



- **Board of Directors**
One Water and Stewardship Committee

4/9/2024 Board Meeting

8-4

Subject

Review and consider the Las Virgenes Municipal Water District and Las Virgenes-Triunfo Joint Powers Authority certified Final Environmental Impact Report and two Addenda, and take related CEQA actions; authorize the General Manager to enter into a Local Resources Program Agreement with Las Virgenes Municipal Water District and Las Virgenes-Triunfo Joint Powers Authority for the PURE Water Project Las Virgenes-Triunfo for up to 5,000 acre-feet per year of treated recycled water for potable purposes in the Las Virgenes Municipal Water District service area.

Executive Summary

This letter requests authorization for Metropolitan to enter into a Local Resources Program (LRP) Agreement with Las Virgenes Municipal Water District (LVMWD) and the Las Virgenes-Triunfo Joint Powers Authority (JPA) for the PURE Water Project Las Virgenes-Triunfo Project (Project). The Project would provide up to 5,000 acre-feet per year (AFY) of recycled water for potable purposes to customers within LVMWD's service area. The Project is consistent and compliant with the LRP goals and policies and would help Metropolitan to increase regional water supply reliability, reduce future demands on Metropolitan for imported water supplies, decrease the burden on Metropolitan's infrastructure, and achieve its long-standing Integrated Water Resources Plan (IRP) goals for local resources development. In addition, the Project helps Metropolitan comply with a legislative direction under Senate Bill 60 (SB 60) to expand water conservation, recycling, and groundwater storage and replenishment.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Review and consider the Las Virgenes Municipal Water District and Las Virgenes-Triunfo Joint Powers Authority certified Final Environmental Impact Report and two Addenda and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with Las Virgenes Municipal Water District and Las Virgenes-Triunfo Joint Powers Authority for the PURE Water Project Las Virgenes-Triunfo for up to 5,000 AFY of treated recycled water for potable purposes in the Las Virgenes Municipal Water District service area.

Fiscal Impact: Metropolitan's maximum financial obligation would be up to \$42,500,000 for a project yield of 5,000 AFY 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 current IRP goals and meet its legislative mandates, while reducing the district's system costs.

Option #2

Do not authorize the execution of an agreement for the Project.

Fiscal Impact: None

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

Applicable 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.

Related Board Action(s)/Future Action(s)

Not applicable.

Summary of Outreach Completed

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination(s) for Option #1:

Acting as the Lead Agency, LVMWD and Las Virgenes-Triunfo Joint Powers Authority certified a Final Program Environmental Impact Report (PEIR) on December 13, 2022, for the PURE Water Project Las Virgenes-Triunfo Program. The Lead Agency also approved the Findings of Fact, the Statement of Overriding Considerations (SOC), and the Mitigation Monitoring and Reporting Program (MMRP). Subsequently, the Lead Agency completed Addendum No. 1 and Addendum No. 2 to the PEIR on December 13, 2022, and June 30, 2023, respectively, to document the proposed minor modifications to the approved project as detailed in this board letter. The Lead Agency determined that the preparation of addenda was appropriate here because none of the conditions described in Section 15162 of the State CEQA Guidelines had occurred. In particular, the minor modifications proposed to the project would not result in any new significant effects or any substantial increase in the severity of any significant effects identified in the PEIR prepared for this project. (State CEQA Guidelines Section 15164.). The Final PEIR, Addendum No. 1, and Addendum No. 2 are included in **Attachment 2**.

The Board has reviewed and considered these environmental documents and adopts the findings of the Lead Agency. (State CEQA Guidelines Section 15096.).

CEQA determination(s) for Option #2:

None required

Details and Background

Background

Metropolitan created the LRP to provide financial incentives to local projects, such as water recycling, groundwater recovery, and seawater desalination, developed by local and member agencies. Since the inception of the LRP in 1982, Metropolitan has provided financial assistance for the production of over 4.3 million acre-feet of recycled water and recovered groundwater. These programs help Metropolitan meet its legislative mandates under SB 60 to expand water conservation, recycling, and groundwater storage and replenishment measures. 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 fiscal year 2022/23, Metropolitan incentivized member agencies to produce about 96,000 acre-feet (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

To increase local supply development, staff recommends that the Board authorize the General Manager to enter into an LRP agreement with LVMWD and Las Virgenes-Triunfo JPA to provide financial incentives for the Project. The Project will include new conveyance pipelines and construction of an advanced purification facility to treat and deliver up to 5,000 AFY to the Las Virgenes Reservoir, where it will be blended with the existing Metropolitan supply in the reservoir. Water from the Las Virgenes Reservoir will subsequently be treated at the Westlake Filtration Plant before distribution. The Las Virgenes-Triunfo JPA will own and operate the Project and plans to deliver water by end of 2028.

The Project, described in **Attachment 1**, complies with the LRP criteria adopted by the Board on October 13, 2014, with the exception of the requirement that a "Project must have obtained all required Regional and State permits prior to receiving Metropolitan Board approval." LVMWD staff are currently working to obtain all permits, but progression of the project with the proposed scope is dependent upon Metropolitan Board approval. The JPA board relied on a Financial Feasibility and Rate Impact Analysis that was prepared for the project and incorporated the award of LRP funding to help mitigate the long-term operating costs of the project. Absent certainty on the disposition of LRP funding for the project, the JPA board would need to delay award of the construction contract and consider reducing the scope of the project to ensure its financial feasibility. This action would be detrimental to the overall project's success and substantially reduce the regional benefit provided to two Metropolitan member agencies that are within Metropolitan's SWP-dependent areas.

Key terms of the proposed agreement, subject to approval in form by the General Counsel, include the following:

1. The agreement term is 25 years for a contract yield of 5,000 AFY.
2. Pay for performance – LRP financial incentives are only for treated recycled water delivered by the Project for beneficial use.
3. Fixed incentive of up to \$340/AF over 25 years.
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.
5. Reduction in Metropolitan's contract commitment if the Project falls short of production targets measured in four-year intervals throughout the agreement term.

Project Milestone

After an agreement is executed, the Project is required to start construction, begin operation, and meet performance targets as outlined in the terms listed above. The operation deadline may be extended up to three additional fiscal years with Board approval.

Staff Assessment and Recommendation

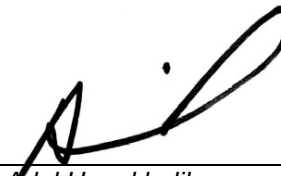
After a thorough review of the project and supporting documents, staff finds that the Project is consistent and compliant with the goals and objectives of the LRP. Staff recommends approval and entering into an LRP agreement with LVMWD.



Brandon J. Goshi
Interim Manager,
Water Resource Management

4/2/2024

Date



Adel Hagekhalil
General Manager

4/3/2024

Date

Attachment 1 – Project Description

Ref# wrm12698033

PURE WATER PROJECT LAS VIRGENES-TRIUNFO

Project Description

Overview

The Pure Water Project Las Virgenes-Triunfo (“Project”) will be owned and operated by Las Virgenes-Triunfo Joint Powers Authority to convey up to 6,720 acre-feet per year of purified water to the Las Virgenes Reservoir, where it will be blended with the existing Metropolitan Water District of Southern California supply in the reservoir. Water from the Las Virgenes Reservoir will be subsequently treated at the Westlake Filtration Plant before distribution.

Proposed Facilities

Project construction includes a new Advanced Water Purification Facility (AWPF) and 18 miles of new pipelines that will convey the source water from Tapia Water Reclamation Facility (Tapia WRF) to the AWPF, purified water from the AWPF to Las Virgenes Reservoir, reverse osmosis concentrate (ROC) from the AWPF to the Calleguas Salinity Management Pipeline (Calleguas SMP), and residuals from the AWPF to the existing trunk sewer. The AWPF site is located on an empty lot in a business park and retail zone off of Agoura Road in Agoura Hills.

Source of Water

Source water for the Project will be tertiary treated recycled water supplied by Tapia WRF located along Malibu Canyon Road in unincorporated Los Angeles County. Tapia WRF currently produces 12 million gallons per day (MGD) of non-potable recycled water that is used for irrigation in summer months, and the surplus recycled water is discharged to Malibu Creek in winter months. By 2030, Tapia WRF’s discharges to Malibu Creek will need to comply with more stringent nitrogen and phosphorous total maximum daily load (TMDL) limits. The Project will eliminate the need to discharge unused recycled water to Malibu Creek, except under qualifying events. The JPA’s water comes from four sources: imported water, recycled water, groundwater, and surface water runoff into the Las Virgenes Reservoir. The imported potable water comes primarily from Metropolitan, with additional interconnections with Ventura County Waterworks District, Calleguas Municipal Water District, and the City of Los Angeles.

End Users

Currently, there is existing recycled water use within the Project area. The JPA collects, conveys, and treats wastewater from residents in western Los Angeles and eastern Ventura counties, including the cities of Agoura Hills, Calabasas, Hidden Hills, Oak Park, Thousand Oaks, and Westlake Village. The Project will serve multiple rural communities, including a population of 30,000 in Ventura County and 75,000 in Los Angeles County.

Points of Connection

The following new pipelines will connect the AWPf to existing, non-project facilities:

- Source Water Line: Extends the existing recycled water system to provide source water to the AWPf.
- Purified Water Line: Conveys purified water from the AWPf to the Las Virgenes Reservoir for blending with Metropolitan water.
- ROC Line: Conveys ROC from the AWPf to the Calleguas SMP for ultimate discharge to the ocean.
- Residuals Line: Conveys residuals from the AWPf to an existing trunk sewer.

Figure 1

