



- Board of Directors  
*Water Planning and Stewardship Committee*

3/13/2012 Board Meeting

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**8-9**

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## **Subject**

Authorize entering into a Local Resources Program Agreement with Eastern Municipal Water District for EMWD's Recycled Water System Expansion Project

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## **Description**

Authorization is requested to enter into a Local Resources Program (LRP) agreement with Eastern Municipal Water District (EMWD) to provide financial incentives for the proposed recycled water project. The project would provide up to 5,000 acre-feet per year of recycled water for landscape irrigation within EMWD's service area. EMWD would own and operate the project, which is expected to begin deliveries in 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.

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## **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

Pursuant to the provisions of CEQA and the State CEQA Guidelines, the Eastern Municipal Water District (EMWD), acting as the Lead Agency, prepared and processed final CEQA clearance documents for the subject project (refer to [Attachment 1](#) for the project's description both in broad terms and more specifically with its project components). On August 21, 2009, the Lead Agency certified a Final Environmental Assessment/Program Environmental Impact Report (EA/PEIR) for the Recycled Water System Pressurization and Expansion Project, and on October 21, 2009, certified a Final Environmental Assessment/Environmental Impact Report (EA/EIR) for the Leon Road Recycled Water Booster Station, Benton Road Recycled Water Storage Tank and Benton Road Recycled Water Pipeline. Findings of Fact (findings), Statements of Overriding Considerations (SOCs) and Mitigation Monitoring and Reporting Programs (MMRPs) also were adopted. In addition, the Lead Agency adopted the following CEQA documents for individual project components:

- (a) Environmental Assessment/Initial Study and Mitigated Negative Declaration, Longfellow Recycled Water Storage Tank, Pipelines and Appurtenances, adopted on August 17, 2011
- (b) Revised Environmental Assessment/Initial Study and Mitigated Negative Declaration, Recycled Water Pond Pump Stations and Appurtenances, adopted on August 21, 2009
- (c) Initial Study/Mitigated Negative Declaration for Citrus In-Lieu and Associated Distribution Recycled Water Pipelines, adopted on February 10, 2010
- (d) Mitigated Negative Declaration and Initial Study and Mitigation Monitoring Program for the San Jacinto Valley Regional Water Reclamation Facility, Title 22 Tertiary Treatment Upgrade, adopted on May 18, 2005

As a result of minor modifications that were made to the originally approved project, EMWD's board approved the following addenda to the CEQA documents listed above:

- (e) Addendum to the Final Program Environmental Impact Report, Recycled Water System Pressurization and Expansion Project, approved on April 20, 2011
- (f) Addendum to the Revised Initial Study and Mitigated Negative Declaration, Recycled Water Pond Pump Stations and Associated Force Mains, approved on October 19, 2011
- (g) Addendum to the Final Environmental Impact Report, Leon Road Recycled Water Booster Station, Benton Road Recycled Water Storage Tank, and Benton Road Recycled Water Pipeline, approved on April 20, 2011
- (h) Addendum to the Mitigated Negative Declaration and Initial Study and Mitigation Monitoring Program for the San Jacinto Valley Regional Water Reclamation Facility, Title 22 Tertiary Treatment Upgrade, approved on February 1, 2012

Metropolitan, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the CEQA clearance documents that were approved by the Lead Agency, and to adopt the Lead Agency's findings, SOC's and MMRPs 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 the information provided in the Lead Agency's approved CEQA documents and adopt the Lead Agency's findings, SOC's, and MMRPs related to the proposed action.

### 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 EMWD’s Recycled Water System Expansion Project with Eastern Municipal Water District for up to 5,000 acre-feet per year of recycled water under terms included in this letter.

**Fiscal Impact:** Projected incentive payments would total \$2.3 million over ten 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 \$31.3 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**

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Option #1

  
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Deven N. Upadhyay  
Manager, Water Resource Management

2/23/2012  
Date

  
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Jeffrey Kightlinger  
General Manager

2/28/2012  
Date

**Attachment 1 – Eastern Recycled Water System Expansion Project – Project Description**

Ref# wrm12616453

## **EASTERN RECYCLED WATER SYSTEM EXPANSION PROJECT**

### **Project Description**

#### **Overview**

The Eastern Recycled Water System Expansion Project (Project) will be a significant improvement to Eastern's existing reclaimed water distribution system. The Project will provide for an increase of 5,000 acre-feet per year (AFY) that will be used for landscape irrigation in common areas and golf courses. The Project also provides integrated storage, pumping and piping system that can meet existing and future landscape irrigation demand. A baseline of 28,000 AFY was established for the Project by averaging Eastern's recycled water sale between 2006 and 2010. Only new recycled water produced over the baseline will be eligible for Metropolitan's incentive under this agreement.

#### **Existing Projects**

Eastern currently owns and operates four existing Regional Water Reclamation Facilities as shown on Figure 1, the Temecula Valley Regional Water Reclamation Facility, Perris Valley Regional Water Reclamation Facility(Existing Projects), Moreno Valley Regional Water Reclamation Facility, and San Jacinto Valley Regional Water Reclamation Facility, and distribution system to deliver about 28,000 AFY of recycled water for beneficial uses in its service area. Recycled water produced by the Existing Projects is not part of this Project or Agreement.

#### **Project Facilities**

The Project consists of, but not limited to, the following major components:

1. 5 million gallon (MG) recycled water storage tank (Longfellow Tank)
2. 4 MG recycled water storage tank (Gibbel Tank)
3. 2 MG recycled water storage tank (Benton Tank)
4. 7,500 gallons per minute (GPM) recycled water booster station (Leon Road Booster)
5. Approximately 22,500 linear feet of 36-inch recycled water transmission pipelines (Hemet Citrus Phase I)
6. 4,000 GPM recycled water pond pump station (San Jacinto Reservoir RWPS)
7. 4,000 GPM recycled water pond pump station (Alessandro Ponds Recycled Water Pump Station)
8. 5,000 GPM recycled water pond pump station (Sun City Recycled Water Pump Station)
9. Tertiary effluent pump station located at the San Jacinto Valley Regional Water Reclamation Facility

**Source of Water**

As a result of system transmission interconnectivity, source water for the Project maybe supplied by any one of Eastern's four Regional Wastewater Reclamation Facilities (as shown on Figure 1).

**End Users**

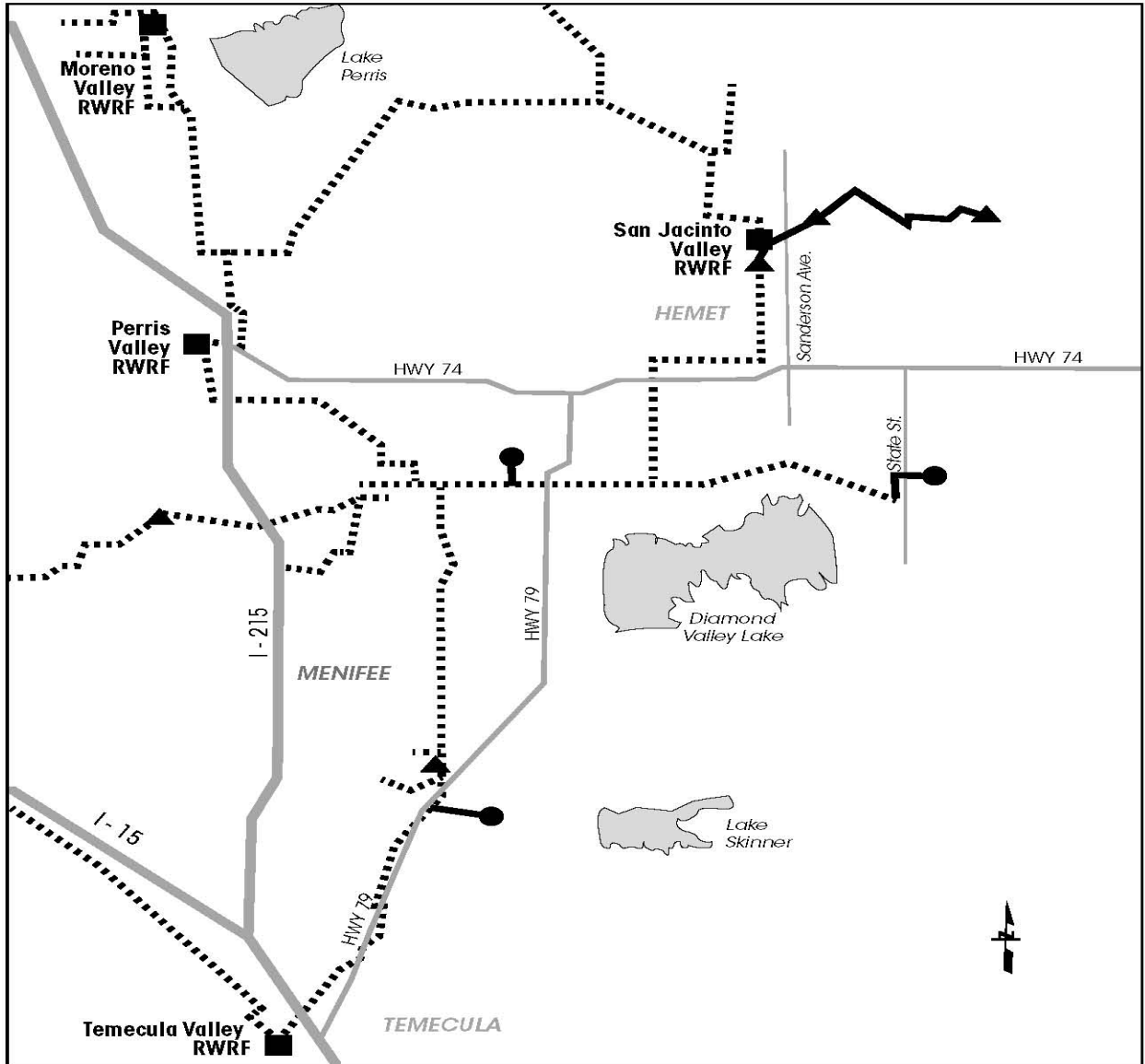
The Project will serve recycled water to customers in Eastern's service area.

**Points of Connection**

Project facilities and distribution lines will begin at the connection to Eastern's Existing Projects 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**

- Storage Tank
- ▲ Pump Station
- Recycled Treatment Plant
- ..... Existing Recycled Water Pipeline
- Proposed Pipeline