



- Board of Directors
Water Planning and Stewardship Committee

3/13/2012 Board Meeting

8-8

Subject

Authorize entering into a Local Resources Program agreement with Los Angeles Department of Water and Power for the Griffith Park South 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 450 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 2016. 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, along with the construction of minor appurtenant structures, with minor modifications in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees. These activities would result in negligible expansion of use and no possibility of significantly impacting the physical environment. 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). 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 action qualifies under three Categorical Exemptions (Class 1, Section 15301; Class 3, Section 15303; and Class 4, Section 15304 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 Griffith Park South Water Recycling Project with Los Angeles Department of Water and Power for up to 450 acre-feet per year of recycled water under terms included in this letter.

Fiscal Impact: Projected incentive payments would total \$2.6 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. However, should project yield and costs be greater than anticipated, Metropolitan's maximum financial obligation would total about \$2.8 million over 25 years.

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

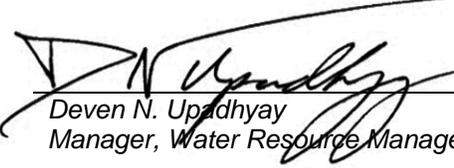
Do not authorize execution of an LRP agreement for the proposed project.

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 – Griffith Park South Water Recycling Project - Project Description

Ref# wrm12616697

GRIFFITH PARK SOUTH WATER RECYCLING PROJECT

Project Description

Overview

The Griffith Park South Water Recycling Project (Project) will be owned and operated by The Los Angeles Department of Water and Power (LADWP) to convey about 450 acre-feet per year of recycled water to the Roosevelt Golf Course in the east San Fernando Valley. The Project is comprised of approximately 8,100 feet of pipeline. The pipeline and auxiliary components 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 construction of approximately 7,400 feet of 16-inch pipeline and 700 feet 12-inch pipeline, a one million-gallon storage tank (adjacent to existing Tank 114) north of Via del Ville Drive, and a 1,400 gallon per minute pump station along Crystal Springs Drive.

Source of Water

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

End Users

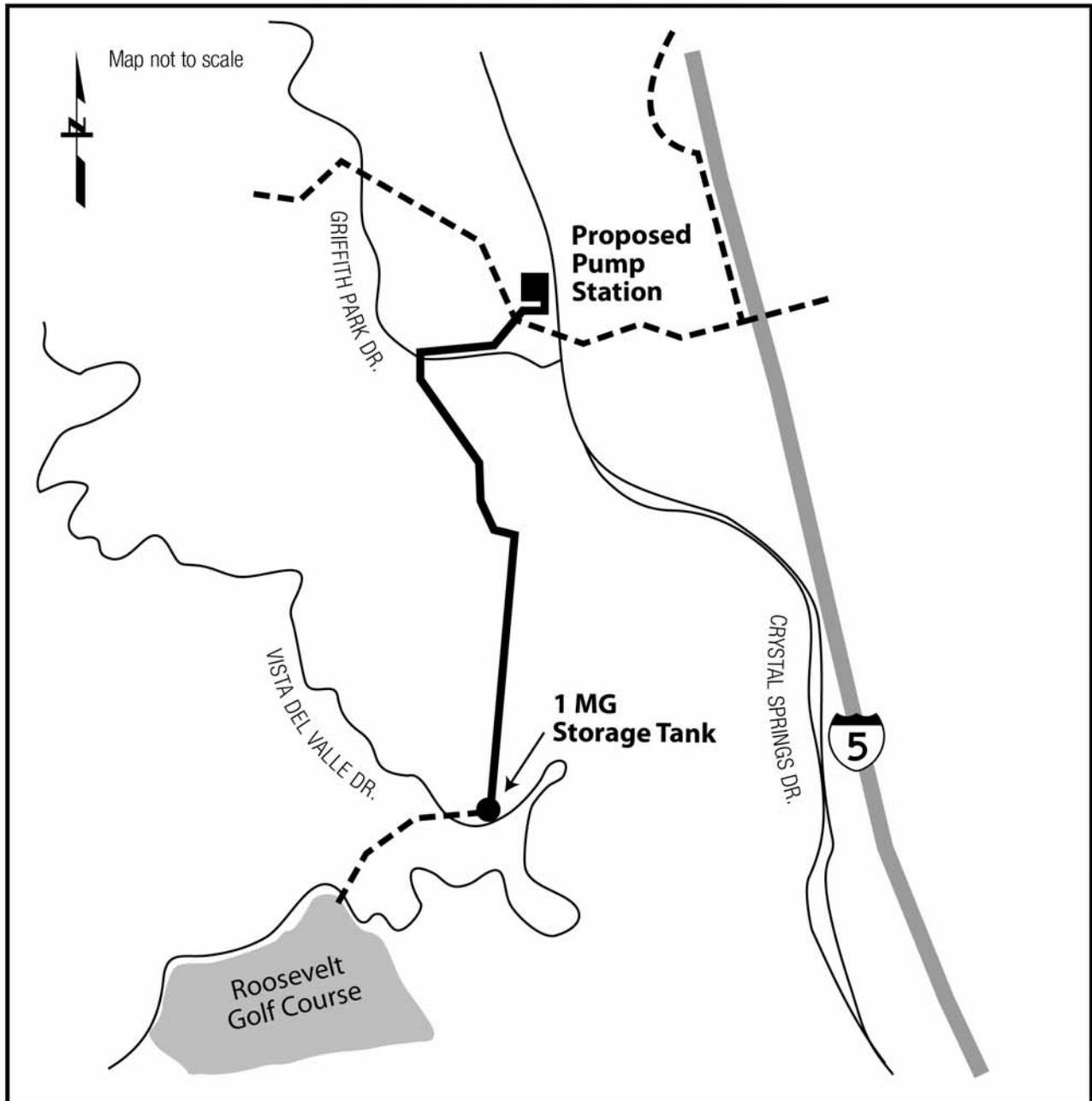
The Project will deliver recycled water to the golf course, located in Griffith Park, for the purpose of landscape irrigation.

Points of Connection

Project facilities begin at the connection to LADWP'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



GRIFFITH PARK SOUTH WATER RECYCLING PROJECT

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