



United States Department of the Interior



TAKE PRIDE
IN AMERICA

BUREAU OF RECLAMATION

Lower Colorado Regional Office

P.O. Box 61470

Boulder City, NV 89006-1470

File: 0306.315

0306.3155

FEB 28 2006

*original routed to Dan Charlton
Mark Johnson
Monica Swartz
Luke Stone*

IN REPLY REFER TO

LC-2012

ENV-3.00

RECEIVED

MAR 3 2006

C.V.W.D.

Mr. Dan Charlton, Project Engineer
Coachella Canal Lining Project
Coachella Valley Water District
85-995 Avenue 52
P. O. Box 1058
Coachella, CA 92236

Subject: Memorandum of Understanding (MOU) Regarding Implementation of the Environmental Mitigation for the Coachella Canal Lining Project

Please find enclosed five (5) executed copies of the above noted MOU for further action by the Coachella Valley Water District. The Bureau of Reclamation's execution of the MOU as a concurring party completes the signing process for this agreement. Reclamation will retain one executed copy of the MOU in our administrative records for this project.

If you have any questions on the above matter, please contact Mr. James Green at 702-293-8519.

Sincerely,

Robert W. Johnson
ACTING FOR

Robert W. Johnson
Regional Director

Enclosure – 5 Copies

cc: Ms. Monica Swartz, PhD.
Coachella Valley Water District
85-995 Avenue 52
P.O. Box 1058
Coachella, CA 92236

Mr. John Kalish, Associate Field Manager
Bureau of Land Management
690 West Garnet Avenue
P.O. Box 581260
North Palm Springs, CA 92258

Mr. Bill Tippets
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
(w/o encl to ea)

Mr. Clyde A. Romney
San Luis Rey Indian Water Rights Settlement Parties
Packard Government Affairs
220 West Grand Avenue
Escondido, CA 92025

MEMORANDUM of UNDERSTANDING
REGARDING IMPLEMENTATION OF THE ENVIRONMENTAL MITIGATION
FOR THE COACHELLA CANAL LINING PROJECT

among

the COACHELLA VALLEY WATER DISTRICT,
the SAN DIEGO COUNTY WATER AUTHORITY,
the UNITED STATES DEPARTMENT OF INTERIOR,
BUREAU OF RECLAMATION,
SAN LUIS REY INDIAN WATER RIGHTS SETTLEMENT PARTIES

and

the UNITED STATES DEPARTMENT OF INTERIOR,
BUREAU OF LAND MANAGEMENT

I. Introduction

This Memorandum of Understanding (MOU) is between the Coachella Valley Water District (hereinafter referred to as "CVWD"), the San Diego County Water Authority (hereinafter referred to as "SDCWA"), the U.S. Department of Interior, Bureau of Reclamation (hereinafter referred to as "Reclamation"), San Luis Rey Indian Water Rights Settlement Parties (hereinafter referred to as "SLR"), and the U.S. Department of Interior, Bureau of Land Management, Palm Springs-South Coast Field Office (hereinafter referred to as "BLM") is entered into pursuant to Section VIII of this MOU.

The Coachella Canal is an earthen lined canal feature constructed in the 1940's, which transports Colorado River water from the All American Canal to CVWD customers in the Coachella Valley. In an effort to conserve water, the CVWD, SDCWA, and Reclamation will construct a parallel concrete-lined canal from Siphon 7 to Siphon 32, a total distance of approximately 36 miles including 1.5 miles of siphons, all to be located on the west side of the existing Coachella Canal, all within the existing Reclamation rights-of-way, in order to stop the excessive seepage of canal water. This effort is referred to as the Coachella Canal Lining Project (Project). This seepage has, over the past 60 years, created or supplemented riparian areas that support native plant and/or tamarisk (salt cedar) areas.

On November 17, 1988, Section 203(a)(1), Title II, Public Law (P.L.) 100-675, (the Act) granted authority to the Secretary of the Interior (Secretary) to "construct a new lined canal or to line the previously unlined portions of the All American Canal (AAC) from the vicinity of Pilot Knob to Drop 4 and its Coachella Branch from Siphon 7 to Siphon 32, or construct seepage recovery facilities in the vicinity of Pilot Knob to Drop 4 in order to reduce the seepage of water." Section 203(a)(2) of the Act also authorized the Secretary to implement measures for the replacement of incidental fish and wildlife

values adjacent to the canals foregone as a result of the lining of the canal or mitigation of resulting impacts on fish and wildlife resources from construction of a new canal or a portion thereof. Such measures shall be on an acre-for-acre basis, based on ecological equivalency and shall be implemented concurrent with construction on the works. The Secretary shall make available such public lands as he deems appropriate to meet the requirements of this subsection. The Secretary is authorized to develop ground water, with a priority given to nonpotable sources, from public lands to supply water for fish and wildlife purposes.

Pursuant to Section 203(c) Reclamation on behalf of the Secretary subject to Section 205 of this Title, may enter into an agreement or agreements with one or more of the California Contractors for the construction or funding of all or a portion of the works authorized in subsection (a) of this Section. Section (c) states that no Federal funds are authorized to be appropriated to the Secretary for construction of the works described in subsection (a)(1) of this Section. In addition the Secretary is authorized to receive funds in advance from one or more Participating Contractors under terms and conditions acceptable to the Secretary in order to carry out the Secretary's responsibilities under subsections (a), (b), and (c) of this Section.

The California Water Code was amended to add Section 12560 et seq. that provides \$200 million for the Coachella Canal and All American Canal Lining Projects. An additional \$20 million has been provided pursuant to CA Proposition 50, passed in 2003. These funds are to be expended by December 31, 2008. Pursuant to subsequent agreements, SDCWA has committed to funding Eligible Project Costs for the canal lining projects in excess of the State funding.

Pursuant to the Allocation Agreement among the United States of America, the Metropolitan Water District of Southern California, Coachella Valley Water District, Imperial Irrigation District, San Diego County Water Authority, the La Jolla, Pala, Pauma, Rincon and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido and Vista Irrigation District (hereinafter referred to as the "Allocation Agreement"), executed on October 10, 2003, the Parties thereto assigned certain rights and obligations regarding the Coachella Canal and All American Canal Lining Projects, including but not limited to payment for costs related to the projects and allocation of water conserved by the projects.

The CVWD and Reclamation have completed and filed a Final Environmental Impact Statement and Environmental Impact Report (FEIS/EIR) and Reclamation issued a Record of Decision all in 2001. In 2004 Reclamation issued Amendment Number 1 to the Record of Decision and CVWD filed a CEQA Addendum to the FEIS/EIR, all for the Revised Parallel Canal Alternative. In addition the Project's Environmental Commitment Plan (ECP) and the Mitigation Monitoring and Reporting Program (MMRP) have been provided to and developed in conjunction with the U.S. Fish and Wildlife Service (USFWS) and the California Department of Fish and Game (CDFG). These documents establish mitigation and monitoring programs to compensate for the loss of the native species habitat as a result of the Project. This program includes restoration actions to

replace lost native species habitat, and acquisition of private lands to be used for such replacement activities. The CVWD and Reclamation propose to augment the existing conservation program at the Dos Palmas Area of Critical Environmental Concern (ACEC) by focusing their mitigation program principally in this same area.

The Dos Palmas Preserve/ACEC, located northeast of the Salton Sea in Riverside County, California, includes the lower part of the Salt Creek watershed which drains the western flanks of the Orocopia, Chuckwalla and Chocolate mountains into the Salton Sea. Dos Palmas is special because of its abundance of water in a desert environment. This water, which originates from Salt Creek drainage, natural springs associated with the San Andreas Fault and canal seepage, supports wetland and riparian habitat for state and federally listed species and migratory birds. This area is managed by several agencies and private interests who meet periodically through the Dos Palmas Management Committee (DPM Committee), to coordinate activities at Dos Palmas. The DPM Committee is made up of participants representing the Center for Natural Lands Management, Salton Sea State Park, CVWD, CDFG, USFWS and BLM.

II. Objective

The purpose of the Project is to conserve approximately 30,850 acre-feet annually of an estimated 32,350 acre-feet of water presently lost as seepage from the earthen reaches between Siphon 7 and Siphon 32 of the Coachella Canal. The Project is a key component of the Quantification Settlement Agreement (QSA) and its related documents and is a high priority for the State of California to be able to abide by its 4.4 million acre-feet allocation of Colorado River water. Additionally, it will assist in settling a long standing Indian water rights litigation with the San Luis Rey Indian Water Rights Settlement Parties for 4,500 acre-feet of a total of 16,000 acre-feet that was allocated in Public Law 100-675, as amended.

Resolving the ECP requirements for habitat creation and restoration is a critical step to ensure that the Project continues in accordance with its projected schedule. Locating this mitigation within the established Dos Palmas ACEC will complement ongoing habitat management activities. The CVWD, SDCWA, Reclamation, and BLM agree to collaborate to identify suitable habitat creation/restoration sites and to implement these actions within the Dos Palmas ACEC, in consultation with the DPM Committee. The Project has committed to undertake mitigation requirements concurrent with construction.

Once the long term plan and costs for the environmental mitigation have been established, a separate agreement will be negotiated to cover costs for the long term implementation of the Project's Environmental Commitment Plan.

III. Authority

BLM enters into this MOU with the CVWD, SDCWA, SLR, and Reclamation under the provisions of the Federal Land Policy and Management Act of 1976 (FLPMA, Public Law 94-549, 43 U.S.C. 1701-1782). This law allows for partnerships related to natural landscape goals, as defined in Public Law 98-540.

IV. Statement of Work

A. CVWD, SDCWA, and Reclamation agree to:

1. Work in partnership with BLM, and in consultation with the DPM Committee, to design and implement an effective and financially efficient mitigation and monitoring program within the Dos Palmas ACEC to meet the ECP requirements for the Project, including all acquisitions of private land as required.
2. Provide BLM with the necessary documentation to process rights-of-way requests, if any, across public lands under BLM jurisdiction in support of the Project.
3. CVWD shall, upon approval by the Coachella Canal Lining Coordinating Committee (CCLC Committee), and upon receipt of funds from SDCWA provide reimbursement of costs to undertake the design and implementation of that portion of the Project's mitigation and monitoring program implemented within the Dos Palmas ACEC, and for processing rights-of-way requests across BLM lands, if any, for the Project. All cost reimbursements shall be pursuant to budgets developed for the mitigation and monitoring program as approved by the CCLC Committee.
4. CVWD shall serve as the lead agency for any documentation required in accordance with State environmental law and regulation related to the Project and its mitigation and implementation program.
5. CVWD and SDCWA shall work in coordination with Reclamation and BLM to facilitate compliance with federal environmental laws and regulations related to the Project and its mitigation and implementation program on public lands under BLM's jurisdiction.

B. The BLM agrees to:

1. Work in partnership with the CVWD, SDCWA and Reclamation, and in consultation with the DPM Committee and the CCLC Committee, in helping to design an effective and financially efficient mitigation and monitoring program within the Dos Palmas ACEC.
2. Process rights-of-way requests, if any, from CVWD, SDCWA, and Reclamation across public lands, where appropriate, in support of the Project.
3. Complete all tasks related to designing and implementing the Project's mitigation and monitoring program, and rights-of-way requests, if any, as outlined in task orders to be prepared in accordance with this MOU.

4. Serve as the lead agency for any documentation required in accordance with Federal environmental laws and regulations on public lands under BLM's jurisdiction related to the Project and its mitigation and monitoring program.
5. Work in coordination with CVWD, SDCWA and Reclamation to facilitate compliance with State environmental laws and regulations related to the Project and its mitigation and monitoring program on BLM-administered public lands.

C. The SLR Settlement Parties agree to facilitate progress and work in partnership with all other parties to the MOU as may be appropriate, consistent with their obligations under the Allocation Agreement.

D. The initial activities to be considered and undertaken pursuant to this MOU will be to:

1. Provide assistance during the preparation of an ecological value assessment of potential mitigation sites and impact areas to be performed.
2. Develop and implement a plan to create up to 17 acres of marsh/aquatic habitat, preferably on BLM lands, considering any adjustments made pursuant to the results of the work performed under No. 1 above.
3. Develop and implement a pilot project of tamarisk removal and revegetation with honey and screw bean mesquite. Upon attaining a successful result this will be expanded to reflect the ECP requirements and any adjustments made pursuant to the results of the work performed under activity No. 1 above.
4. Develop and install equipment to monitor flows in the Salt Creek watershed.
5. Develop, implement, and monitor the water supply to existing seeps or other existing watering sites used by large mammals pursuant to the Large Mammal Escape Strategy Report prepared for the CCLC Committee.
6. Other activities as approved by the CCLC Committee and in consultation with the DPM Committee and made a part of this MOU pursuant to Section V hereof.

V. Development of Task Orders and Payment for Work

Task Orders (TO), pursuant to this MOU, will be developed pursuant to the mitigation commitment requirements and the goal of implementing such within the Dos Palmas ACEC, as appropriate. The scope of work for each TO and its associated budget shall be prepared by the staffs of CVWD, BLM, SDCWA and Reclamation, and approved by the CCLC Committee and in consultation with the DPM Committee prior to execution.

Payment for work to be accomplished by each TO shall be pursuant to the Terms and Conditions for each TO and conform with the expenditure requirements per CA Water Code Section 12560 et seq. or other requirements of the Parties.

All work shall be under the direction of the CCLC Committee Project Manager or designee and the BLM Project Manager.

VI. Operation, Maintenance, and Repair Costs

This MOU does not address and shall not affect the obligation of any party to the Allocation Agreement to pay Net Additional OM&R costs and Mitigation Costs as defined in Article 13 of that Agreement or the expenditure of funds for any costs that are encompassed within that definition.

VII. Principal Contacts

Coachella Valley Water District

Monica Swartz, PhD.
85-995 Avenue 52; P.O. Box 1058
Coachella, CA 92236
Phone: (760) 398-2651
Fax: (760) 398-3711
mswartz@cvwd.org

Bureau of Land Management

Mr. John Kalish, Associate Field Manager
690 W. Garnet Avenue; P.O. Box 581260
North Palm Springs, CA 92258
Phone: (760) 251-4800
Fax: (760) 251-4899
jkalish@ca.blm.gov

Bureau of Reclamation

Mr. James Green
500 Fir Street
P.O. Box 61470, Mail Stop 2012
Boulder City, NV 89005-1470
Phone: (702) 293-8519
Fax: (702) 293-8418
jgreen@lc.usbr.gov

San Diego County Water Authority

Mr. Bill Tippetts
4677 Overland Avenue
San Diego, CA 92123
Phone: (858) 522-6784
FAX: (858) 268-7881
btippetts@cdcwa.org

San Luis Rey Indian Water Rights Settlement Parties

Mr. Clyde A. Romney
Packard Government Affairs
220 West Grand Avenue
Escondido, CA 92025
Phone: (760) 737-2600
Fax: (760) 737-2606
cromney@pacbell.net

VIII. Termination

Any of the parties may terminate this agreement upon 90 days written notice of such termination subject to the provisions of P.L. 100-675.

IX. Effective Date and Term of Agreement

This agreement shall become effective on the latter date of signature, when CVWD, SDCWA, SLR, Reclamation, and BLM have signed the agreement. This agreement shall remain in effect until December 31, 2008 or unless amended pursuant to Section X or terminated pursuant to Section VIII.

X. Modifications

This agreement may be extended or modified upon mutual written agreement signed by an CVWD, SDCWA, SLR, Reclamation, and BLM official. There is no limit to the number of task orders that may be developed pursuant to this agreement.

XI. Signatures

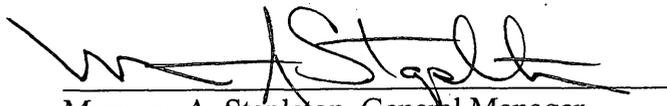
In witness thereof, the partners hereto have executed this agreement as of the written latter date below:



Steve Robbins, General Manager-Chief Engineer
Coachella Valley Water District

FEB 13, 2006

Date



Maureen A. Stapleton, General Manager
San Diego County Water Authority

February 1, 2006

Date

Clyde A. Romney
Clyde A. Romney, Authorized Representative
San Luis Rey Settlement Parties

Feb. 9, 2006
Date

Gail Acheson
Gail Acheson, Field Manager
Bureau of Land Management

February 2, 2006
Date

Larry Walkowich
Robert W. Johnson, Regional Director
U.S. Bureau of Reclamation
Concurring Party

February 28, 2006
Date