

CITY OF LOS ANGELES
IRP Steering Group Workshop No. 10
April 22, 2004

MEETING MINUTES

Attendees: See Attached

OPENING REMARKS/WELCOME

Attendees were welcomed and were thanked for their effort and time devoted to the IRP. The new Bureau of Sanitation Director, Rita Robinson, was introduced, and she acknowledged the Steering Group for their important role in the IRP. Board of Public Works Commission Cynthia Ruiz was also recognized for her attendance. The Steering Group members were asked to continue being advisors and advocates for the IRP through the implementation of the projects.

The handouts for the workshop were described. The green sheet handout (titled “Integrated Resources Plan (IRP) Steering Group Workshop 10 Topics and Key Messages”) was explained as a summary that captures the key message of Workshop 10 that the Steering Group members can read and share with others. It was further explained that the last page of the handout (color IRP Information Sheet) was a summary of the IRP process at the current stage of the process which they can use to outreach to the community and organizations they represent.

The agenda for Workshop 10 was briefly discussed: review the four alternatives, discuss the potential rate impacts including possible funding sources, and present the environmental documentation process. The Steering Group members were asked to be ambassadors of the IRP through the Environmental process and were informed that their four years of experience with the IRP will be key in outreaching to the public, resulting in quality input from the community.

CHALLENGE FOR LOS ANGELES

The challenges facing Los Angeles and the IRP that require bold solutions were presented. They include:

- Growing population – growth of 20% is projected by 2020 and IRP is the means to manage growth in a smart way.
- Aging infrastructure – most sewers and stormdrains were built 60 to 100 years ago so we need to continue to invest in renewing the system.
- Pollution – we need to protect our water, waterways and beaches, as they are critical resources and have valuable economic benefits. We need to continue to improve the quality of wastewater, and we need to make a step to reduce stormwater pollution while providing multi-benefits.
- Shortage of parks and open space – the City is park poor and we need to try to provide more parks with some of the multi-benefits methods to reduce stormwater pollution.
- Dependence on imported water for drinking water supply – we need to manage our local water sources to reduce our dependence on imported water.
- Shortage of funding – by using an integrated approach and having multi-benefit projects, we will increase our chances of receiving outside funding.

WHERE HAVE WE BEEN

The topics covered in the previous workshop were reviewed and the topics for the future workshops were presented:

- Workshop 1 & 2 – Orientation and setting the targets
- Workshop 3 – Defining the objectives
- Workshop 4 – Wastewater options
- Workshop 5 – Wastewater alternatives
- Workshop 6 – Runoff alternatives
- Workshop 7 – Runoff: local and neighborhood solutions
- Workshop 8 – Preliminary integrated alternatives
- Workshop 9 – Hybrid alternatives
- Workshop 10 – Financial analysis of IRP alternatives (Today)
- Workshop 11 – Environmental Analysis
- Workshop 12 – Final Alternatives
- Workshop 13 – Capital Improvement Plan (CIP) and Financial Plan

ONGOING CONSIDERATIONS

It was stated that we all need to stay aware of all of the parallel efforts/policy changes that impact the IRP and that we need to discuss them openly to get your reaction. Current ongoing considerations that impact the IRP are:

- Groundwater recharge of recycled water – Due to current City policy that prohibits the use of recycled water for groundwater recharge projects, the four recommended IRP alternatives will not include any projects that will use recycled water for groundwater recharge.
 - Several comments ensued – please see Feedback Report for all comments.

Due to the lengthy debate on the recharge issue, the remaining four following topics were not discussed:

- Use of recycled water for irrigation
- Regulatory requirements for wastewater treatment
- Future Total Maximum Daily Loads (TMDLs)
- Leadership projects

WHAT ARE THE TRIGGERS

It was reported that the IRP is a road map that can change course as key triggers are encountered. The key triggers that we will be tracking were covered as follows:

- Population growth and wastewater flows generated from the increase in population
- Development of new technology to see if we can implement them in the IRP and the Capital Improvement Program (CIP)
- Demonstrate the effectiveness of the runoff management technologies
 - thorough the leadership programs, we'll be able to demonstrate the effectiveness of the runoff management technologies and apply them more throughout the City.
- Changes in regulatory requirements
- Availability of project funding to see what we can do above and beyond the requirements
- City Policy/Public acceptance

RECOMMENDED DRAFT ALTERNATIVES

The four recommended draft alternatives that will be carried forward to the EIR were reviewed. The major components of each are shown below.

Alternative 1- Hyperion expansion, moderate water resources

- Expand Hyperion to 500 million gallons per day (mgd)
- Upgrade Tillman with advanced treatment (to meet possible future regulations, if required)
- Use of 42,000 acre-feet per year of recycled water for non-potable water reclamation uses
- Increase efforts of water conservation beyond what is planned by DWP
- Runoff reduction, treatment and beneficial use
 - Dry weather: manage up to 42%
 - Wet weather: manage up to 47% of runoff from ½” storm citywide
- Leadership projects

Alternative 2- Tillman and LAG expansion, high water resources

- Expand Tillman to 80 million gallons per day (mgd)
- Upgrade Tillman with advanced treatment (to meet possible future regulations, if required)
- Expand Los Angeles Glendale plant to 30 million gallons per day (mgd)
- Upgrade Los Angeles Glendale plant with advanced treatment (to meet possible future regulations, if required)
- Use of 53,000 acre-feet per year of recycled water for non-potable water reclamation uses
- Increase efforts of water conservation beyond what is planned by DWP
- Runoff reduction, treatment and beneficial use
 - Dry weather: manage up to 42%
 - Wet weather: manage up to 47% of runoff from ½” storm citywide
- Leadership projects

Alternative 3- Tillman expansion, moderate water resources

- Expand Tillman to 100 million gallons per day (mgd)
- Upgrade Tillman with advanced treatment (to meet possible future regulations, if required)
- Use of 43,000 acre-feet per year of recycled water for non-potable water reclamation uses
- Increase efforts of water conservation beyond what is planned by DWP
- Runoff reduction, treatment and beneficial use
 - Dry weather: manage up to 26%
 - Wet weather: manage up to 39% of runoff from ½” storm citywide
- Leadership projects

Alternative 4- Tillman expansion, high water resources

- Expand Tillman to 100 million gallons per day (mgd)
- Upgrade Tillman with advanced treatment (to meet possible future regulations, if required)
- Use of 56,000 acre-feet per year of recycled water for non-potable water reclamation uses

- Increase efforts of water conservation beyond what is planned by DWP
- Runoff reduction, treatment and beneficial use
 - Dry weather: manage up to 42%
 - Wet weather: manage up to 47% of runoff from ½” storm citywide
- Leadership projects

Solids Handling Improvements at Hyperion

It was noted that all 4 recommended alternatives will also include solids handling improvements at the Hyperion Treatment Plant, and that the expansion referred to in Alternative 1 (Hyperion expansion, moderate water resources) means just the expansion of the liquid process at Hyperion.

POTENTIAL RATE IMPACTS

Changes in Recycled Water Assumptions

It was reported that the change in recycled water assumption (that the IRP would no longer consider groundwater recharge as an option), reduced the total amount of recycled water we can reuse and made the unit cost of using the recycled water higher. The information was shown in a chart.

IRP-Related Capital Costs of Four Recommended Draft Alternatives (\$millions)

The estimated capital costs for the four recommended alternatives was shown in a chart by cost per service function and by total cost. The total estimated costs in today’s dollars for all four alternatives was reported as follows:

- Total capital costs for Alternative 1 is \$2.939 billion
- Total capital costs for Alternative 2 is \$3.585 billion
- Total capital costs for Alternative 3 is \$3.213 billion
- Total capital costs for Alternative 4 is \$3.589 billion

Financial Scenarios

The financial scenarios that went into the development of the potential rate impacts material presented in the workshop was explained to include the following:

- Rate impacts developed for wastewater and stormwater (the water and recycled water effort is being taken on by DWP and is not part of the information in the workshop today)
- Rate impacts include costs for:
 - Baseline: existing CIP’s, current operational costs, and on-going rehabilitation
 - IRP: additional capital and O&M based on four draft alternatives
- Rate impacts presented in future year dollars, incorporating the effects of inflation
- Rate impacts are shown with and without outside funding assumptions

Wastewater Annual Revenue Requirements

The total revenue requirements to fund the current (baseline) and all four alternatives today and in years 2010, 2015 and 2020 was shown in a chart.

Customer Types for Wastewater Revenues

It was reported that the total wastewater revenue requirements for the four alternatives were split into the various customer classes to determine the rates and representative monthly bills. In the workshop, only the results for the following two types of customers would be presented:

1. Average single-family customer (9 hundred cubic feet per month)
2. Average industrial customer (54 hundred cubic feet per month)

Year 2020 Monthly Wastewater Bill for Single-Family Customer

The estimated monthly wastewater bill in the year 2020 for all four alternatives were shown in a chart with the following categories:

- Current (\$21/month)
- Real baseline (\$2/month)
- Inflated baseline which accounts for inflation (\$8/month)
- Real cost for each alternative (ranges from \$6 to \$7/ month)
- Inflated real cost for each alternative which accounts for inflation (ranges from \$4 to \$6/month)

Adding up the columns, the estimated monthly wastewater bill in 2020 for the four alternatives ranges from \$29/month to \$30/month in today's dollars and from \$41 to \$44/month in inflated dollars.

Single-Family Monthly Wastewater Bill

The single-family monthly wastewater bill for the baseline and the four alternatives were presented in a chart to show how the estimated monthly wastewater bill will increase over the years, and the estimated monthly wastewater bill for the current and future years 2010, 2015 and 2020 was shown in the chart (in inflated dollars).

Industrial Monthly Wastewater Bill

The estimated Industrial monthly wastewater bill for the baseline and the four alternatives were presented in a chart to show how the estimated monthly wastewater bill will increase over the years, and the estimated monthly wastewater bill for the current and future years 2010, 2015 and 2020 was shown in the chart (in inflated dollars).

Customer Types for Stormwater Revenues

It was reported that the total stormwater revenue requirements for the four alternatives were split into the various customer classes to determine the rates and representative monthly bills. In the workshop, only the results for the following two types of customers would be presented:

1. Average single-family customer (3,360 sq. feet of impervious land)
2. Average industrial customer (22,900 sq. feet of impervious land)

It was also noted that the results do not necessarily include all future costs for Total Maximum Daily Loads (TMDL) compliance, which could be significant.

Stormwater Annual Revenue Requirements

The total revenue requirements to fund the current (baseline) and all four alternatives today and in years 2010, 2015 and 2020 was shown in a chart. The revenue requirements were shown to increase significantly in the year 2020 (from a low of \$325 million for the 2 lower cost alternatives to potentially over \$375 million for the 2 higher cost alternatives).

Year 2020 Monthly Stormwater Bill for Single-Family Customer

The estimated monthly stormwater bill in the year 2020 for all four alternatives were shown in a chart with the following categories:

- Current (\$2/month)
- Real baseline (\$2/month)
- Inflated baseline which accounts for inflation (which is nominal and doesn't show on chart)
- Real cost for each alternative (ranges from \$12 to \$14/ month)
- Inflated real cost for each alternative which accounts for inflation (ranges from \$13 to \$14/month)

Adding up the columns, the estimated monthly wastewater bill in 2020 for the four alternatives ranges from \$16/month to \$18/month in today's dollars and from \$29* to \$36/month in inflated dollars.

* Revised cost - The chart was revised after the workshop (see attachment to Feedback Report)

Single-Family Monthly Stormwater Bill

The single-family monthly stormwater bill for the baseline and the four alternatives were presented in a chart to show how the estimated monthly stormwater bill will increase over the years, and the estimated monthly stormwater bill for the current and future years 2010, 2015 and 2020 was shown in the chart (in inflated dollars).

Industrial Monthly Stormwater Bill

The estimated Industrial monthly stormwater bill for the baseline and the four alternatives were presented in a chart to show how the estimated monthly stormwater bill will increase over the years, and the estimated monthly stormwater bill for the current and future years 2010, 2015 and 2020 was shown in the chart (in inflated dollars).

Summary

The potential rate impacts of the four alternatives was summarized:

- Wastewater rates could increase by \$23 per month for single-family (about 7% per year) by 2020
- Stormwater rates could increase by \$31 per month for single-family (about 86% per year) by 2020
- By 2020, stormwater bills could be as great or greater than wastewater bills
- By 2020, total combined wastewater and stormwater monthly bill could be \$77 with inflation.

Combined Wastewater/Stormwater Monthly Bill Comparisons for Single-Family

A chart was shown that compared the estimated monthly bill for the wastewater and stormwater for Los Angeles with six other cities/agencies and what the IRP portion would contribute to the monthly bill by 2020. The comparison showed that the City of Los Angeles was currently the lowest compared to the other six agencies (Austin, Seattle, San Diego, Boston, East Bay MUD, and San Francisco).

POTENTIAL FUNDING SOURCES

It was reported that 20 years ago when the EPA construction grant program was active, the City of Los Angeles received several \$100 million in construction grants for its wastewater program. In 1989 the State Revolving Fund replaced the EPA construction grant program, which is a loan that has to be paid back. The potential funding that was presented in the workshop was outside funding that would reduce the revenues required from ratepayers.

Potential Funding Partners

The potential funding partners that would reduce the revenues required from ratepayers were reported as follows:

- MWD (conservation, groundwater, recycled water)
- Caltrans (water quality, TMDLs)
- LA County (water quality, TMDLs)
- Conservancy Districts (water quality, runoff management)
- Neighboring Cities (water quality, TMDs).

Potential Funding Sources

The potential funding sources that would reduce the revenues required from ratepayers were reported as follows:

- Prop 50 for projects for:
 - Watershed management
 - Integrated regional management
 - Water supply
 - Conservation
 - Water quality
- Prop 40 for water quality projects
- Federal Programs for:
 - Low interest loans for wastewater
 - Grants for innovative water supply
 - Possible new funding for TMDLs

Prop 50 Overview

The type of IRP projects that has potential for funding by Prop 50 was presented with a total of approximately \$300 million out of the total \$3.4 billion available Prop 50 funds (10% of the available funds, as Los Angeles has 10% of the States population).

Assumptions for Wastewater Funding

The assumptions for the wastewater funding was presented:

- Assumed that 25% of the capital costs for advanced treatment projects will qualify for funding
- The Funding source is federal grants
- The assumed 25% funding for the advanced treatment capital costs will be about \$65 to \$100 million
- Potential rate saving for single-family monthly bill is less than \$2

Assumptions for Stormwater Funding

The assumptions for the stormwater funding was presented:

- Assumed contribution:
 - 75% capital costs for conservation
 - 50% capital costs for recharge projects, cisterns, urban runoff plants, and coastal treatment plants for runoff
- The Funding source:
 - Prop 50
 - Prop 40
 - Federal grants
 - Potential funding partners (MWD, LA Co., Caltrans, etc.)
- Capital dollar offset: \$700 to \$900 million

Potential Reduction in Stormwater Monthly Bill from Aggressive Outside Funding

A chart was used to show that the with aggressive outside funding the Stormwater Monthly Bill for the IRP alternatives could be \$20 to \$22 (\$7 to \$8 lower than without outside funding).

It was noted that the runoff assumptions do not provide compliance with future Total Maximum Daily Loads (TMDLs) regulations so as the future regulations are imposed, the monthly stormwater bill may increase even more.

ENVIRONMENTAL PROCESS

It was explained that the Steering Group can help the IRP through the environmental process and implementation by:

- Be an advocate by:
 - Participate in Neighborhood Councils and local outreach meetings
 - Participate in Public Hearings for the IRP
 - Review Draft EIR and provide comments
- Be active in implementation of IRP by participating in Leadership Project task force

Key Messages for Environmental Process

These were presented as:

- Don't let "NIMBY" short-circuit the implementation of the IRP
- IRP provides "big picture" long-term benefits, which outweigh the short-term impacts
- The alternatives in the EIR resulted from a broad, community participation process (you).

Overview of the Environmental Process

It was reported that in 1970 the State legislature passed the California Environmental Quality Act (CEQA), which requires decision makers (City Council) to consider the environmental effects of their actions. Lead agency (City of Los Angeles) is required to comply with CEQA. CEQA requires the Lead agencies to coordinate with responsible agencies (AQMD, Regional Water Quality Control Board, or Army Corps of Engineers). CEQA applies to discretionary projects where decision makers can approve one project over another.

How are Environmental Effects Considered?

It was explained that the decision makers consider the environmental effects with:

- Environmental Impact Reports (EIR) prepared when significant impacts may occur

- Define project alternatives
- Evaluate environmental impacts/benefits for:
 - Short-term (construction-related)
 - Long-term (improved water quality, public safety, sustainability)
- Identify measures to mitigate impacts

Environmental Issue Areas

A list of common environmental issue areas that will be addressed in the EIR for the IRP was presented: air quality, biological resources, cultural resources, environmental justice, geology and soil, hazardous materials, hydrology and water quality, land use, noise, population and housing, public services and utilities, recreation, traffic, and cumulative impacts.

Short-term Effects

Common short-term impacts covered in the EIR are: air quality, hazardous materials, noise, recreation, and traffic.

Long-term Effects

Common long-term effects covered in the EIR are:

- Cleaner environment
 - Rivers
 - Oceans and beaches
- Improved public health and safety
- Increased sustainability

Public Participation

It was reported that CEQA encourages public participation, and the EIR process formally integrated public participation into the process.

IRP EIR Process - Public and Steering Group Participation

A flow chart was shown to present the steps involved with the EIR process with the Public and Steering Group Participation:

1. Development of alternatives
2. Notices of Preparation (NOP) and scoping meeting
3. Public and agency comments
4. Draft EIR, public review, public hearing
5. Public and agency comments (45 days minimum)
6. Alternatives evaluation
7. Preferred alternative
8. Final EIR
9. Board of Public Works and DWP Board of Commissioners review Final EIR and make recommendations
10. City Council EIR Certification – statement of overriding consideration
11. Project approval
12. Notice of Determination
13. Statute of Limitations

EIR Schedule and Key Milestones

The schedule for the key milestones for the EIR was reviewed:

- Briefings and outreach (summer 2004 – summer 2006)
- Notice of Preparation (summer 2004)
- Scoping meeting (summer 2004)
- Draft EIR circulation (summer 2005)
- Public Hearing (summer 2005)
- Final EIR (Spring 2006)
- Boards, Commissions and committees (Spring 2006)
- EIR Certification (City Council) (Summer 2006)

NEXT STEPS

Lastly, the steps/tasks that we will be working on until the next workshop (September 30, 2004) were presented:

- Sustainability analysis – how sustainable are the alternatives?
- Circulation of the Notice of Preparation (NOP) and preparation of the Draft EIR
- Implementation – leadership Projects and Capital Improvements Projects

ATTACHMENTS

- Attachment A - Feedback Report - All major questions and concerns voiced during the workshop are addressed in the Feedback Report.
- Attachment B – Steering Group Attendance list
- Attachment C – Staff Attendance list