



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

August 18, 2009 Board Meeting

7-6

Subject

Authorize entering into a Local Resources Program agreement with the city of Burbank for the Burbank Recycled Water System Expansion Phase II Project

Description

Authorization is requested to enter into a Local Resources Program (LRP) agreement with the city of Burbank (Burbank) to provide financial incentives for the proposed project, which would ultimately deliver 960 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 therefore contribute to the region's water supply reliability. Burbank's proposed project, described in [Attachment 1](#), complies with LRP criteria adopted by the Board in April 2007.

The proposed project would be an expansion of Burbank's existing recycled water system. The existing recycled water system has a capacity of 2,200 acre-feet per year, of which 850 acre-feet per year is under a separate LRP agreement between Metropolitan and Burbank. The existing recycled water system would not receive incentives under the proposed LRP agreement. 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 Burbank'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. The agreement would include provisions to clearly distinguish cost of existing facilities from proposed facilities;
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 \$240,000 for 960 acre-feet per year. Project operation is expected to start in August 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.

[Attachment 2](#) summarizes Burbank'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:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, the city of Burbank (Burbank), acting as the Lead Agency, prepared an Initial Study and Mitigated Negative Declaration (MND) and a Mitigation Monitoring and Reporting Program (MMRP) for Burbank Recycled Water System Expansion Project. Burbank adopted the MND and MMRP and approved the project, on December 16, 2008. Metropolitan, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the MND and MMRP and adopt the Lead Agency's findings prior to approval of the formal terms and conditions for the proposed agreements. The environmental documentation is available for review in the Board Executive Secretary's office.

The CEQA determination is: Review and consider information provided in the adopted 2008 MND and MMRP and adopt the Lead Agency's findings 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 the city of Burbank for the Burbank Recycled Water System Expansion Phase II Project for 960 acre-feet per year under terms included in this letter.

Fiscal Impact: Metropolitan would provide up to \$6 million for about 24,000 acre-feet of recycled water over the 25-year agreement term. On an annual basis, Metropolitan would provide up to \$240,000 funded as part of the projected LRP annual budget.

Business Analysis: Metropolitan's service area would benefit from 24,000 acre-feet of recycled water over the 25-year term of the agreement.

Option #2

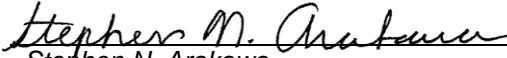
Do not authorize execution of an LRP agreement for the proposed project.

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 by the Board of Directors in 2007.

Staff Recommendation

Option #1



Stephen N. Arakawa
Manager, Water Resource Management

7/27/2009
Date



Jeffrey Kightlinger
General Manager

7/31/2009
Date

Attachment 1 – Burbank Recycled Water System Expansion Phase II - Project Description
Attachment 2 – City of Burbank LRP Performance History

BLA #6735

BURBANK RECYCLED WATER SYSTEM EXPANSION PHASE II

Project Description

Existing Projects

The city of Burbank (Burbank) Department of Water and Power (BWP) owns and operates a recycled water system that provides recycled water throughout Burbank. The source for this recycled water is the Burbank Water Reclamation Plant (BWRP), which is operated and maintained by Burbank's Department of Public Works. BWRP has the capacity to produce up to 10,000 acre-feet per year (AFY) of recycled water. Unused treated wastewater is discharged for disposal to the Los Angeles River. BWP's existing recycled water delivery system has a capacity of 2,200 AFY. About 1,350 AFY are delivered to the Magnolia and Olive Power Plants and Caltrans. The remaining 850 AFY are delivered throughout the city for irrigation under the existing Local Resources Program (LRP) Agreement between Metropolitan and Burbank. The existing BWRP and recycled water system would not receive incentives under the proposed new LRP Agreement.

Proposed Project Facilities

The proposed Burbank Recycled Water System Expansion Phase II (Project) consists of the extension of the existing recycled water distribution system to six new areas in Burbank. Each of these areas will be served by a new recycled water main extension. These extensions are designated as Valhalla, Studio District, Wildwood Canyon Park, Northeastern Burbank Area, Northern Burbank, and Los Angeles Equestrian Center Extension (Figure 1). The new main extensions will connect to the existing recycled water system. An estimated additional 960 AFY of recycled water will be delivered by the Project. The Project will include construction of approximately 90,000 linear feet of pipelines ranging in size from 6- to 12-inches in diameter and two new pump stations.

Source of Project Water

Source of water is tertiary treated recycled water from the BWRP.

End-User

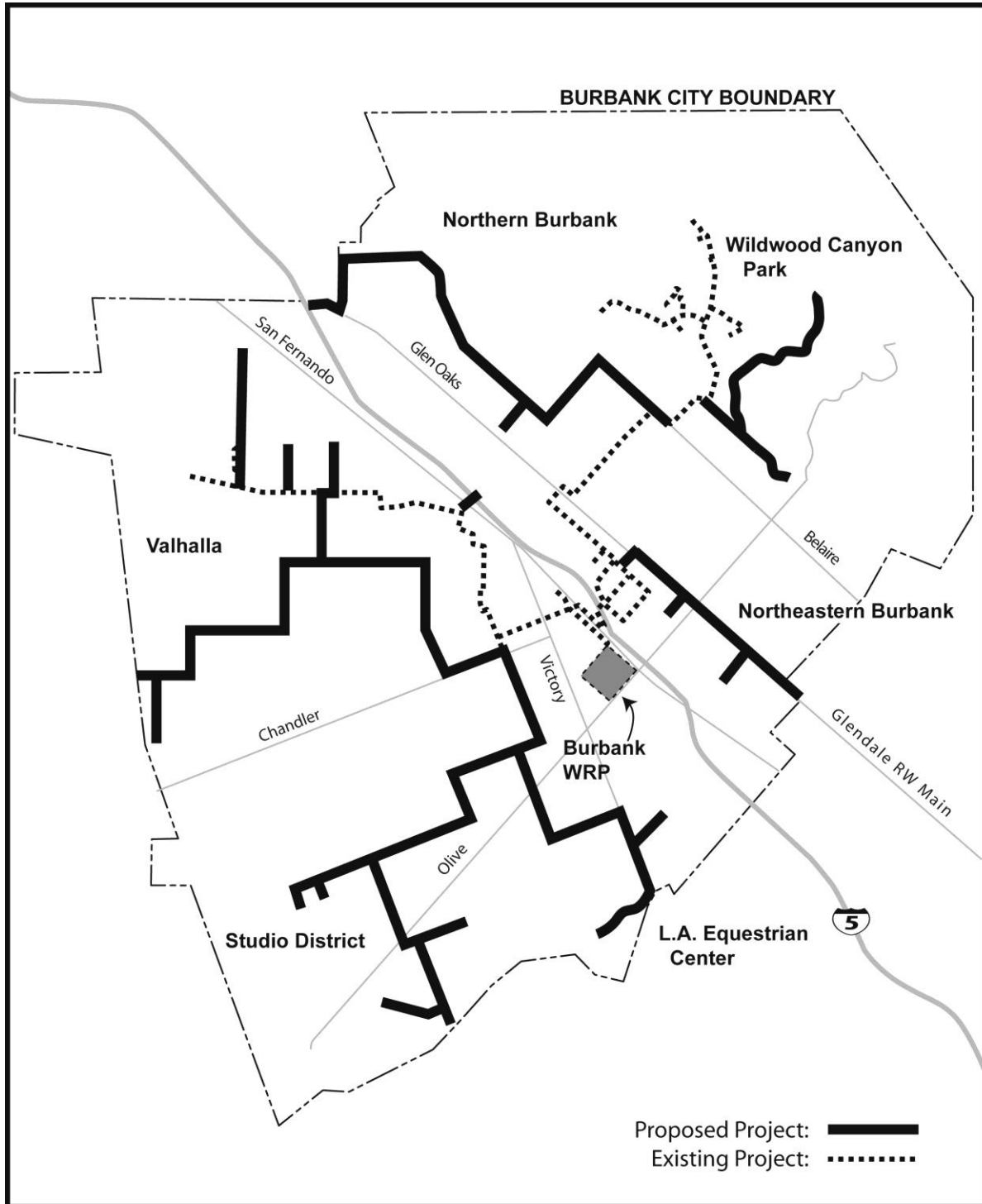
Project water will be used mainly for industrial and landscape irrigation by potential end-users within the city of Burbank.

Points of Connection

Project facilities begin at the connection to Burbank's existing recycled water system pipeline and end at the following points of connection:

- Each end-user
- Sewer, storm drain, channel and potable systems interties
- Existing recycled water systems

Figure 1



BURBANK RECYCLED WATER SYSTEM EXPANSION PHASE II

City of Burbank LRP Performance History

	Project	Sponsor Agency	Contract Yield (AFY)	Maximum Yield to Date (AFY)	Agreement Date	Start of Operation	Total through March 2009	
							Yield (AF)	Contribution (\$)
1.	Burbank Reclaimed Water System Expansion Project	City of Burbank	850	759/ 2008	1994	1995	6,452	1,612,900
2.	Burbank Lake Street GAC Treatment Plant	City of Burbank	2,744	700/2001	1992	1992	14,848	761,119
Total								\$2,374,019