

UPPER SAN GABRIEL VALLEY  
MUNICIPAL WATER DISTRICT

11310 Valley Blvd. • El Monte, CA 91731  
(626) 443-2297 • fax (626) 443-0617 • www.usgvmwd.org

**AGENDA**  
**WATER POLICY COMMITTEE**  
**Wednesday, February 23, 2011 – 5:30 p.m.**

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**COMMITTEE MEMBERS:** Charles M. Treviño (Chairman)  
Bill Robinson

**ITEMS FOR DISCUSSION:**

1. Public Comment.
2. Discussion Regarding Groundwater Reliability Improvement Program (GRIP) Budget, Work Plan and Upper District's Contribution to the GRIP JPA. *(Staff recommendation to follow.)*
3. Discussion Regarding Paleontological Monitoring Services for the City of Industry Water Recycling Project Phase IIB Package 2. *(Staff recommendation enclosed.)*
4. Other Matters.
5. Adjournment.

**NEXT MEETING:** To be determined.

cc: Board of Directors  
E-Mail Distribution List



# MEMORANDUM

UPPER SAN GABRIEL VALLEY  
MUNICIPAL WATER DISTRICT 

## ITEM 2.

**DATE:** February 22, 2011  
**TO:** Water Policy Committee  
**FROM:** General Manager  
**SUBJECT:** Groundwater Reliability Improvement Program (GRIP) Budget, Work Plan and Upper District's Contribution to the GRIP JPA

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### Recommendation

On January 31, 2011, the GRIP Joint Powers Authority (JPA) Board held its first Board meeting. One of the action items taken at this meeting was a funding request of Upper District and the Water Replenishment District (WRD). The funding request is to cover the next 18 months of work which will consist of preliminary engineering, environmental compliance, public outreach and permitting. Per the terms of the JPA agreement, the water agencies share equally in the cost of developing the GRIP project. A detailed draft work plan (attachment 1) was developed along with a supporting budget. Upper District's share of the budget for the next 18 months is approximately \$1.8 million.

It is recommended, that for several reasons outlined below, Upper District remove itself from the GRIP JPA at this time and not fund the planned work over the next 18 months.

### Background

On November 10, 2010, Upper District entered into a JPA agreement with the Los Angeles County Sanitation Districts and WRD to construct an advanced treatment groundwater recharge facility to replenish both the Central and Main San Gabriel groundwater basins. The first phase of the GRIP is estimated to cost a total of \$250 million and will be on-line in 2018 with an approximate yield of 18,000 acre-feet. Upper District's share of the capital cost for the first phase is estimated to cost about \$144 million for a yield of about 9,000 acre-feet. This does not include the operating cost.

The GRIP is a large and complex capital project and there are several reasons why Upper District should not continue forward at this time:

*There is no immediate near-term risk to the Main San Gabriel Basin's water supply reliability if GRIP is not pursued now. Upper District can now take delivery of imported water supplies for groundwater replenishment at Metropolitan Water District's full service rate without penalty. Upper District's drought allocation from the Metropolitan Water District ranges from 20,000 acre-feet to 45,000 acre-feet depending on the severity of the allocation and several other factors. Upper District is well positioned to be predominantly a Tier 1 customer in the near term and will not be as exposed to Metropolitan's higher Tier 2 full service rates.*

*Water Use Efficiency (conservation) will dominate the change in Upper District's supply resources over the long-term. This mitigates the need for large capital investments in advanced treatment for groundwater replenishment. In 2009, SBX7 passed into law, mandating "20 percent by 2020". In other words, retail water agencies have to reduce their average per capita consumption by 20 percent by 2020. Current water demands in Upper District's service area are about 185,000 acre-feet. On average, about 25,000 acre-feet per year of imported water is used by Upper District to meet its replacement water obligation under the Main San Gabriel Basin Judgment. If just half of the mandated conservation is achieved, current water demands will decrease by 18,500 acre-feet. This decrease will translate directly into a reduction in the need for imported water to meet the replacement obligation.*

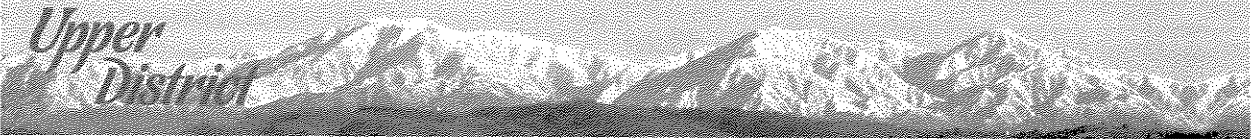
*In addition to investments in water use efficiency, several other opportunities exist to improve supply reliability including additional direct use recycling and storm water capture.*

*Partnerships are intended to reduce and spread risk, the current GRIP JPA compounds risk. Rather than reducing risk, the current GRIP JPA increases risk to the respective water agency partners. Los Angeles County Sanitation Districts has no financing, permitting or other risk in the venture. The entire cost of the project (both capital and operating) is borne by the water agency partners. Each water agency partner brings its own financing, permitting and political risk to the GRIP JPA. Rather than the GRIP JPA serving to mitigate and reduce these risks collectively, they are compounded for each individual water agency. For example, WRD takes on Upper District's risk of financing the project. If Upper District cannot finance it's share of the project then WRD's investment is at risk unless it comes up with additional capital to complete Upper District's share of the project.*

*Federal and state funding opportunities are delayed and less likely due to the state and federal fiscal situation. The GRIP does not have a current federal appropriation within Title XVI and state funding is at risk due the State's dire financial condition.*

*Upper Area producers have expressed concern about financing this project. Given the magnitude of the capital and operating costs involved in the GRIP and Upper District's small sales base, Upper Area producers have expressed concern about financing the project. Without fundamental changes in how Upper District recovers its costs, over 1/3 of Upper District's sales would be priced at approximately \$1,500 to \$2,000 per acre-foot to recover the cost of the GRIP project. All of this cost would be borne by Watermaster for the replacement water obligation.*

Due to these reasons, it is recommended that the Upper District remove itself from the GRIP JPA and pursue the development of an Integrated Resources Plan (IRP). The IRP will guide Upper District's future supply reliability investment strategy. The IRP will be a stakeholder driven process, providing ample opportunity for the Upper District Board and the producers to shape the Upper Area's water supply portfolio and collectively understand and support the costs and benefits of their decisions.



# MEMORANDUM

UPPER SAN GABRIEL VALLEY  
MUNICIPAL WATER DISTRICT 

## ITEM 3.

**DATE:** February 16, 2011

**TO:** Water Policy Committee

**FROM:** General Manager

**SUBJECT:** Authorize the General Manager to execute a professional services contract with Paleo Environmental Associates for a not-to-exceed amount of \$85,488 to conduct the required paleontological monitoring of the Upper District's Package 2 Pipeline Project.

### Recommendation

It is recommended that the Board authorize the General Manager to execute a a contract with Paleo Environmental Associates for a not-to-exceed amount of \$85,488 to conduct the required paleontological monitoring of the Upper District's Package 2 Pipeline Project.

### Background

The Package 2 Recycled Water Pipeline Project is partially funded by American Recovery and Reinvestment Act (ARRA) via the Unites States Bureau of Reclamation. The ARRA funding requires that paleontological monitoring be conducted on all parts of the project to ensure that proper handling process should there be any uncovering of significant fossils and historical artifacts during construction. The notice to proceed to begin work on Package 2 was issued January 24, 2011. Paleontological monitoring services are required beginning late February, and through the duration of the project ending July 2011.

At the request of the Upper District, Stetson solicited proposals from three paleontologists to conduct the required paleontological monitoring of the Package 2 direct recycled water project. Proposals were requested from Paleo Environmental Associates (Paleo), BonTerra Consulting (Bonterra), and LSA Associates (LSA). LSA associates declined to bid. Paleo is the lowest qualified bidder with a proposed cost of \$46,603, an added contingency of \$7,290, in the event they recover a large specimen, and \$31,555 for post construction (including sample processing, treatment and transfer to a museum) for a total not-to-exceed amount of \$85,488.