of all necessary rights-of-way for the north and south reaches, without a firm on-line date for the remainder, only "voluntary" acquisitions of the tunnel portal sites would be pursued and brought back to the Board for authorization to purchase. Additionally, no acquisition of the tunnel easements would be pursued until after the location of the north portal site has been finalized and further direction from the Board. Subject to board approval, the project components would be completed as follows:

North pipeline reach on-line by July 2006;

South pipeline reach on-line by October 2009;

Tunnel on-line date will be determined by future action of the Board.

In March 2001, the Board authorized the Chief Executive Officer to enter into professional services agreements for geotechnical, environmental, groundwater modeling/monitoring, and tunnel design work for Pipeline 6. Staff has determined that the services of a consultant will also be needed to provide program management support. Requests for Proposals were issued and proposals received and evaluated for all but the environmental services, which is currently being performed under an existing agreement. Under this option, agreements would be executed for the pipeline geotechnical and program management support efforts only. Additional authorization is currently only needed for the program management support services agreement.

Option 2. Proceed with design of the north pipeline reach only and acquisition of critical rights-of-way.

Future board authorizations will be required to award the pipeline construction contract and to proceed with the design of the south reach and tunnel.

With the exception of the deferral of effort on the south pipeline reach, this option is very similar to Option 1. The main difference is that the postponement of work on the south reach could lead to cost increases resulting from ongoing development. However, depending on the outcome of the portal site property acquisition negotiations, and/or other development issues, alternative alignments could be pursued. Subject to board approval, the project components would be completed as follows:

North pipeline reach on-line by July 2006;

South pipeline reach and tunnel on-line date will be determined by future action of the Board.

Option 3. Proceed with all necessary design, permitting, and right of way acquisition to meet an on-line date of 2012.

The current authorization, as provided in the March 2001 board action, is to proceed with all preliminary design and right-of-way acquisition to meet an on-line date of 2008. The June 2002 Skinner Area Study recommends a new on-line date of 2012. Pursuing all necessary activities for the entire project in advance of award of construction contracts will help ensure project completion within the approved budget and revised schedule. Additional board authorization would be required to award the construction contracts.

Subject to board approval, the project components would be completed as follows:

North pipeline reach on-line by July 2006;

South pipeline reach on-line by October 2009;

Tunnel on-line by 2012.

The tunnel on-line date shown under this option assumes that Metropolitan's Board would determine that the Pipeline 6 delivery point to the SDCWA will remain six miles below the county line at the terminus of the Mount Olympus Tunnel.

Professional services agreements would be executed for the geotechnical, tunnel design and groundwater modeling/monitoring, and program management support work. Additional authorization is only needed for the program management support services.

Option 4. Do not proceed with any portion of the Pipeline 6 project until the SDCWA determines an on-line date for Pipeline 6.

The immediate need for the north reach of Pipeline 6 is to enable RCWD to more efficiently manage and operate its water supply and distribution system. Relief of demands on Skinner is only a secondary benefit in light of the similar on-line dates for the Module 7 expansion and the north reach of Pipeline 6. Per discussions with the Skinner area agencies, RCWD could pursue one of two alternatives under this option: (1) convert its existing groundwater delivery pipeline to treated water through several minor modifications to its distribution system; or (2) build its own, smaller pipeline to deliver water to its groundwater recharge program. The first alternative would result in an abandonment of RCWD's groundwater recharge program and transfer additional demand back to the Skinner plant. The second alternative would provide the same benefit to RCWD as the north reach of Pipeline 6, and could benefit both Metropolitan and the SDCWA through a reduction in peak demands on the Skinner plant. This pipeline would be paid for entirely by RCWD, but would result in a parallel pipeline to a future Pipeline 6. Total financial impact to the region would be greater than if a single, large diameter pipeline is built. Either alternative could most likely be completed and on-line sooner than the projected June 2006 date for the 10-foot diameter north reach.

Upon determination by the SDCWA of the on-line date for Pipeline 6, Metropolitan would develop a new schedule and budget for project completion. Additionally, if RCWD moves forward with its own pipeline, the Pipeline 6 alignment, and therefore the cost estimate, CEQA documentation, and right-of-way needs could be impacted.

Under RCWD's first alternative, the Skinner plant will continue to operate at flows increasingly above the design capacity when needed until Module 7 is on-line. Under RCWD's second alternative, operations at Skinner would depend on RCWD's own decision making on the timing of construction and operation of its facilities.

Policy

The policies relating to the planning and construction of facilities are documented in the Statement of Policy adopted January 9, 1931; § 4202 of Metropolitan's Administrative Code (Laguna Declaration); and Metropolitan Report 1107, "Southern California's Integrated Water Resources Plan Volume 2: Metropolitan's System Overview." The three applicable policies can be summarized as follows:

- (1) Provide water delivery at or near the boundary of each member agency and to such other points as Metropolitan's Directors may determine;
- (2) Implement only projects that provide regional benefits; and
- (3) Plan and design for transverse capacity in pipelines by sizing based on economies of scale and long-term projections of need.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1, #2, and #3:

The Final Environmental Impact Report (Final EIR) for Pipeline 6 was certified by the Board in May 1993. During that same meeting, the Board also approved the Findings of Fact, the Mitigation Monitoring and Reporting Program, the Statement of Overriding Considerations, and Pipeline 6. The current board action to approve an implementation plan, i.e., Options #1, #2, or #3, has already been addressed within the existing environmental documentation. Therefore, the previously certified and approved environmental documentation fully complies with CEQA and the State CEQA Guidelines, and as such, no further environmental documentation is necessary for the Board to act on the proposed action related to either Options #1, #2, or #3.

The CEQA determination is: Determine that the proposed action for Options #1, #2, or #3 has been previously addressed in the certified 1993 Final EIR for Pipeline 6 and that no further environmental analysis or documentation is required.

CEQA determination for Option #4:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the appropriate CEQA determination and

- a. Authorize all design phase activities for the north and south pipeline reaches in advance of award of a construction contract, including acquisition of necessary rights-of-way;
- b. Authorize negotiation for acquisition of the Mount Olympus Tunnel portal sites;
- c. Delegate to the CEO the authority to enter into a professional services contract for program management support for an amount not to exceed \$2.4 million; and
- d. Defer all tunnel design activities.

Fiscal Impact: The cost of the authorized activities under this option is about \$13 million. This does not include the cost of any land or easement acquisitions. The funds are budgeted and there are sufficient funds in the existing appropriation.

Option #2

Adopt the appropriate CEQA determination and

- a. Authorize all design phase activities for the north pipeline reach in advance of award of a construction contract, including acquisition of necessary rights-of-way;
- b. Authorize negotiation for acquisition of the Mount Olympus Tunnel portal sites;
- c. Delegate to the CEO the authority to enter into a professional services contract for program management support for an amount not to exceed \$1.2 million; and
- d. Defer all design activities south of the north reach.

Fiscal Impact: The cost of the authorized activities under this option is about \$6.5 million. This does not include the cost of any land or easement acquisitions. The funds are budgeted and there are sufficient funds in the existing appropriation.

Option #3

Adopt the appropriate CEQA determination and

- a. Authorize all design phase activities for all of Metropolitan's portion of the project, in advance of award of a construction contract, including acquisition of necessary rights-of-way;
- b. Delegate to the CEO the authority to enter into a professional services contract for program management support for an amount not to exceed \$3.6 million; and
- c. Determine at this time the delivery point to the SDCWA for Pipeline 6.

Fiscal Impact: The cost of the authorized activities under this option is about \$32 million if the delivery point is not changed. This does not include the cost of any land or easement acquisitions. The funds are budgeted and there are sufficient funds in the existing appropriation.

Option #4

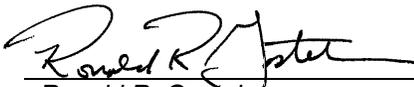
Defer all Pipeline 6 activities until the SDCWA determines an on-line date.

Fiscal Impact: None. There may be later budget adjustments due to potential changes in scope, alignment, and schedules.

Staff Recommendation

Option #1

	10/2/2002
Roy L. Wolfe Manager, Corporate Resources	Date

	10/2/2002
Ronald R. Gastelum Chief Executive Officer	Date

Attachment 1 – August 12, 2002 Letter from Skinner area Agencies

Attachment 2 – September 5, 2002 Letter from Skinner area Agencies

Attachment 3 – September 30, 2002 Letter from Mr. James Turner, Chairman, SDCWA Board of Directors



August 12, 2002

Mr. Ron Gastelum, Chief Executive Officer
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Pipeline 6

Dear Ron:

We are working together to resolve mutual issues regarding the implementation of the Pipeline 6 project and capacity constraints at the Skinner Water Filtration Plant. As you know, the Pipeline 6 project has evolved complexities related to Metropolitan's current construction schedule, the projected on-line requirements of each of the affected Skinner-area member agencies, and capacity at Skinner. At this point, we think it is helpful to take stock of what we know about the need for Pipeline 6 and to provide recommendations that will assist in both resolving Pipeline 6 implementation issues and relieving demands on Skinner.

Metropolitan's June 2002 Skinner Service Area Study discusses current and future constraints on the Skinner Filtration Plant. We recognize that this plant alone will not be able to meet all of the filtered water needs of the Skinner service area. Accordingly, our agencies have completed local projects that reduced demand on Skinner and have planned additional local projects that will further reduce demand on the plant.

As stated in the San Diego County Water Authority's (Authority) June 27, 2002 letter to you, the Authority does not need capacity from Pipeline 6 until 2015 or thereafter. Therefore, the tunnel portion of the project, which serves only the Authority, may be delayed beyond Metropolitan's current projected on-line date of 2008. However, the Rancho California Water District (RCWD, represented at Metropolitan by both Eastern and Western Municipal Water Districts) does require capacity from Pipeline 6 by 2008, or sooner if possible.

One way to address this situation would be to construct a first phase of Pipeline 6 extending to DePortola Road. This would allow the RCWD to more reliably utilize its groundwater basin, which produces potable water and reduces demand on Skinner. To pursue this option in the near term, while retaining flexibility for the overall Pipeline 6 project, we offer the following recommendations for Metropolitan:

- Continue the pursuit of all necessary project rights of way;

Mr. Ron Gastelum
August 12, 2002
Page 2

- Pursue pipeline design from Skinner to DePortola Road;
- Defer tunnel design, except that which is necessary to define rights of way;
- Identify options for accelerating pipeline construction to DePortola Road; and
- Identify other projects to reduce demands on the Skinner Filtration Plant.

We look forward to further discussing these issues and recommendations with your staff.

Sincerely,



Don Harriger
General Manager
Western Municipal Water District
P.O. Box 5286
Riverside, CA 92517



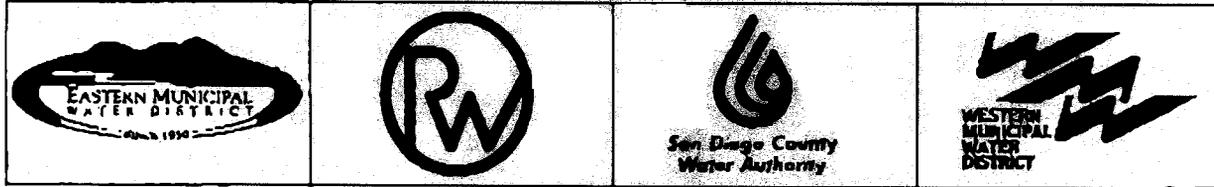
Tony Pack
General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572



Maureen A. Stapleton
General Manager
San Diego County Water Authority
4677 Overland Ave.
San Diego, CA 92123



John Hennigar
General Manager
Rancho California Water District
42135 Winchester Road
Temecula, CA 92590



September 5, 2002

Mr. Ron Gastelum, Chief Executive Officer
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Pipeline 6

Dear Ron:

We have reviewed Metropolitan's September 10 Board letter 8-10 regarding Pipeline 6. Following Board discussion at the August joint session of Metropolitan's E&O and WPO&R committees, we are encouraged that this project may be implemented in a way that meets regional needs and offers significant potential cost savings.

We believe the best course of action for this project is an approach that accomplishes the following:

- Authorize the immediate design and construction of the northern pipeline reach, from Lake Skinner to DePortola Road;
- Defer the decision for the design and construction of the southern reach and the tunnel until after June 2004, giving the Authority time to better determine when it may need the project, except to the extent that such efforts are needed to define the rights of way between DePortola Road and the northern tunnel portal; and
- Secure all necessary project rights of way to preserve options, including the southern pipeline reach and tunnel.

If implemented in this fashion, the project provides the near-term benefits described in your board letter from relieving peak Skinner Filtration Plant demand with conjunctive use water management. This flexible approach to implementation matches construction of the project with member agency needs. By deferring the southern pipeline and tunnel reaches, Metropolitan preserves the opportunity for major cost savings.

Thank you for your consideration in this matter. If you have any comments or questions concerning our recommended course of action, please do not hesitate to call.

Mr. Ron Gastelum
September 5, 2002
Page 2



Don Harriger
General Manager
Western Municipal Water District
P.O. Box 5286
Riverside, CA 92517

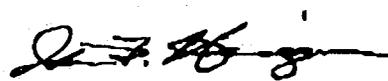
Sincerely,



Tony Pack
General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572



Maureen A. Stapleton
General Manager
San Diego County Water Authority
4677 Overland Ave.
San Diego, CA 92123



John Hennigar
General Manager
Rancho California Water District
42135 Winchester Road
Temecula, CA 92590



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568
www.sdcwa.org

September 30, 2002

Mr. Phillip J. Pace, Chairman
Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Pipeline 6

Dear Phil:

On Monday, September 30 the Authority's Board of Directors unanimously adopted a policy regarding Pipeline 6. This policy is intended to clarify the Authority's projected need for Pipeline 6 and help resolve any impediments that may exist for Metropolitan to implement the project as recommended by the four Skinner-area agencies.

The Authority's current Capital Improvement Program has an on-line date for Pipeline 6 no earlier than 2015. Depending upon the outcome of the Authority's Water Facilities Master Plan evaluation (to the year 2030) and subsequent decisions by the Board, the scheduled on-line need for Pipeline 6 may be deferred past 2015. Even in this scenario, the Authority believes that Pipeline 6 will be needed at some point in the future.

The Board urges Metropolitan to implement the four-agency recommendation presented to the Metropolitan Board in September 2002, in order to avoid duplication of pipeline services to the four agencies and save capital expenditures both in the short-term and long-term. The Authority will commit to Metropolitan that it will provide sufficient notice and lead time in order for Metropolitan to design and construct the southerly pipeline reach and tunnel of Metropolitan's portion of Pipeline 6, in order to meet future Authority supply demands through Metropolitan facilities.

If you have any questions about this matter, please do not hesitate to call me.

Sincerely,

James F. Turner,
Chairman, Board of Directors

MEMBER AGENCIES

CITIES
• Buena • Escondido • Imperial City
• Oceanside • Poway • San Diego

IRRIGATION DISTRICTS
• San Jacinto • San Marcos
• Vista

WATER DISTRICTS
• Julian • Otis
• San Diegoville
• Warner

MUNICIPAL WATER DISTRICTS
• Coronado • Norwalk
• Gilman Point • Klamath Falls
• Jaws of Life • Valley Center
• Redburn • Yuma

COUNTY
• San Diego
• Imperial

PUBLIC UTILITY DISTRICT
• Fontana

FEDERAL AGENCY
• Portland and its Regional Water