



● **Board of Directors**
Water Planning and Stewardship Committee

July 14, 2009 Board Meeting

7-2

Subject

Authorize entering into a Local Resources Program agreement with San Diego County Water Authority and the Ramona Municipal Water District for the San Vicente Water Recycling Project

Description

Authorization is requested to enter into a Local Resources Program (LRP) agreement with San Diego County Water Authority (SDCWA) and Ramona Municipal Water District (Ramona) to provide financial incentives for the proposed project, which would deliver about 340 acre-feet per year of recycled water for landscape irrigation.

Development of this recycled water project would reduce a demand on Metropolitan's imported water supplies and increase the region's water supply reliability. Ramona's proposed project, described in [Attachment 1](#), complies with LRP criteria adopted by the Board in April 2007. Agreement terms would be consistent with LRP policy and procedures subject to approval by the General Counsel, and include the following:

1. Agreement terms would be for 25 years;
2. Pay for performance – LRP financial incentives would only be paid for recycled water delivered by the proposed project that reduces SDCWA's demand on Metropolitan's imported supplies;
3. Sliding scale incentives up to \$250 per acre-foot, calculated annually, based on actual project unit cost above Metropolitan's prevailing water rate;
4. Termination for nonperformance if construction does not commence within two years of agreement execution and project deliveries are not realized within five years of agreement execution; and
5. Reduction in Metropolitan's contract commitment if project falls short of production targets measured in four-year intervals throughout the agreement term.

The maximum annual incentive would be \$85,000 for 340 acre-feet per year. It is anticipated that the project will begin operation in June 2009.

In 2007, the Board established a goal of 174,000 acre-feet per year of new LRP yield. Since then, Metropolitan has entered into three agreements totaling 53,550 acre-feet per year.

SDCWA will also provide funding for this project under its Local Water Supply Development Program.

[Attachment 2](#) summarizes SDCWA's performance history under the LRP.

Policy

By Minute Item 47049, dated April 10, 2007, the Board adopted the Local Resources Program revisions including the goal of adding 174,000 acre-feet per year of new production.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The current board action involves entering into a Local Resources Program (LRP) agreement with the Ramona Municipal Water District (Ramona) to provide financial incentives for the Project. As such, the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The overall activities involve the funding, design, minor alterations and replacement of existing public facilities with negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies under Class 1 and Class 2 Categorical Exemptions (Sections 15301 and 15302 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under two Categorical Exemptions (Class 1, Section 15301 and Class 2, Section 15302 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize the General Manager to enter into an LRP agreement with San Diego County Water Authority and Ramona Municipal Water District for the San Vicente Water Recycling Program for 340 acre-feet per year under terms included in this letter.

Fiscal Impact: Metropolitan would provide about \$1.3 million for about 5,400 acre-feet of recycled water over 25 years. On an annual basis, Metropolitan would provide up to \$85,000 funded as part of the projected LRP annual budget.

Business Analysis: Metropolitan's service area would benefit from development of 5,400 acre-feet of recycled water to replace potable supplies over the term of the agreement.

Option #2

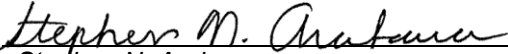
Do not authorize execution of an LRP agreement for the proposed project.

Fiscal Impact: None

Business Analysis: Staff would consider other projects to meet Metropolitan's local resource goal of 174,000 acre-feet per year of new water established in 2007.

Staff Recommendation

Option #1


Stephen N. Arakawa
Manager, Water Resource Management

6/22/2009

Date


Jeffrey Lightlinger
General Manager

6/26/2009

Date

Attachment 1 – Ramona Municipal Water District San Vicente Water Recycling Program - Project Description

Attachment 2 – San Diego County Water Authority LRP Performance History

BLA #6321

**RAMONA MUNICIPAL WATER DISTRICT
SAN VICENTE WATER RECYCLING PROGRAM**

Project Description

Overview

Ramona Municipal Water District (Ramona) owns and operates the San Vicente Wastewater Treatment Plant which consists of secondary and tertiary treatment facilities, pump station, and storage ponds, with a capacity of 640 acre-feet per year for both levels of treatment. The treatment plant currently provides secondary treatment for most of its influent and delivers the treated influent for inland disposal as irrigation of a 160 acre-feet avocado/citrus orchard in the Spangler Peak Ranch. The existing facility also provides tertiary treated water to the San Vicente Golf Course for beneficial use. Potable water is currently used by the orchard and golf course to blend down the plant’s high salt content and it is also used as a drinking water supply.

Current water use at both facilities is as follows:

<u>Water Category</u>	<u>Orchard</u>	<u>Golf Course</u>
Secondary Treated	540 AFY	0 AFY
Tertiary Treated/Non-RO	0 AFY	100 AFY
Reverse Osmosis	-	-
Potable	50 AFY	475 AFY
Total:	<hr/> 590 AFY	<hr/> 575 AFY

Project Facilities

Upon construction of the new facilities, Ramona will increase production of tertiary water from the current 100 acre-feet per year to approximately 510 acre-feet per year. The proposed Project (Figure 1) consists of construction of a 200 acre-feet per year reverse osmosis unit that will advance treat a portion of the tertiary effluent from the existing plant to reduce the blended salt content of recycled water from 900 mg/L to 550 mg/L to meet the water quality required by the golf course. Project construction also includes upgrading the capacity of the existing pump station at the plant for increased deliveries to the golf course.

An existing pipeline will be used for delivering the Project water to the San Vicente Golf Course. The brine from the reverse osmosis treatment will be delivered by truck to the Point Loma Wastewater Treatment Plant for ocean disposal. Project Facilities terminate at the point of connection to the existing distribution pipeline to the San Vicente Golf Course and any brine or wastewater disposal discharge pipeline.

After the project is constructed, water use at both facilities would be as follows:

<u>Water Category</u>	<u>Orchard</u>	<u>Golf Course</u>
Secondary Treated	130 AFY	0 AFY
Tertiary Treated/ Non-RO	0 AFY	310 AFY
Reverse Osmosis	70 AFY	130 AFY
Potable	50 AFY	135 AFY
Total:	<u>250 AFY</u>	<u>575 AFY</u>

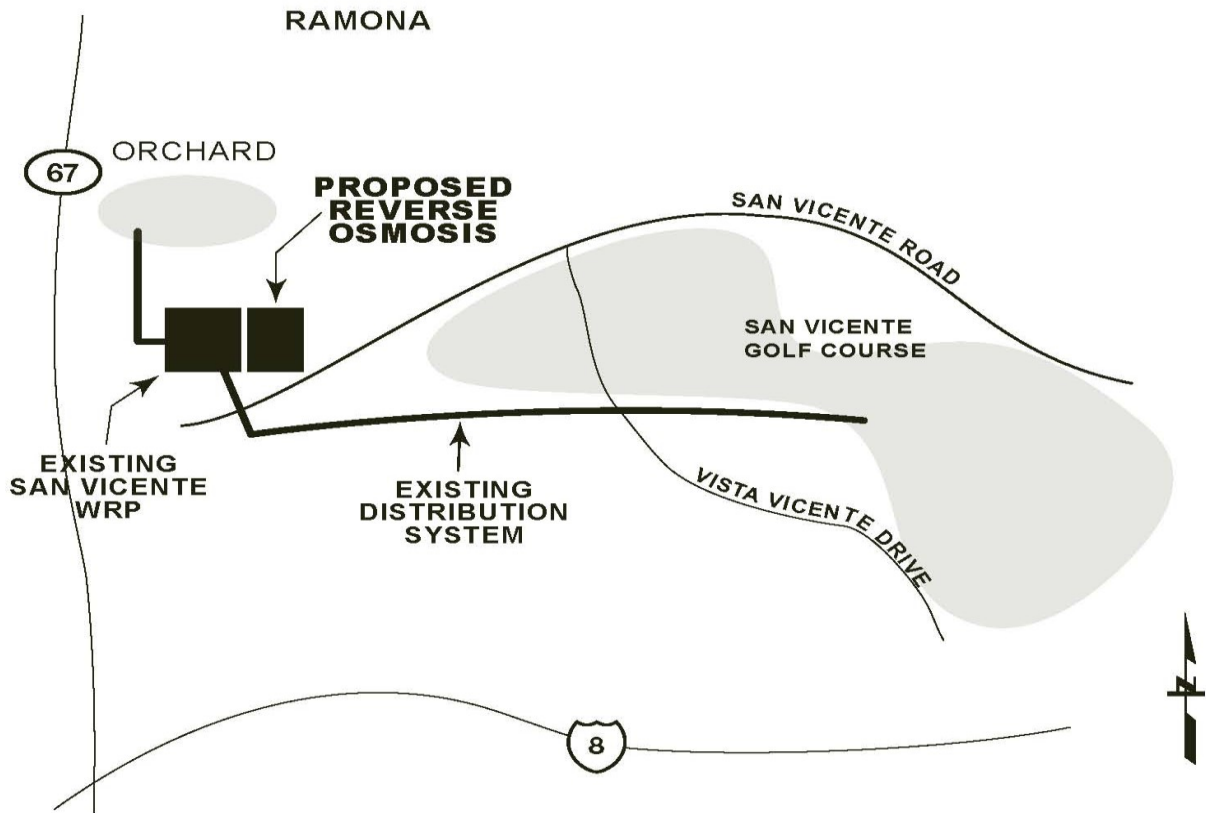
The owner of Spangler Peak Ranch has begun downsizing the orchard as a result of reduced needs for disposing unwanted wastewater. If, for any reason, the orchard were to increase its potable water use in the future, the allowable yield under this agreement will be reduced by an amount equal to the increased amount of potable water exceeding the existing 50 acre-feet per year.

Source of Project Water

Source of water is tertiary treated recycled water from the San Vicente Wastewater Treatment Plant.

Figure 1

SAN VICENTE WATER RECYCLING PROJECT



San Diego County Water Authority LRP Performance History

	Project	Sponsor Agency	Contract Yield (AFY)	Maximum Yield to Date (AF/Year End)	Agreement Date	Start of Operation	Total thru April 2009	
							Yield (AF)	Contribution (\$)
1.	Fallbrook Public Utility District Water Reclamation Project	Fallbrook Public Utility District	1,200	707/ 1997	1989	1990	8,150	2,037,600
2.	Shadowridge Water Reclamation Project*	Buena Sanitation District	375	346/ 1997	1989	1991	3,097	476,984
3.	Santa Maria Water Reclamation Project	Ramona MWD	400	252/ 2002	1990	1999	1,956	301,194
4.	Oceanside Water Reclamation Project	City of Oceanside	200	165/ 2003	1991	1992	1,293	199,045
5.	San Pasqual Water Reclamation Project Phase I*	City of San Diego	1,100	253/ 1998	1991	1994	1,569	392,350
6.	Encina Water Pollution Control Reclamation Project*	Encina Wastewater Authority	165	165/ 1997	1992	1992	1,971	113,098
7.	Oceanside (Mission Basin) Desalter Expansion Project	City of Oceanside Water Department	4,500	3,164/ 2004	1993	1998	34,325	6,181,796
8.	Escondido Regional Reclaimed Water Project	City of Escondido	2,800	444/ 2008	1993	2004	1,441	360,350
9.	North City Water Reclamation Project	City of San Diego	17,500	5,628/ 2008	1993	1998	40,397	8,849,538
10.	Padre Dam MWD Reclaimed Water System Phase I	Padre Dam MWD	850	850/ 2007	1995	1998	6,804	1,700,975
11.	Lower Sweetwater River Basin Groundwater Demineralization Phase I	Sweetwater	3,600	3,700/ 2008	1996	2000	27,139	6,784,725
12.	San Elijo Water Reclamation System	San Elijo Joint Powers Authority	1,600	1,342/ 2008	1996	2000	8,980	2,244,950
13.	Encina Basin Water Reclamation Program Phases 1 & 2	Carlsbad MWD	5,000	3,320/ 2008	2000	2005	24,708	5,106,869
14.	Olivenhain Recycled Project – Southeast Quadrant	Olivenhain MWD	1,788	1,001/ 2008	2000	2003	4,365	654,690
15.	Otay Recycled Water System	Otay Water District	7,500	4,593/ 2008	2000	2005	22,537	4,669,930
16.	Rincon Del Diablo Recycled Water Program	Rincon Del Diablo MWD	648	648/ 2008	2000	2004	2,644	424,921
	Total						191,376	40,449,015

* Agreement no longer in effect