



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

12/10/2019 Board Meeting

8-9

Subject

Review and consider the City of San Diego's certified Final EIR/EIS and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with the San Diego County Water Authority and the City of San Diego for San Diego Pure Water North City Project Phase 1

Executive Summary

This letter requests authorization for Metropolitan to enter into a Local Resources Program (LRP) Agreement with the San Diego County Water Authority and the City of San Diego (San Diego) for the San Diego Pure Water North City Project Phase 1 (Project). The Project would provide up to 33,600 acre-feet per year (AFY) of recycled water for surface water augmentation. The Project would help Metropolitan to increase regional water supply reliability, reduce future demands for imported water supplies, and achieve its Integrated Water Resources Plan (IRP) goals. In addition, the Project helps Metropolitan comply with a legislative direction under SB 60 to expand water conservation, recycling, and groundwater storage and replenishment.

Details

Background

Metropolitan created the LRP to provide financial incentives to local projects such as water recycling, groundwater recovery, and seawater desalination projects developed by local and member agencies. Since inception of the LRP in 1982, Metropolitan provided financial assistance for the production of over 3.9 million acre-feet (AF) of recycled water and recovered groundwater. These programs provide benefits to all member agencies regardless of individual project location. Benefits include helping increase water supply reliability, reducing imported water demands, decreasing the burden on Metropolitan's infrastructure, reducing system costs, and freeing up conveyance capacity. In addition, these programs help Metropolitan meet its legislative mandates under SB 60 to expand water conservation, recycling, and groundwater storage and replenishment measures. In fiscal year 2018/19, Metropolitan incentivized member agencies to produce about 189,000 AF of local supply. In October 2018, the Board approved an interim LRP target of 170,000 AFY to develop additional contractual yield.

Proposed Project

The Project facilities under this agreement only include the North City Pure Water Facility (NCPWF), North City Pure Water pump stations and conveyance pipeline to deliver purified water to the Miramar Reservoir, and influent structure and necessary facilities such as subaqueous pipeline to discharge the Project water into the reservoir. NCPWF will include advanced treatment processes such as ozone, biological activated carbon filters, microfiltration, reverse osmosis, ultraviolet disinfection, and advanced oxidation to produce purified water suitable for surface water augmentation at the Miramar Reservoir. Source water for the Project is tertiary treated recycled water from the North City Water Reclamation Plant. San Diego will own and operate the Project and plans to deliver water by 2023.

The Project, described in **Attachment 1**, complies with LRP criteria adopted by the Board on October 13, 2014. Key terms of the proposed agreement, subject to approval in form by the General Counsel, include the following:

1. Agreement term is 25 years for a contract yield of 33,600 AFY;
2. Pay for performance – LRP financial incentives are only for recycled water delivered by the Project for beneficial use;
3. Sliding Scale incentives up to \$340 per AF, calculated annually based on actual project unit costs that exceed Metropolitan’s prevailing water rate;
4. Termination for nonperformance if construction does not commence within two years of agreement execution or if recycled water deliveries are not realized within four years of agreement execution; and
5. Reduction in Metropolitan’s contract commitment if the Project falls short of production targets measured in four-year intervals throughout the agreement term.

Policy

By Minute Item 49923, dated October 14, 2014, the Board approved refinements to the Local Resources Program to encourage additional local resource production.

By Minute Item 51356, dated October 9, 2018, the Board approved an interim Local Resources Program target yield of 170,000 AFY of new water 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 San Diego, acting as the CEQA Lead Agency, prepared and certified a Final Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the proposed project in the City of San Diego. The Final EIR/EIS was certified and the project approved by the Lead Agency on April 10, 2018. The Lead Agency also adopted findings, a Mitigation Monitoring and Reporting Program (MMRP) and Statement of Overriding Considerations. As a Responsible agency, Metropolitan is required to certify that it has reviewed and considered the information in the Final EIR/EIS for this project and adopt the Lead Agency’s findings and MMRP prior to approval of the formal terms and conditions for the proposed agreement. The environmental documentation is included as **Attachment 2**.

CEQA determination for Option #2:

None required

Board Options

Option #1

Review and consider the Lead Agency’s certified Final EIR/EIS and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with the San Diego County Water Authority and the City of San Diego for the San Diego Pure Water North City Project Phase 1 for up to 33,600 AFY of recycled water under the terms included in this letter.

Fiscal Impact: Metropolitan’s maximum financial obligation would be up to \$285.6 million for a project yield of 840,000 AF over 25 years. Staff factors these incentive payments into Metropolitan’s rate projections and includes them in future budgets.

Business Analysis: The project would help Metropolitan to achieve its IRP goals and meet its legislative mandates, while reducing the Metropolitan’s system costs.

Option #2

Do not authorize execution of an agreement for the Project.

Fiscal Impact: None

Business Analysis: Metropolitan would pursue other projects and it may take longer to meet IRP goals.

Staff Recommendation

Option #1



Brad Coffey
Manager, Water Resource Management

11/22/2019
Date



Jeffrey Kightlinger
General Manager

11/25/2019
Date

Attachment 1 – San Diego Pure Water North City Project – Project Description

Attachment 2 – Final Environmental Impact Report/Environmental Impact Statement

Ref# wrm12665071

SAN DIEGO PURE WATER NORTH CITY PROJECT PHASE 1

Project Description

Overview

The San Diego Pure Water North City Project Phase 1 (Project) will be owned and operated by the City of San Diego (San Diego). San Diego is planning to construct a multi-phased Pure Water San Diego Program with an ultimate capacity of 83,000 acre-feet per year (AFY). The Project is the first phase of the San Diego Pure Water Program and will provide up to 33,600 AFY of purified water to the Miramar Reservoir for surface water augmentation purpose. Future phases of the projects are not part of this agreement.

Project Facilities

The Project facilities under this agreement only include the North City Pure Water Facility (NCPWF), North City Pure Water pump stations and conveyance pipeline to deliver purified water to the Miramar Reservoir, and influent structure and necessary facilities such as subaqueous pipeline to discharge the Project water in to the reservoir. NCPWF will include advanced treatment process such as ozone, biological activated carbon filters, microfiltration, reverse osmosis, ultraviolet disinfection, and advanced oxidation process to treat the tertiary treated recycled water from the North City Water Reclamation Plant to produce purified water suitable for surface water augmentation at the Miramar Reservoir. North City Water Reclamation Plant is not part of this Agreement.

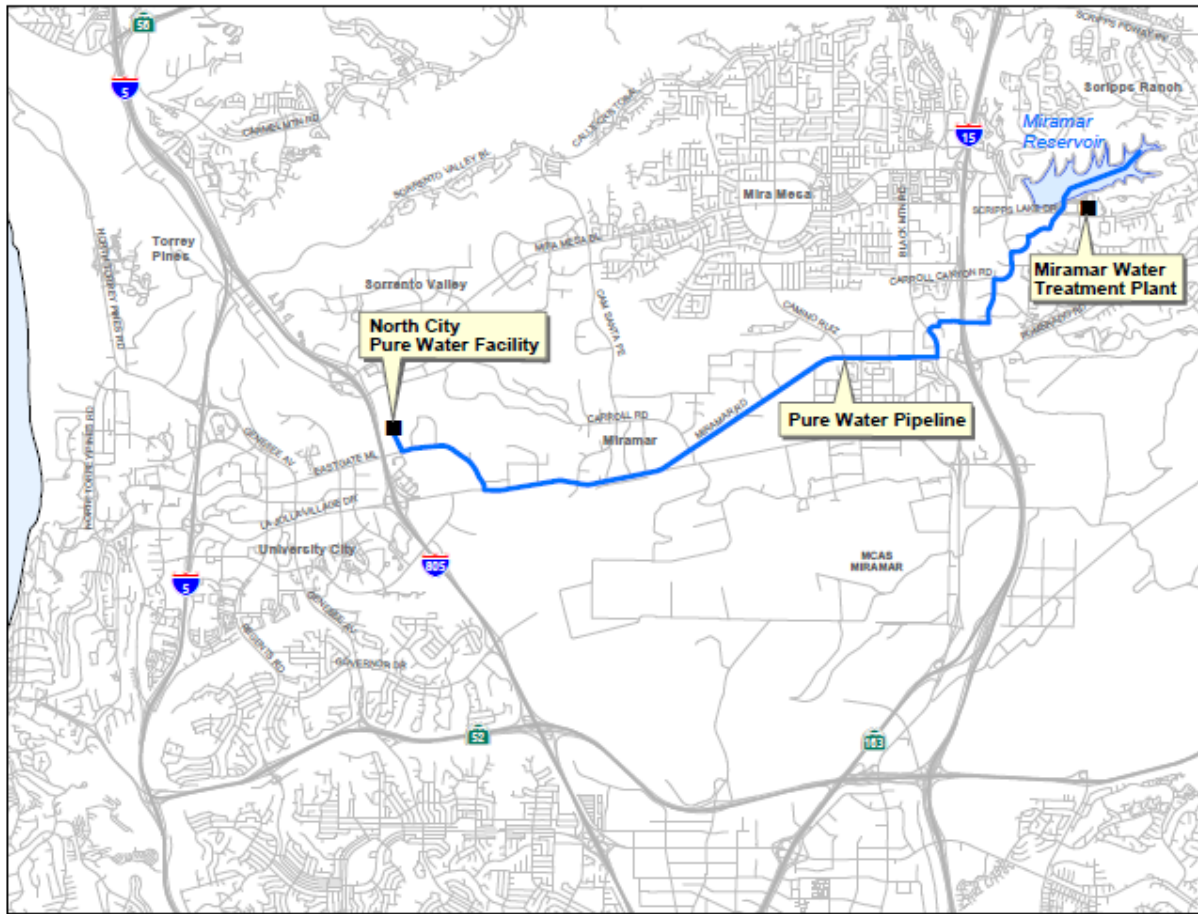
Source of Water

Source water will be tertiary treated water from the North City Water Reclamation Plant, which will be treated by the NCPWF for delivery to the Miramar Reservoir.

Points of Connection

Project facilities begin at the connection to the tertiary effluent pump station at the North City Water Reclamation Plant, and end at the following points of connection:

- Miramar Reservoir inlet facilities
- Sewer, storm drain, channel, and potable system interties
- Existing recycled water systems



SAN DIEGO PURE WATER NORTH CITY PROJECT



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*
700 N. Alameda Street, Los Angeles, California 90012

12/10/2019 Board Meeting

8-9 Board Letter

Review and consider the City of San Diego's certified Final EIR/EIS and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with the San Diego County Water Authority and the City of San Diego for San Diego Pure Water North City Project Phase 1

Attachment 2 – Final Environmental Impact Report/Environmental Impact Statement

The CEQA documentation attachments are not included

You may review these documents on our website at:

[12102019 8-9 Attachment 2 - Final Environmental Impact Report/Environmental Impact Statement](#)

OR

By contacting Metropolitan's Board Executive Secretary at: (213) 217-6291
or via email at DL-BoardSupportTeam@mwdh2o.com