



Board of Directors

January 12, 2017

Wayne Rayfield
President

Mr. Tom Barnes
ESA
626 Wilshire Boulevard, Ste. 110
Los Angeles, CA 90017
tbarnes@esassoc.com

William Green
Vice President

Dennis Erdman
Director

Doug Erdman
Director

SENT VIA CERTIFIED U.S. MAIL, AND ELECTRONIC MAIL

Rick Erkeneff
Director

Re: San Juan Watershed Project; Comments on Notice of Preparation of a Draft Environmental Impact Report and Public Scoping Meeting Notice (NOP)

Dear Mr. Barnes:

The South Coast Water District (District) appreciates the opportunity to comment on the NOP for the San Juan Watershed Project (Project). The District anticipates that it may provide additional comments following the January 12, 2017 scoping meeting. The District appreciates the efforts thus far of the Santa Margarita Water District (SMWD) in reviewing the potential environmental impacts of the Project. As noted in the NOP, the District is participating in carrying out the Project along with SMWD, and thus is a responsible agency under the California Environmental Quality Act (CEQA). The District offers the following comments on the scope and content of environmental information that should be included in the draft Environmental Impact Report (DEIR) on the Project:

San Juan Basia Authority Optimization Plan

In September 2016, the District Board voted to participate in the San Juan Basin Authority's (SJBA) Optimization Plan, Phase I at a twenty percent (20%) commitment. While the District understood that SMWD would have a significant role, this was presented as a SJBA project. On December 14, 2016, the District received the NOP, which states that the District is a 20% partner in SMWD's San Juan Watershed Project, with SMWD acting as the lead agency. Based on the NOP, SMWD's Project appears to be substantially similar to the earlier description of SJBA's Optimization Plan. Presumably it is effectively the same project, but with a new name and a new lead agency.

However, the District seeks clarification on this issue. How does SMWD's San Juan Watershed Project differ from the earlier Optimization Plan? What is the SJBA's role in SMWD's San Juan Watershed Project? How and why has SJBA's role recently changed as compared to SMWD's role in the Project? The District requires clarification of these issues to allow it to re-evaluate its own participation in what is now styled as SMWD's project, rather than SJBA's. And to the extent the current Project differs significantly from the original SJBA Optimization Plan, the DEIR should consider whether the original Optimization Plan is a feasible alternative to the Project.

Lead Agency

The NOP identifies SMWD as the lead agency for the Project. It also states that SMWD and the District, as Project participants, are members of the SJBA, a joint powers authority created for the purpose of carrying out water resources development within the San Juan Basin. The NOP identifies the SJBA but does not specify its role in this new Project. However, in an update to the SJBA Board, SMWD states that it is preparing a proposal for SJBA to consider formation of a new SJBA project committee for the Project. See Board package for SJBA's January 10, 2017 meeting. In light of this, the District requests consideration of SJBA as the lead agency, rather than SMWD. The original Optimization Plan was billed as a SJBA project, and a SJBA project committee may be formed for the new Project. In contrast, it is not clear whether SMWD has authority or is the proper agency to undertake a project that potentially impacts the whole of the San Juan watershed. Therefore, the District requests consideration of SJBA as the lead agency, or alternatively requests clarification of SMWD's authority to carry out and act as lead agency for this Project.

Project Description

The NOP states that the DEIR will describe and evaluate Phase I of the Project at a project-level, and that subsequent phases will be assessed at a programmatic level because these later phases are still largely conceptual. The District requests that the DEIR more fully describe the later phases of the Project. While program-level review necessarily lacks the detail of project-level review, the NOP includes only very broad detail regarding the potential scope and components of the subsequent phases. The DEIR should expand on the description of the later phases to the extent required by CEQA, whether as part of the "Project" or as a potential future project requiring consideration with respect to cumulative impacts. The District is clearly a Responsible Agency under CEQA, as a member of SJBA, as a potential financial partner in the Project, and as a potential Project partner in cooperative use of existing District facilities as requested by SMWD. The NOP suggests that the Project may rely upon existing District facilities, namely the Groundwater Recovery Facility. The District hereby incorporates by reference into this NOP comment letter its prior correspondence with SMWD in

regards to use of District facilities. See South Coast Water District letter of December 13, 2016 (attached).

The DEIR should evaluate the structural integrity of adjacent creek levees, as they were likely not designed with the intent to have water impounded behind a dam. Any associated temporary or permanent access for the dam or levee modification work should be addressed in the DEIR. The DEIR should include sufficient information to allow the District, as a responsible agency, to evaluate and review the whole Project's potential environmental impacts.

Water Quality

The DEIR must thoroughly analyze and mitigate the potential impacts of the Project on water quality, including impacts to water quality in the San Juan Basin (a subterranean stream). Phase I of the Project will include installation of three rubber dams within San Juan Creek and/or Arroyo Trabuco Creek to enhance in-stream groundwater recharge with captured stormwater. The Project will also increase the capture and storage of urban runoff and stormwater. Dry weather runoff is frequently of poor quality, including that it can be high in nutrients and bacteria, as well as contain petroleum, pesticides, herbicides, fungicides and other noxious chemicals. The proposed rubber dams may also affect sediment loading during storm events, potentially requiring periodic sediment removal behind the dams, as well as potentially affecting downstream hydrology, sediment loading and water quality characteristics of San Juan Creek, the San Juan Creek lagoon at Doheny State Beach, and runoff into the Pacific Ocean. The DEIR must analyze the potential impact to water quality from increased capture of such poor quality runoff.

Later phases of the Project will discharge recycled water into the San Juan Creek for recharge into San Juan Basin. Though treated, this recycled water may still be lower quality, and the DEIR must analysis how this recharge will impact water quality. Further, the DEIR must consider whether the Project will violate California's anti-degradation policy, which applies to groundwater. See, State Water Resources Control Board, Resolution No. 68-16 (Anti-degradation Policy). The DEIR should also address the Project's compliance with safe drinking water requirements because San Juan Basin is a potable drinking water source.

Finally, the District is aware of discussions between SMWD and SJBA regarding developing an "extraction barrier" at the mouth of San Juan Creek to create a subterranean trough to prevent seawater intrusion into San Juan Basin. It is not clear from the NOP whether such an extraction barrier will be considered as part of the later phases of the Project. The DEIR should clarify whether an extraction barrier is part of the Project, and analyze its potential environmental impacts.

Water Rights/Availability

The DEIR must also analyze and mitigate the potential impacts of the Project on water rights and availability. For example, the relevant water rights permits, including the SJBA/City of San Juan Capistrano (City) permit and the District's permit, require curtailment when certain water quality thresholds are triggered. This in turn reduces the availability of water for the District and City to serve their customers. In particular, if the Project includes the extraction barrier, there is a high probability that this could impact the District's wells near the mouth of San Juan Creek. The DEIR must analyze these potential impacts.

Cumulative Impacts

As SMWD is aware, the District is currently developing and undertaking CEQA review for its Doheny Desalination Project. The NOP for that project was released in 2016 and preparation of the DEIR is underway. The DEIR for the San Juan Watershed Project should consider the potential cumulative impacts of this desalination project.

The District appreciates SMWD's consideration of its comments. Please feel free to contact the District office with any questions. Thank you.

Sincerely,



Andrew Brunhart, Ph.D, PE
General Manager
South Coast Water District

Attachments: SCWD letter of December 13, 2016

cc: Daniel Ferons, SMWD, General Manager

SOUTH COAST



WATER DISTRICT

December 13, 2016

Mr. Dan Ferons
General Manager
Santa Margarita Water District
26111 Antonio Parkway
Rancho Santa Margarita, CA 92688

Dear Mr. Ferons:

Thank you for Santa Margarita Water District's (SMWD) letter of November 3, 2016 regarding South Coast Water District's (SCWD) Groundwater Recovery Facility (GRF). Discussing possibilities of utilizing a portion of the capacity of, or regionalizing, the SCWD GRF appears premature. SCWD looks forward to the San Juan Basin Authority (SJBA) formally establishing a Project Committee to guide/lead the San Juan Basin Authority Optimization (aka Watershed) Plan. As you are aware, the SCWD Board of Directors has approved SCWD participating at the 20% level, estimated cost of \$6.8 million, in the San Juan Basin Authority Optimization Plan, Phase I. Although the SJBA has not formally designating a lead agency for this initiative, we appreciate that SMWD has stepped forward to get the Plan moving. It is time to establish a SJBA Project Committee to formalize this initiative.

Until such time as Agreements are in place among SJBA members, and additional cities/agencies if interested, to implement the Plan, we believe it premature to use the term regionalization or consider use of assets by others. With a SJBA Project Committee in place and formal Agreement for Plan responsibilities/stakeholdership, similar to such Agreements in place at the South Orange County Wastewater Authority, we would be amenable for a SJBA consultant obtaining information about our GRF from our Chief Operations Officer (Joe McDivitt) and our Water Production Manager (Steve Dishon) as well as visiting this facility.

We would be pleased to consider a potential regionalization under the auspices of the San Juan Basin Authority of the South Coast Water District's GRF at a junction when the San Juan Basin Authority Project has matured further and under certain circumstances. In the event the Doheny Desalination Project is not constructed, SCWD would have a continuing requirement for our GRF to serve the potable water demands of our District and regionalization would be unlikely. If the Doheny Desalination project is constructed, SCWD may entertain regionalization of our GRF under a regional entity like the San Juan Basin Authority given appropriate consideration. Likely the timing of such regionalization discourse would occur after the Doheny Desalination Project is constructed and a decision made to proceed with Phase III and Phase IV of the San Juan Basin Authority Watershed Project. Given the relatively modest amount of water potentially percolating into the San Juan Basin as a result of installation of rubber dams during Phase I and potentially Phase II of the San Juan Basin Authority Watershed Project, SCWD does not currently envision potential regionalization of the SCWD GRF by a regional entity prior to Phase III and Phase IV.

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Sincerely,

A handwritten signature in black ink, appearing to read "Brunhart". The signature is stylized with a large initial "B" and a long horizontal stroke at the end.

Andrew Brunhart
General Manager
South Coast Water District

cc: SCWD Board of Directors