

## AGENDA ITEM SUBMITTAL

**Meeting Date:** July 13, 2017

**To:** Administrative Finance Committee  
Board of Directors

**From:** Mike Markus

**Staff Contact:** J. Kennedy

**Budgeted:** N/A

**Budgeted Amount:** N/A

**Cost Estimate:** N/A

**Funding Source:** N/A

**Program/Line Item No.** N/A

**General Counsel Approval:** N/A

**Engineers/Feasibility Report:** N/A

**CEQA Compliance:** This submittal

**Subject: POTENTIAL SALE OF GWRS WATER TO CITY OF ANAHEIM SOUTH  
RECYCLED WATER PROJECT**

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### SUMMARY

The District has an existing agreement with the city of Anaheim (City) to purchase approximately 200 acre-feet per year of GWRS water for an electrical peaking power generation plant and approximately 121 acre-feet per year for the Anaheim Regional Transportation Intermodal Center (ARTIC). The agreement was prepared in a manner that allows the District to add new users to the system by amending Exhibit A to the agreement which list approved GWRS water users. The City is requesting to add the Anaheim South Recycled Water project to Exhibit A. Up to 80 users could take water from this project with total demands of up to 1,100 acre-feet per year

### Attachment(s):

- Existing Agreement with City of Anaheim to purchase GWRS water
- New Exhibit A to existing Agreement with City of Anaheim
- New Exhibit B to existing Agreement
- Policy for directly selling GWRS water
- Project Mitigated Negative Declaration prepared by City
- Presentation Material

### RECOMMENDATION

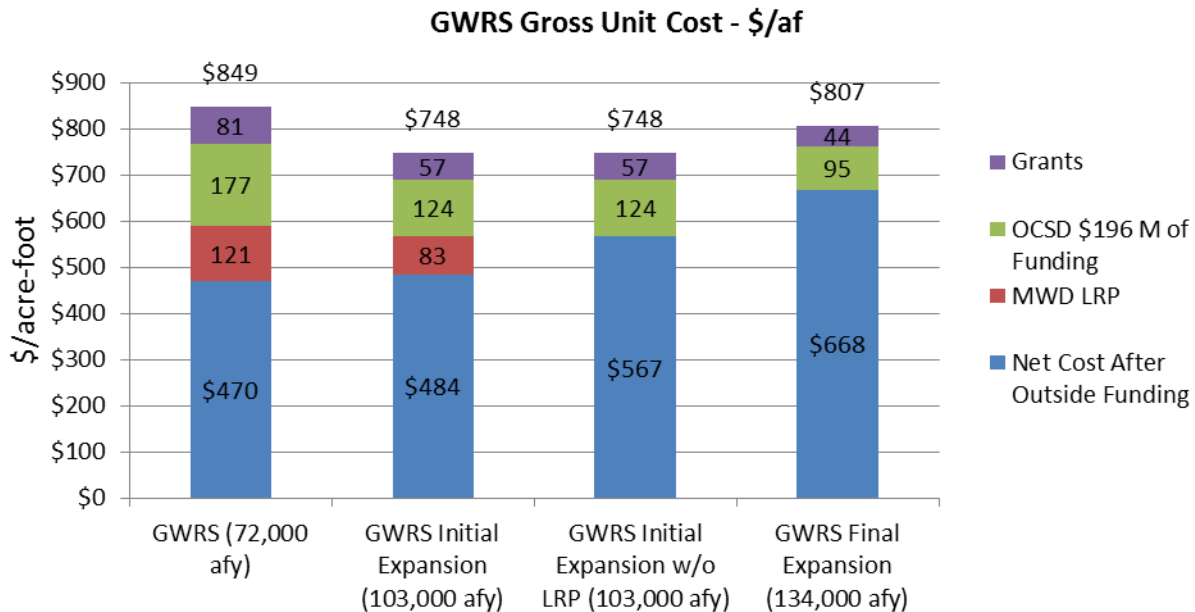
Agendize for July 19 Board meeting:

1. Acting in the capacity of Responsible Agency under California Environmental Quality Act (CEQA), consider the potential environmental effects of the Project as shown in the Mitigated Negative Declaration State Clearinghouse No. 2016061041 for the Project prepared by the City of Anaheim;
2. Approve New Exhibit A to the existing Water Sales Agreement with the City of Anaheim to provide GWRS water to the Anaheim South Recycled Water Project;
3. Authorize and direct District staff to file a Notice of Determination with respect to the District's approval of the Project as a Responsible Agency under CEQA.

## BACKGROUND/ANALYSIS

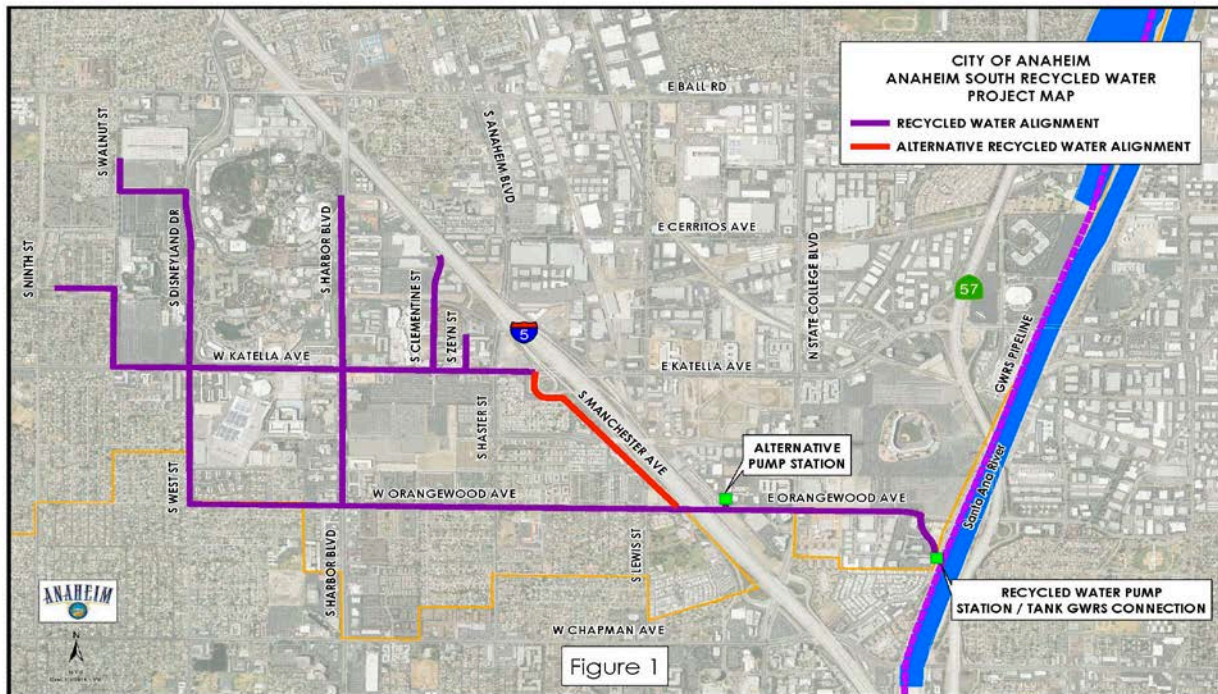
The District has a 2007 policy (attached) for considering direct purchases of GWRS water by Groundwater Producers. The policy indicates the District will consider potential users of GWRS water on a case by case basis. The sales price for GWRS water is the actual cost of making the water accounting for outside grants and subsidies. This “net” cost is calculated on an annual basis and is currently \$484/acre-foot. Potential users have to pay for all cost to construct any necessary pipelines and to connect to the GWRS pipeline. Directly selling GWRS water to the Producers is a good water resources strategy as it “frees up” recharge capacity at the District’s spreading facilities that can be used for Santa Ana River and Metropolitan Water District supplies.

The net unit price of GWRS water is expected to increase over the next few years as the Metropolitan Water District Local Resources Program subsidy agreement will conclude in FY18-19. The net unit price would increase from \$484/acre-foot to \$567/acre-foot at that time. The GWRS net water price will also increase if the District proceeds with the GWRS Final Expansion project. The net unit price is estimated to increase up to \$668/acre-foot at that time. The following graph provides the estimated future gross and net unit price of the water. The unit price charged by the District is the net cost shown in blue after grants, the original OCSD capital funding, and the MWD LRP are included in the calculation.



The District has an agreement with the city of Anaheim to provide approximately 200 acre-feet per year of GWRS water for its electrical peaking power plant and approximately 121 acre-feet per year of GWRS water to the Anaheim Regional Transportation Intermodal Center.

If the City's request is approved, Exhibit A to the agreement would be modified to allow for the Anaheim South Recycled Water Project as shown on the following figure. A description of the new proposed project is provided within the new recommended Exhibit A.



Details of the existing Agreement include:

1. Twenty five year agreement which began in 2010 which can be terminated with three years notice.
2. Applicant is responsible for all construction cost and annual maintenance cost of necessary pipelines, pumps, meters and connections and the permitting there of;
3. Applicant responsible for compliance with all permitting regulatory requirements;
4. OCWD must approve all service connections and construction documents;
5. OCWD can temporarily discontinue providing water to Applicant at any time for any reason.
6. Applicant will provide a back-up source of water for those periods of time when the GWRS is shut down;
7. The project water quality shall conform to the regulatory requirements necessary to percolate the water at the District's Anaheim recharge facilities;

8. Applicant will provide the appropriate insurance and indemnification to the District;
9. OCWD will sell water to local retail water agencies as a wholesaler similar to the existing Green Acres Project arrangements;
10. OCWD to obtain overall permit allowing for this type of water use.
11. GWRS water will not be considered supplemental water regarding the Producers annual Basin Production Percentage calculation;

The City recently approved the necessary CEQA documentation for the Anaheim South Recycled Water project (Attachment C). In relation to CEQA, the District is considered to be a 'responsible agency'. CEQA defines a responsible agency as "... a public agency, other than the lead agency which has responsibility for carrying out or approving a project." (Public Resources Code Section 21069), and the District's role in the Anaheim South Recycled Water project is to contractually agree to sell GWRS water to supply the project. To comply with CEQA as a responsible agency, the District needs to consider the environmental effects of the proposed project as shown in the Mitigated Negative Declaration (MND) prepared by the City. As a responsible agency, if the District believes the MND is adequate, then no further action is necessary for the District to amend its existing GWRS water sale agreement with Anaheim to allow the sale of water to Anaheim's new project. District staff reviewed the MND prepared by the City and determined that it adequately addresses the relevant environmental issues.

The City has indicated the District can consider land it owns along the proposed pipeline alignment to locate one or two new injection wells. Staff is investigating this option.

#### **PRIOR RELEVANT BOARD ACTION(S)**

10/17/07, R07-10-147 - Policy established for selling GWRS supplies

12/19/09, R09-12-180 - Agreement executed with City of Anaheim to purchase GWRS supplies for the peaking power plant

7/20/11, R11-7-105 - Agreement amended to provide water to ARTIC site

4/19/17, R17-4-58 – Policy for selling GWRS water amended