

Los Angeles  Department of Water & Power

ERIC GARCETTI
Mayor

Commission
MEL LEVINE, *President*
WILLIAM W. FUNDERBURK JR., *Vice President*
JILL BANKS BARAD
MICHAEL F. FLEMING
CHRISTINA E. NOONAN
BARBARA E. MOSCHOS, *Secretary*

MARCIE L. EDWARDS
General Manager

May 28, 2014

The Honorable City Council
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Councilmember Felipe Fuentes
Chair, Energy and the Environment Committee

Honorable Members:

Subject: Los Angeles Groundwater Replenishment (GWR) Project and San Fernando
Groundwater Basin Remediation Report

This is in response to the Energy and the Environment Committee's (E&E Committee) request made April 2, 2014. The request is a report from the Los Angeles Department of Water and Power (LADWP) on feasibility of accelerating the California Environmental Quality Act's (CEQA) Environmental Impact Report (EIR) and implementation schedule for the GWR Project and potential funding options for the Groundwater Basin Remediation initiatives, including local and private partnerships.

GWR Project - Feasibility of accelerating CEQA EIR and implementation schedule:

CEQA EIR Process

LADWP must complete an environmental review of the GWR Project in compliance with CEQA. Based on potential for construction and/or operation of the GWR Project to create significant environmental impacts, as evidenced in the Initial Study dated September 6, 2013, LADWP determined an EIR is the appropriate level of environmental review required to satisfy CEQA. EIR review process takes considerable time and effort to complete.

As per CEQA, the City of Los Angeles (City) is seeking to provide a transparent environmental review process. This involves a series of public review periods with specified durations, allowing the public to provide input on the environmental aspects they believe should be considered in the EIR.

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

111 N. Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles, CA 90051-5700
Telephone: (213) 367-4211 www.LADWP.com

CEQA mandates a 45-day public review period on a draft EIR. LADWP, in consultation with the Department of Public Works City of Los Angeles Bureau of Sanitation (LASAN), has agreed to a 60-day draft EIR public review period in response to requests already received by neighborhood councils and the Recycled Water Advisory Group (RWAG). RWAG is a group of stakeholders which provides feedback on the Recycled Water Program, with representatives from neighborhood councils, environmental organizations, local businesses, and community groups. CEQA also dictates a ten-day agency review period on the final EIR and Response to Comments prior to consideration for project approvals.

The E&E Committee should also be aware portions of the GWR Project may be constructed on federal land, owned by the United States Army Corps of Engineers (USACE). GWR Project is subject to the National Environmental Policy Act (NEPA). The 10-day review period will coincide with the 30-day No Action Period mandated by NEPA. The federal lead agency grants a 30-day period to review the Finding of No Significant Impact for an Environmental Assessment (EA), as is anticipated for this GWR Project or a Record of Decision for an Environmental Impact Statement (EIS), prior to signature/approval.

To expedite the state and federal environmental review process, City is seeking a joint process. An EIR/EA or EIR/EIS will be prepared to satisfy both sets of regulations simultaneously. Coordination with and review/approval by USACE, compounds the GWR Project schedule and complying with two sets of regulations simultaneously increases the complexity of the technical analyses.

State and federal environmental review process is underway, but as the GWR Project definition becomes more fine-tuned for purposes of analysis in the environmental documents, additional design and engineering work needed completion. It is necessary to disclose the full physical footprint of the GWR Project in order to determine the resulting environmental impacts. LADWP is still working with LASAN on brine disposal issues before GWR Project's definition is considered final for the purposes of analysis.

LADWP does not foresee acceleration of the GWR Project schedule obtainable by truncating parts of the environmental review process. State and federal environmental review process is anticipated completion in 2015.

Acceleration of the GWR Project Implementation

In addition to completing EIR, the GWR Project faces a number of challenges in regards to its implementation. The critical path for GWR Project is the design and construction of the

Advanced Water Purification Facilities (AWPF). Other elements of GWR Project are the new conveyance pipeline, modifications at the Los Angeles County's spreading grounds, improvements to LADWP's existing pump station, and construction of a brine disposal pipeline.

EIR is considering two locations for AWPF. Proposed location is at the Donald C. Tillman Water Reclamation Plant's south-west corner (DCT SW), while the alternative location is at LADWP's Valley Generating Station (VGS). DCT SW site poses two critical challenges to the implementation schedule:

1. As the Donald C. Tillman Water Reclamation Plant (DCTWRP) is located on USACE's property, construction and occupation requires approval from USACE.
2. Maintenance and warehouse buildings are on the DCT SW site. These buildings will need to be constructed elsewhere at DCTWRP, before demolition of the existing buildings can begin. Construction of these buildings will take two years.

USACE property is leased by the Department of Recreation and Parks, and DCTWRP property is subleased by LASAN. The lease is due to expire in 2019. In order for LASAN's sublease to renew, USACE requires LASAN make considerable improvements to existing flood barrier dike (also referred to as the berm) that surrounds DCTWRP.

USACE will not grant permission to construct the new maintenance and warehouse buildings until certain conditions (not yet defined) relating to the berm are met. Additionally, occupancy of these new buildings will not be allowed until berm improvements are complete. Demolition of existing buildings, and subsequently, construction of AWPF cannot begin until occupancy of the new buildings is permitted.

Resolution of the USACE lease is anticipated to be the critical path item for the GWR Project. The City, unfortunately, does not have ability to accelerate this process.

Furthermore, construction of AWPF will take a minimum of three years. Due to complexity of the treatment process, it is unlikely this schedule could be accelerated without endangering quality of construction.

Regardless, City staff will work diligently to complete AWPF in the most expedient way. LADWP and LASAN staff regularly meet with USACE representatives to resolve these issues and move the GWR Project forward.

Groundwater Basin Remediation Initiatives - Potential funding options including local and private partnerships:

LADWP is investigating a number of options for financing of the San Fernando Groundwater Basin Remediation (SFGBR) initiatives including the following:

Reimbursement from Potential Responsible Parties (PRP) – LADWP is actively working to identify PRPs whose activities historically resulted in contamination of the San Fernando Groundwater Basin, and pursue reimbursement for costs of developing and operating SFGBR facilities. This activity may require litigation for cost recovery.

Grants and Loans – LADWP actively pursues opportunities for grant funding at the state and federal levels, including efforts to ensure future water bond measure provisions for groundwater clean-up activities.

Alternative Project Delivery Systems including Public/Private Partnerships - As part of the SFGBR facilities development, LADWP will conduct a project delivery analysis to determine the best project delivery approach for each of the project elements including:

- Developing evaluation criteria
- Evaluating alternatives and conventional delivery methods
- Determining and documenting the best approach for each project element
- Conducting risk analyses

If you have any questions or require further information, please contact me at (213) 367-1338, or have a member of your staff contact Ms. Winifred J. Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,



Marcie L. Edwards
General Manager

YRG:cgr

The Honorable City Council
Page 5
May 28, 2014

c: Councilmember Bob Blumenfield, Vice-Chair, Energy and the Environment Committee
Councilmember Tom LaBonge, Member
Councilmember Jose Huizar, Member
Councilmember Paul Koretz, Member
Mr. Adam R. Lid, Legislative Assistant

Ms. Winifred J. Yancy
