



RESOLUTION NO. _____

BOARD LETTER APPROVAL

ANSELMO G. COLLINS
Senior Assistant General Manager
Water System

Aram Benyamin (Sep 16, 2024 14:30 PDT)

ARAM BENYAMIN
Chief Operating Officer

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: September 5, 2024

SUBJECT: Agreement No. AO-5302 with the Metropolitan Water District of Southern California for Participation in the Local Resources Program for the Los Angeles Groundwater Replenishment Project

SUMMARY

Agreement No. AO-5302 (Agreement) will authorize LADWP to participate in the Metropolitan Water District of Southern California's (MWD) Local Resources Program (LRP) for the Los Angeles Groundwater Replenishment (GWR) Project. Authorization of the Agreement will provide LADWP a financial incentive of up to \$139,350,750. For the first 15 years of operating the GWR Project, MWD will fund \$475 per acre-foot of recycled water produced and used to recharge the San Fernando Groundwater Basin (SFB). The Agreement requires the GWR Project to operate for a minimum of 25 years.

The GWR Project is a collaboration between LADWP and LASAN to build and operate the necessary facilities to produce purified recycled water from the Donald C. Tillman Water Reclamation Plant (DCTWRP). The GWR Project is one of the largest potable reuse projects in the State of California which will provide a new sustainable and locally sourced supply of water to the City of Los Angeles (City) by 2028. The GWR Project includes the construction of several facilities at DCTWRP to produce and maximize the development of purified recycled water. The facilities include an Advanced Water

Purification Facility (AWPF), Equalization Storage Facility, Maintenance and Warehouse Facility, and the Japanese Garden Effluent Bypass.

The goal of the GWR Project is to produce up to 21,000 acre-feet per year (AFY) of purified recycled water that will be used entirely by LADWP to replenish the SFB. The GWR Project is a transformational step towards achieving the goal of developing local, sustainable, drought-resistant water supplies.

City Council approval is not required.

This Agreement terminates 25 years after LADWP notifies MWD the LA GWR Project has begun operations.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing execution of the Agreement.

ALTERNATIVES CONSIDERED

Not pursuing MWD's LRP would result in LADWP not taking advantage of this available funding source.

In addition to MWD's LRP, LADWP is pursuing all available State, Federal, and local funding sources for the GWR Project. To date, LADWP has secured funding from the following sources:

- \$224 million low interest loan from the United States Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA) low-interest loan;
- \$5 million grant from the California State Water Resources Control Board's Clean Water State Revolving Fund; and,
- \$30 million grant from the United States Department of Interior, Bureau of Reclamation's Large Scale Water Recycling Program.

FINANCIAL INFORMATION

During the initial 15 years of operation, MWD will fund \$475 per acre-foot of recycled water produced by the GWR Project and used to recharge the SFB. This results in up to \$139,350,750 in maximum funding via the Agreement. MWD will apply financial incentive credits to monthly purchased water invoices.

BACKGROUND

Executive Directive 5 (ED5), issued October 14, 2014, specifies City goals to reduce per capita potable water use, reduce purchase of imported water, and create an integrated water strategy that increases local water supplies and improves water reliability. In addition, LA's Green New Deal (GND) has specifically identified the GWR Project as a milestone that will allow LADWP to form a more reliable and resilient water supply.

LADWP's 2020 Urban Water Management Plan (UWMP) identifies key strategies consistent with the ED5 and GND goals. A UWMP objective is to utilize 6,600 AFY of recycled water by 2045 to offset imported water. The UWMP identified the GWR Project as key to achieving this goal.

The GWR Project involves the construction of an AWP at DCTWRP to produce purified recycled water utilizing a state-of-the-art treatment process validated in comparable projects in California and around the world. The purified recycled water will be spread at the Hansen Spreading Grounds, owned and operated by the Los Angeles County Department of Public Works, to replenish the SFB with enough water for 250,000 Angelenos. The replenished water will travel within the SFB for approximately two years before being extracted by LADWP's groundwater extraction wells. All aspects of the project, from the advanced treatment process to the travel time within the SFB, will allow LADWP to exceed the State's potable reuse regulations, and the water produced will be protective of public health.

The GWR Project will reduce City's demand on MWD's imported water supply, create a drought resistant water supply, and increase reliability of local water resources.

LADWP has entered LRP agreements with MWD in the past, and MWD is applying financial incentive credits to monthly purchased water invoices.

ENVIRONMENTAL DETERMINATION

In accordance with California Environmental Quality Act, an Environmental Impact Report (EIR) was prepared to evaluate and disclose the potential environmental impacts associated with the construction and operation of the Groundwater Replenishment Project. On December 6, 2016, the Board certified the EIR; adopted the Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations; and approved the Project.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Agreement