



# Review and Approve Changes to the Start-of-Operation Timing for Four Local Resources Program Projects

Water Planning and Stewardship Committee

Item 7-7

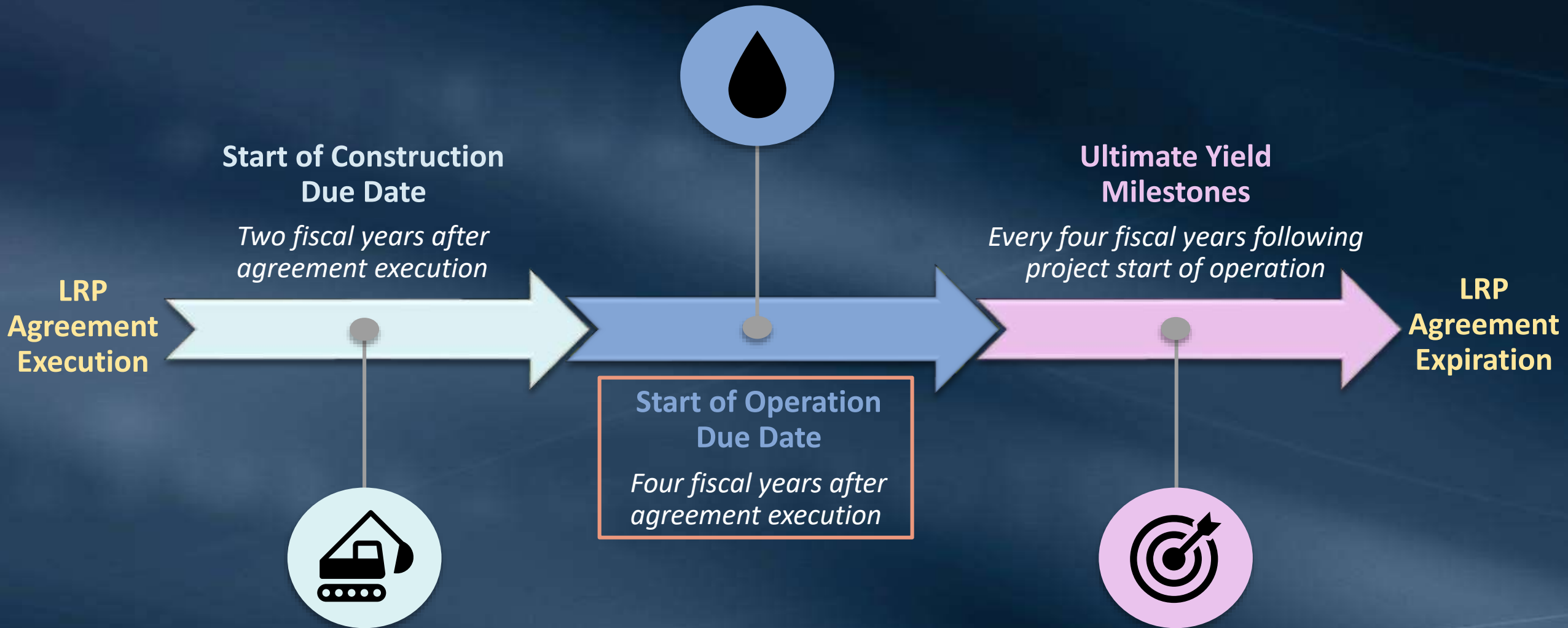
June 7, 2021

# Background

# Proposed Refinement Discussions

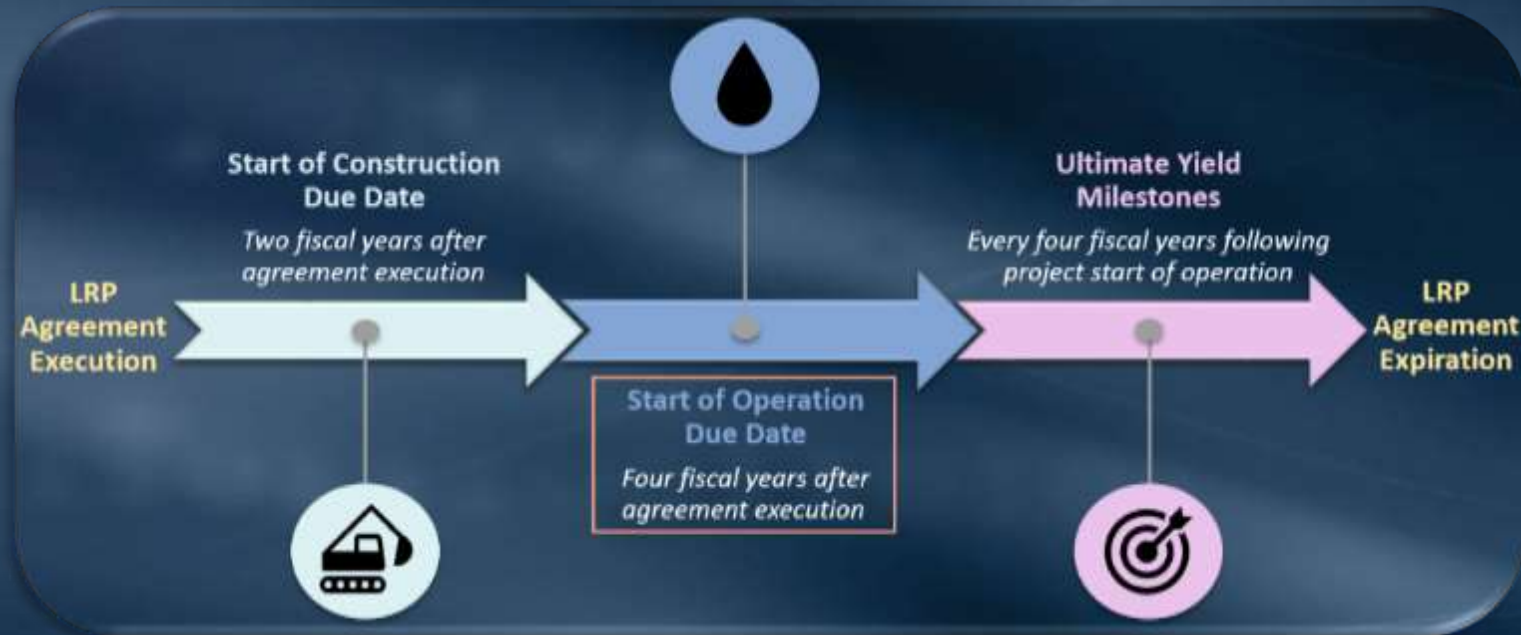
- Presentation to Member Agency Manager's Meeting in April 2021
  - Broad support from member agencies for granting additional time for projects to start operation
- Oral report to Board in May 2021
  - Staff incorporated feedback from May committee meeting
  - Main issue identified in committee:
    - Lengthy amount of time for projects to begin operation

# Current LRP Performance Provisions



# Start of Operation Performance Provision

- LRP Start of Operation performance provision
  - LRP agreements terminate if projects do not start operation and deliver allowable yield within four fiscal years of agreement execution
  - Project sponsor(s) may appeal this decision to MWD's Board



# COVID-19 Impacts to MWD Service Area

- In March 2021, MWD sent a survey to Member Agency Engineering Managers regarding their capital projects during the pandemic
  - Survey asked member agencies as to whether their agencies experienced impacts to their capital projects as a result of the pandemic
  - 12 Member Agencies responded to the survey
    - Eight stated yes, four stated no

# Impacts to LRP Projects

- 11 LRP projects currently under construction
- Projects experiencing delays due to various issues
  - COVID-19 pandemic
  - Customer-related delays
  - Other construction issues
- Four projects required to commence operation by July 1, 2021
  - These projects will likely not meet start-of-operation deadlines
  - However, these projects can be completed in the next three fiscal years

# Requested Authorization



# Requested Board Authorization

- Requesting Board authorization to amend the start-of-operation due date for four LRP projects
- In general, Staff would request Board authorization for LRP projects that meet a framework for considering start-of-operation extension requests
  - Extensions will be granted on a per-project basis
  - No additional financial obligations incurred from extensions
- Staff will terminate a project's current agreement if request does not meet framework

# Framework for Requesting Extensions

- Staff would request Board authorization for a start of operation extension to an active LRP project based on the following criteria:

## Formal Extension Request by Project Sponsors

- Include project-specific circumstances for extension request



## Continuing Pursuance of Project by Parties

- Affirm that all parties to the agreement are still pursuing the project



## Project Schedule

- Provide a revised schedule

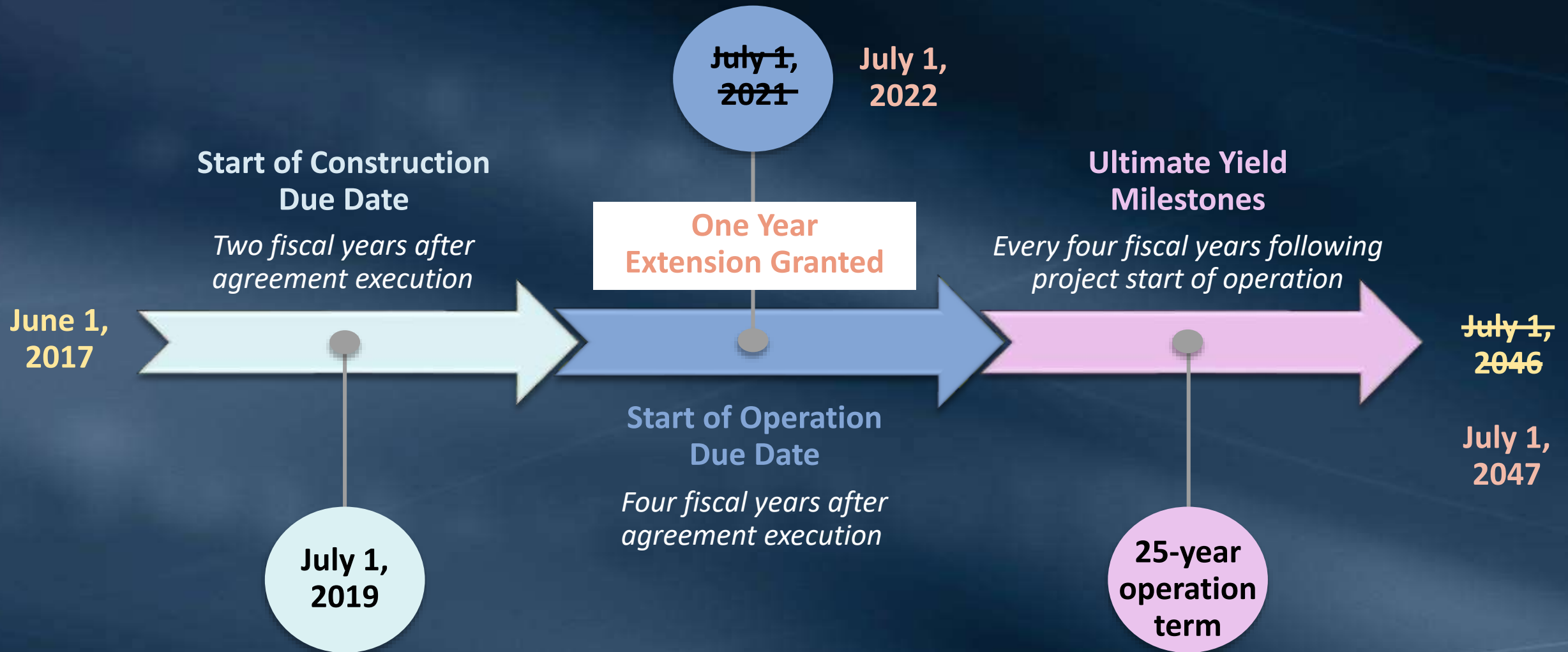


## Start of Operation Extension

- Affirm that project will start operation within requested extension
- Extension may not exceed three fiscal years



# Example of a Project Receiving One Year Extension



# LRP Projects Requesting Extensions

LRP Project	Member Agency	Ultimate Yield (AFY)	Date of Agreement Execution	Current Start of Operation Due Date	Requested Start of Operation Due Date	Length of Extension Requested
Perris II Brackish Groundwater Desalter	EMWD	5,500	6/01/2017	6/30/2021	6/30/2022	12 months
Sepulveda Basin Sports Complex Water Recycling Project	LADWP	350	6/08/2017	6/30/2021	6/30/2024	36 months
Westside Area Water Recycling Project	LADWP	150	6/08/2017	6/30/2021	6/30/2024	36 months
Terminal Island Recycled Water Expansion Project	LADWP	8,000	6/08/2017	6/30/2021	6/30/2024	36 months

# Benefits of Requested Authorization

More flexibility to LRP projects' contractual obligations

Support local resource development

Continue support for member agency project implementation

# Board Options

- Option #1
  - Adopt the CEQA determination that the previous environmental documentation acted on by the Board in conjunction with these LRP projects fully complies with CEQA and the State CEQA Guidelines, and that no further CEQA review is required; and review and approve changes to the start-of-operation timing for four LRP projects included in Attachment 2.
- Option #2
  - Do not approve changes to the start-of-operation timing for the four LRP projects. Allow contracts to expire on June 30, 2021.

# Staff Recommendations

- Option #1

