



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

July 14, 2009 Board Meeting

7-3

Subject

Authorize entering into a Local Resources Program agreement with Calleguas Municipal Water District and City of Oxnard for the Advanced Water Purification Facility Project

Description

Authorization is requested to enter into a Local Resources Program (LRP) agreement with Calleguas Municipal Water District (Calleguas) and the City of Oxnard (Oxnard) to provide financial incentives for the proposed project that is capable of producing 3,500 acre-feet per year. Approximately 66 percent or 2,310 acre-feet per year of project yield would be used for landscape irrigation and industrial processes in Metropolitan's service area, thus reducing a demand on Metropolitan's imported water supplies.

Oxnard'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 and 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;
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;
5. Reduction in Metropolitan's contract commitment if project falls short of production targets measured in four-year intervals throughout the agreement term; and
6. Annual project yield to be multiplied by 66 percent to determine yield eligible for incentive payments.

The maximum annual incentive would be \$577,500 for 2,310 acre-feet per year. It is anticipated that the project will begin operation in September 2011.

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.

[Attachment 2](#) summarizes Calleguas' 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:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, the city of Oxnard (Oxnard), acting as Lead Agency, prepared and processed a Final Program Environmental Impact Report (PEIR) for the Groundwater Recovery Enhancement and Treatment (GREAT) Program. The GREAT Program is comprised of two Phases with Phase 1 consisting of seven components. The Advanced Water Purification Facility (AWPF) is one of these seven components within Phase 1 of the GREAT Program. Only the AWPF is part of the LRP agreement between Metropolitan, Calleguas Municipal Water District and Oxnard. The Final PEIR was certified and the project was approved by the Lead Agency on September 14, 2004. The Lead Agency also approved the Findings of Fact (findings), the Statement of Overriding Considerations (SOC), and the Mitigation Monitoring and Reporting Program (MMRP). Subsequently, a minor modification was made to the originally approved project. As the Lead Agency, Oxnard prepared and approved an Addendum to the PEIR (Addendum) and approved the proposed project modification on November 21, 2006. Metropolitan, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the certified PEIR and Addendum and adopt the Lead Agency's findings, SOC, and MMRP prior to approval of the terms and conditions for the proposed agreement. The environmental documentation is available in the Board Executive Secretary's Office for review.

The CEQA determination is: Review and consider information provided in the certified 2004 GREAT PEIR and 2006 Addendum and adopt the Lead Agency's findings, SOC, and MMRP related to the proposed action.

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 Calleguas Municipal Water District and the City of Oxnard for the Advanced Water Purification Facility Project for 2,310 acre-feet per year of recycled water under terms included in this letter.

Fiscal Impact: Metropolitan would provide about \$14.4 million for the production of about 57,750 acre-feet of recycled water over 25 years. On an annual basis, Metropolitan would provide up to \$577,500 as part of the projected LRP annual budget.

Business Analysis: Metropolitan's service area would benefit from development of 57,750 acre-feet of recycled water to replace potable supplies over the term of the agreement.

Option #2

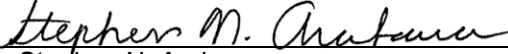
Do not authorize execution of an LRP agreement for the proposed project.

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 Kichtlinger
General Manager

6/26/2009
Date

Attachment 1 – City of Oxnard Advanced Water Purification Facility Project – Project Description

Attachment 2 – Calleguas Municipal Water District LRP Performance History

BLA #6224

**CITY OF OXNARD
ADVANCED WATER PURIFICATION FACILITY PROJECT**

Project Description

Overview

The City of Oxnard's (Oxnard) proposed Advanced Water Purification Facility Project (Project) will be owned and operated by Oxnard. The Project is part of Oxnard's Groundwater Recovery Enhancement and Treatment (GREAT) Program, which consists of water recycling and groundwater desalination. The Project will be the first phase of Oxnard's proposed recycled water system and is capable of producing 3,500 acre-feet per year. Approximately 66 percent or 2,310 acre-feet per year of the recycled water produced by the Project would be used within Metropolitan's service area for landscape irrigation and industrial recycled water applications. Recycled water used for agricultural irrigation outside Metropolitan's service area is not eligible for funding under this agreement. A seawater intrusion barrier contemplated for a future expansion, is not part of this project, and is entirely ineligible for incentives under this agreement.

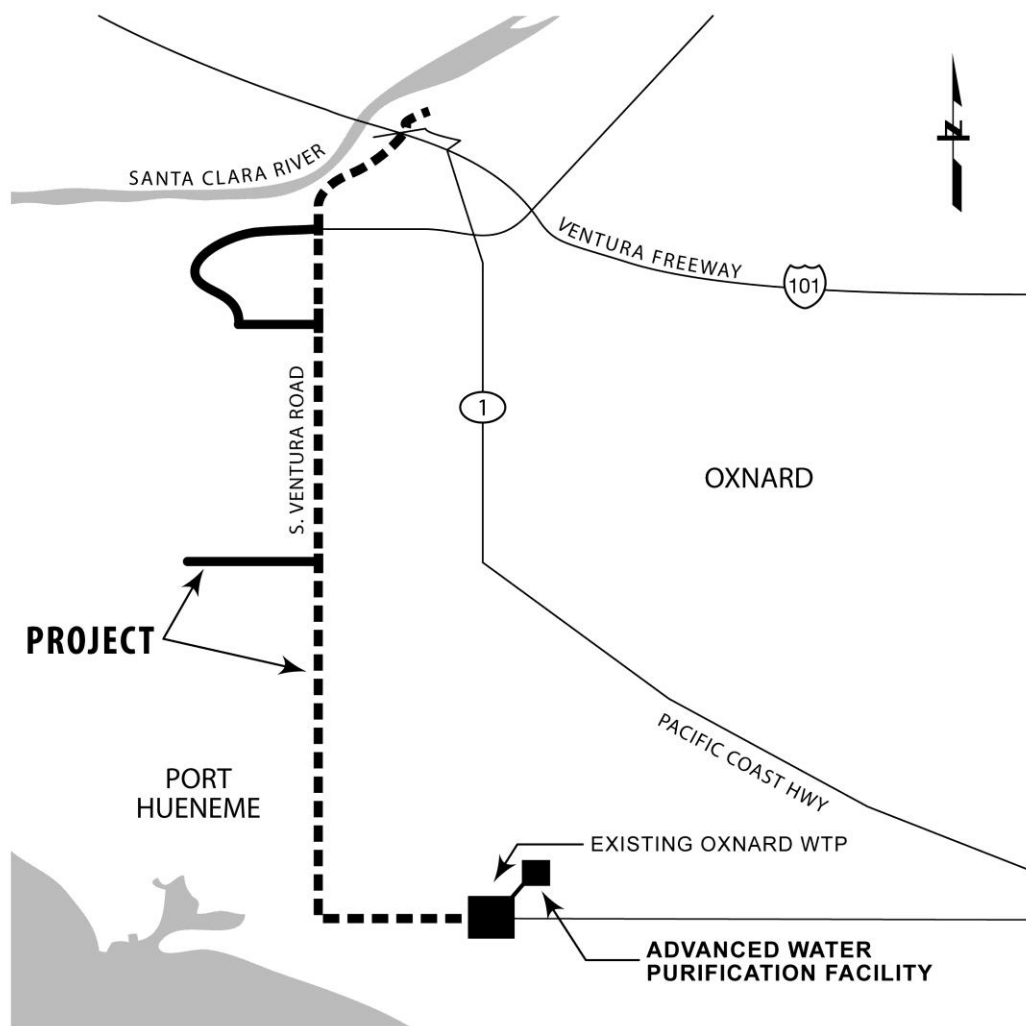
Project Facilities

The proposed Project consists of the Advanced Water Purification Facility, one pump station, construction of approximately 2.5 miles of new distribution pipeline, and rehabilitation of 10 miles of existing and abandoned sewer pipeline. Figure 1 identifies the Project facilities. The Project terminates at the point of connections to the existing Oxnard Wastewater Treatment Plant, groundwater and potable water systems, and brine disposal pipeline.

Source of Recycled Water

Secondary treated effluent produced by the Oxnard Wastewater Treatment Plant will be the source of water for the Project. Secondary treated effluent is currently discharged to the ocean.

FIGURE 1



OXNARD ADVANCED WATER PURIFICATION FACILITY PROJECT

Calleguas Municipal Water District LRP Performance History

Project	Sponsor Agency	Contract Yield (AFY)	Agreement Date	Start of Operation	FY 2007/08 Yield		Years from Agreement date	Total thru 12/2008	
					(AF)	% of Max Contract Yield		Yield (AF)	Contribution (\$)
Conejo Creek Recycled Water Project	Calleguas Municipal Water District	14,000	1998	2003	2,421	16.9	10	10,345	1,593,176
Oak Park/North Ranch Distribution System	Calleguas Municipal Water District	1,300	1993	1994	1,178	90.6	15	14,023	2,159,542
TOTAL		15,300			3,599				