



- Board of Directors
Water Planning and Stewardship Committee

3/13/2012 Board Meeting

8-7

Subject

Authorize entering into a Local Resources Program agreement with Los Angeles Department of Water and Power for the Hansen Dam 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 the proposed recycled water project. The project would provide up to 500 acre-feet per year of new recycled water for landscape irrigation in the city of Los Angeles. LADWP would own and operate the project, which is expected to begin deliveries in May 2013. The project would strengthen regional water supply reliability.

The project, described in [Attachment 1](#), complies 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 project for beneficial use;
2. Sliding scale incentives up to \$250 per acre-foot, calculated annually, based on actual project unit cost above 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 project falls 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)

CEQA determination for Option #1:

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. These activities would result in negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies under a Class 1 Categorical Exemption (Class 1, Section 15301, of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed actions qualify under a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines). In addition, the fiscal aspects are not subject to CEQA (Section 15378(b)(4) 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 a Local Resources Program agreement for the Hansen Dam Golf Course Water Recycling Project with Los Angeles Department of Water and Power for up to 500 acre-feet per year of recycled water under terms included in this letter.

Fiscal Impact: Projected incentive payments would be \$3.1 million over 25 years based on project yield projections and estimated unit costs. These incentive payments are factored into Metropolitan's rate projections and would be included in future budgets.

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

Option #2

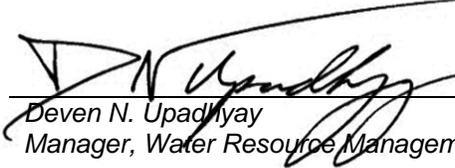
Do not authorize execution of an LRP agreement for the proposed project.

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 – Hansen Dam Golf Course Water Recycling Project - Project Description

HANSEN DAM GOLF COURSE WATER RECYCLING PROJECT

Project Description

Overview

The Hansen Dam Golf Course Water Recycling Project (Project) will be owned and operated by The Los Angeles Department of Water and Power (LADWP) to convey about 500 acre-feet per year of recycled water to the Hansen Dam Golf Course in the East Valley area in Los Angeles. The Project is comprised of approximately 4,300 feet of pipeline and ancillary facilities to deliver the recycled water. The pipeline and ancillary facilities will expand the existing recycled water distribution system in the City of Los Angeles.

Project Facilities

The Project (as shown in Figure 1) consists of the installation of a new pump station, approximately 3,800 feet of 20-inch of ductile iron pipe and 500 feet of 20-inch welded-steel to convey recycled water from an existing seven-million-gallon recycled water storage tank at Valley Generating Station. Ancillary facilities will also include two 2-inch fill stations and one 3-inch diameter connection at Glenoaks Boulevard for use by Los Angeles County Department of Public Works and the City of Los Angeles for water trucks.

Source of Water

Source water for the Project will be tertiary treated recycled water supplied by the Donald C. Tillman Water Reclamation Plant located in Van Nuys.

End Users

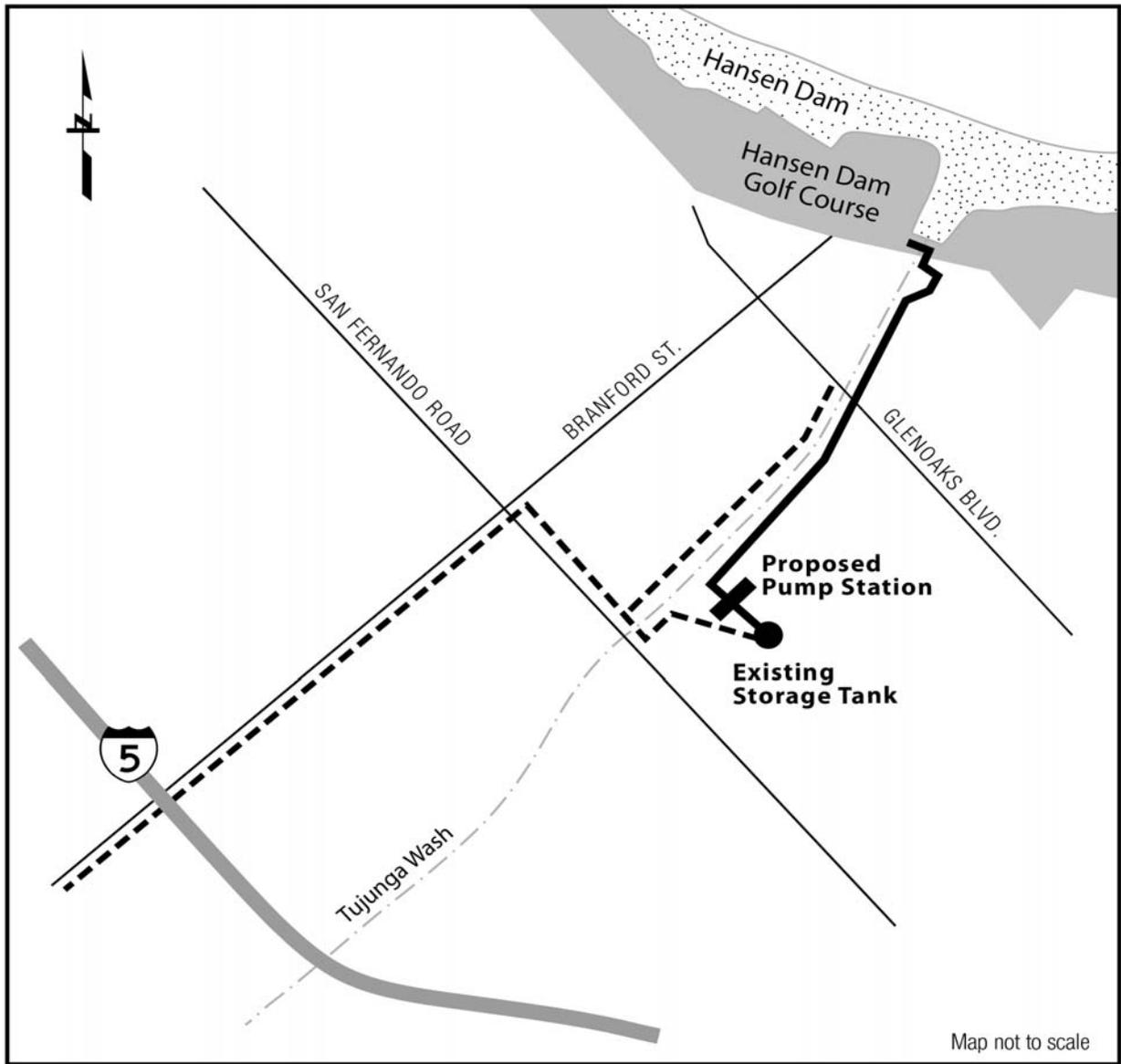
The Project will deliver recycled water to Hansen Dam Golf Course for landscape irrigation.

Points of Connection

Project facilities begin at the connection to the 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



HANSEN DAM GOLF COURSE WATER RECYCLING PROJECT

- Proposed Recycled Water Pipeline
- - - -** Existing Recycled Water Pipeline