



● Board of Directors  
*Water Planning and Stewardship Committee*

3/13/2012 Board Meeting

7-4

**Subject**

Authorize entering into a Local Resources Program agreement with Los Angeles Department of Water and Power for the North Atwater and Chevy Chase Park Water Recycling Project and the Los Feliz Golf Course Water Recycling Project

**Description**

Authorization is requested to enter into a Local Resources Program (LRP) agreement with Los Angeles Department of Water and Power (LADWP) to provide financial incentives for two proposed recycled water projects. The projects would provide a total of up to 50 acre-feet per year of recycled water use for landscape irrigation in the city of Los Angeles. LADWP would own and operate the projects, which are expected to begin deliveries in January 2015. The project would strengthen regional water supply reliability.

The projects, described in [Attachment 1](#), comply with LRP criteria adopted by the Board. Key terms that would be incorporated into the proposed agreement, subject to approval in form by the General Counsel, include the following:

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

In 2007, the Board established a goal of 174,000 acre-feet per year of new LRP yield. Since then, the Board has approved ten projects with a total potential yield of 74,570 acre-feet per year. Since inception of the LRP, Metropolitan has provided financial assistance for production of over 2.1 million acre-feet of recycled water and recovered groundwater. LRP projects produced about 206,000 acre-feet last year.

**Policy**

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

## **California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed action involves entering into a Local Resources Program (LRP) agreement with the Los Angeles Department of Water and Power (LADWP) to provide financial incentives for the proposed projects. LADWP, acting as Lead Agency, filed two Notices of Exemption pursuant to Section 21080.21 of the State CEQA Guidelines, the first on January 28, 2010, for the North Atwater and Chevy Chase Park Water Recycling Project and the second on March 18, 2011, for the Los Feliz Golf Course Water Recycling Project. Both of these projects involve the installation of pipelines less than one mile in length within public streets. Accordingly, each proposed project qualifies under a statutory exemption (Section 21080.21 of the California Public Resources Code). In addition, the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves the funding and minor alterations of existing private or public facilities, along with the construction of a limited number of new appurtenant facilities with minor modifications in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees. Accordingly, the proposed action qualifies under Class 1, Class 3, and Class 4 Categorical Exemptions (Sections 15301, 15303, and 15304 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under a statutory exemption (Section 21080.21 of the California Public Resources Code) and three Categorical Exemptions (Class 1, Section 15301; Class 3, Section 15303; and Class 4, Section 15304 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

## **Board Options**

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### **Option #1**

Adopt the CEQA determination and authorize the General Manager to enter into a Local Resources Program agreement for the North Atwater and Chevy Chase Park Water Recycling Project and the Los Feliz Golf Course Water Recycling Project with Los Angeles Department of Water and Power for up to 50 acre-feet per year of recycled water under terms included in this letter.

**Fiscal Impact:** Projected incentive payments would total \$0.3 million over 25 years based on estimated project yield and costs. These incentive payments are factored into Metropolitan's rate projections and would be included in future budgets.

**Business Analysis:** The projects would help achieve Metropolitan's local resources goal of developing 174,000 acre-feet per year of new supply by year 2025.

### **Option #2**

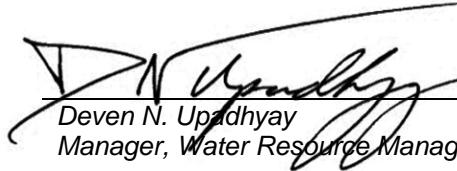
Do not authorize execution of an LRP agreement for the proposed projects.

**Fiscal Impact:** None

**Business Analysis:** Metropolitan would consider other projects and it may take longer to meet the LRP goal of 174,000 AFY of new water.

**Staff Recommendation**

Option #1



Deven N. Upadhyay  
Manager, Water Resource Management

2/23/2012  
Date



Jeffrey Kightlinger  
General Manager

2/28/2012  
Date

**Attachment 1 – North Atwater and Chevy Chase Park Water Recycling Project and Los Feliz Golf Course Water Recycling Project – Description of Projects**

Ref# wrm12613194

**NORTH ATWATER and CHEVY CHASE PARK WATER RECYCLING PROJECT and  
LOS FELIZ GOLF COURSE WATER RECYCLING PROJECT**

**Description of Projects**

**Overview**

The North Atwater and Chevy Chase Park Water Recycling Project and Los Feliz Golf Course Water Recycling Project (Projects) will be owned and operated by the Los Angeles Department of Water and Power (LADWP). The Projects will distribute about 50 acre-feet per year of recycled water to customers in Los Angeles, and will expand the existing recycled water distribution system in the city of Los Angeles.

**Project Facilities**

Construction of approximately 7,700 feet of 16-inch or smaller diameter pipelines to deliver about 50 acre-feet per year of recycled water to four customers for landscape irrigation in the north central area of Los Angeles (as shown in Figure 1). The North Atwater and Chevy Chase Park Water Recycling Project will connect to the city of Glendale's existing 30-inch recycled water pipeline on Goodwin Avenue and involve construction of about 1,350 feet of 16-inch pipeline and about 1,650 feet of 8-inch pipeline to deliver water to two parks. The Los Feliz Golf Course Water Recycling Project will connect to a 16-inch recycled water pipeline on Brunswick Avenue and involve construction of about 4,700 feet of 16-inch pipeline to deliver water to a golf course and park.

**Source of Water**

Source water for the Projects will be tertiary treated recycled water supplied by the Los Angeles/Glendale Water Reclamation Plant located in Los Angeles.

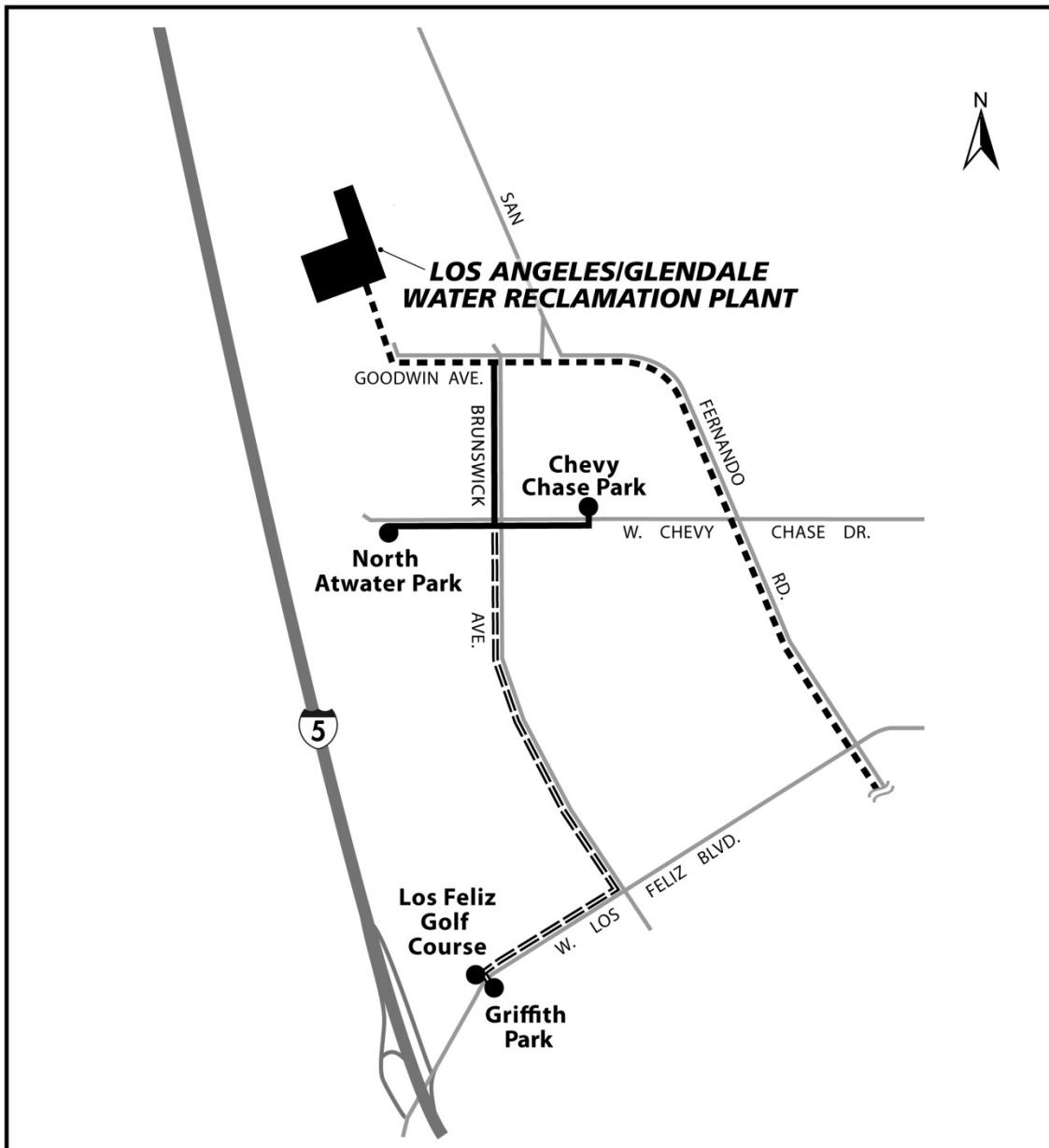
**End Users**

The Projects will serve recycled water to four potential customers: North Atwater Park, Chevy Chase Park, Los Feliz Golf Course, and a small southeast portion of Griffith Park in the city of Los Angeles.

**Points of Connection**

The facilities for the Projects begin at the connection to city of Glendale's existing recycled water distribution pipeline and end at the following points of connection:

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

**Figure 1****PROJECT LOCATION MAP**

- - - Existing Glendale Recycled Water Pipeline
- North Atwater and Chevy Chase Park Recycled Water Pipeline
- == = Los Feliz Golf Course Recycled Water Pipeline
- Potential Customers