

WEST BASIN MUNICIPAL WATER DISTRICT

NOVEMBER 16, 2007 – Water Resources

Smith (Chair), Little

NOVEMBER 26, 2007 – Board Meeting

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INFORMATION CALENDAR

METROPOLITAN DROUGHT ALLOCATION PLANSUMMARY:

In 1999, the Metropolitan Water District (MWD) Board adopted a ten-year Water Supply and Drought Management (WSDM) Plan to guide MWD on the procedures and action measures to manage water supplies during both a wet and dry year. During dry years the WSDM plan prescribes a set of seven Shortage Stages that MWD can act upon during a drought, including, at the final stage, the implementation of a drought allocation plan. However, due to the belief at the time, MWD's advancements in storage and local resource development have provided enough water not to require the rationing of water, the development of an actual allocation formula was omitted from the WSDM Plan. The only part adopted by the Board was a set of policy principles created to guide future policymakers in crafting an allocation plan (Exhibit "A").

Unfortunately, in 2007 water supply conditions have changed - Judge Wanger's ruling on reducing State Water Project (SWP) supplies by as much as 30%, the Colorado River is facing its eighth consecutive dry year, and Southern California recorded its lowest rainfall for the past hundred years. All of these supply constraints have forced MWD and its member agencies to develop a drought allocation formula by the end of the year.

This past summer, MWD and member agencies staffs started the process of reviewing a number of drought allocation formulas under the philosophy of developing a formula that distributes imported water in a fair and equitable manner. The objective is to ensure that an allocation plan provides a balance between providing enough water to those agencies heavily dependent upon MWD while at the same time not penalizing those agencies that have invested in local resources and reduced their reliance on imported water.

The proposed allocation plan contains the following key components:

- Baseline for Imported & Local Water Demands – It is an agency's average potable water deliveries for the past three years (Recycled water deliveries are excluded). Moreover, it's the foundation from which the allocation formula will be determined.
- Adjustments – From an agency's baseline, adjustments will be added on to provide a more accurate estimate of actual demand for MWD water in an allocation year.
 - Growth – A growth rate is calculated according to an agency's county population growth in order to take in account increase water demands.
 - Gains & Losses of Local Supply - These adjustments account for gains or losses of local supplies (i.e. groundwater production) from an agency's baseline during an allocation year. Examples include additional wells or increase capacity production for gains; and reductions of groundwater due to water quality impacts for losses.
 - Conservation Hardening- This hardening credit is intended to address the demand hardening that results from the successful implementation of active and

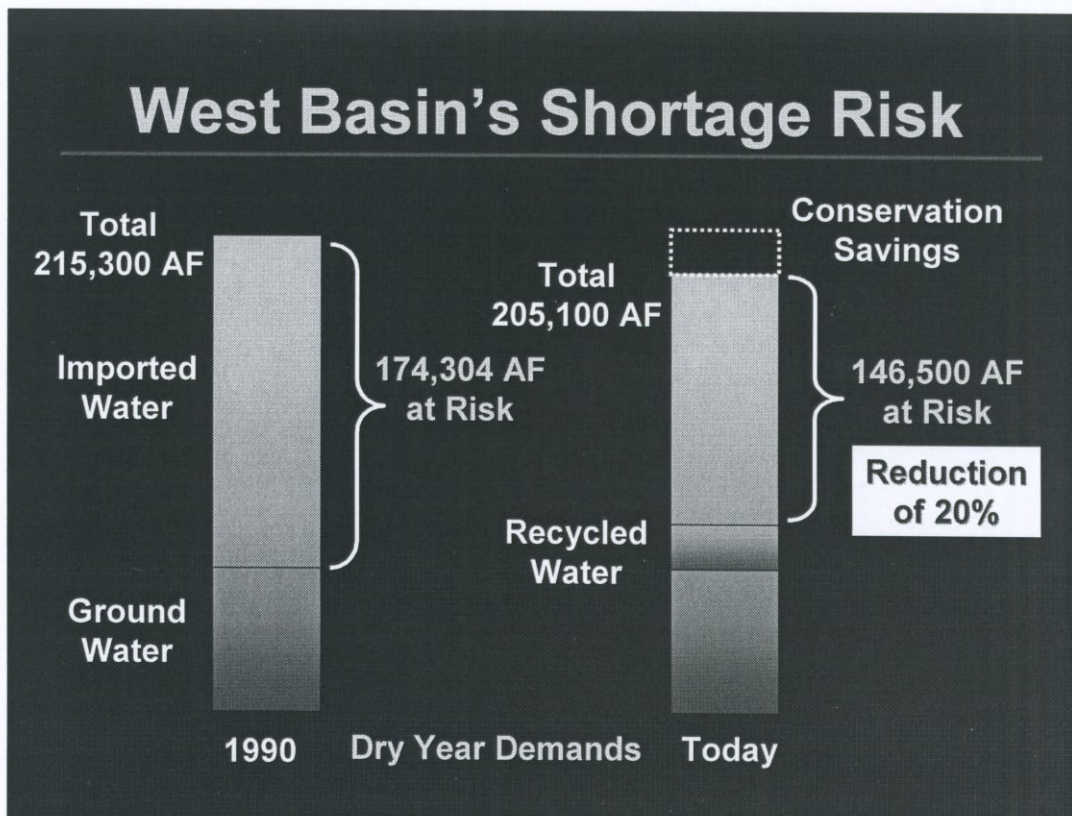
passive conservation. This credit rewards agencies that have promoted water savings by provide them with more imported water in drought allocation years.

- Economic Impact – This adjustment ensures agencies with heavy dependence on MWD do not face undue hardship under severe shortage stages (Stage 3 and beyond). This adjustment factor is set according to your dependence on MWD water. In other words, the greater reliance you have on MWD for your total supplies the larger adjustment factor you will be given.
- Shortage Stages – These are the percentages in which MWD will reduce your supplies of imported water according to the wholesale promise and each member agency’s economic impact adjustment factor.
- Wholesale Promise – According to the Shortage Stage, this is the maximum reduction percentage of imported water to a member agency.
- Total Allocation – It is the final amount of imported water an agency receives from MWD by adding together the wholesale promise, an agency’s economic impact adjustment factor and any conservation credits earned.

MWD staff plans to present this draft allocation plan to MWD’s Water Planning and Steward Committee for review and comment later this month.

IMPACT TO WEST BASIN MWD

Since the last drought in 1990-91, West Basin has made significant investments in reducing our dependence on imported water due to our efforts in conservation, education, and recycled water. As illustrated below, our dry demands of imported reached a high of 174,000 AF in 1990 to a demand today ranging 142,000 AF, which has resulted in a 20% reduction.



West Basin has become more reliable since the last drought because of investments in “drought-proof” supplies. Furthermore, investments in recycled water and conservation have

not only reduced our reliance on imported water but also reduced our risk of cutbacks during a drought allocation year. Therefore, under the proposed MWD drought allocation plan, West Basin's impact is as followed during each of the shortage stage:

MWD's Shortage Stage	WBWMD Reduction % of Imported Water*	WBMWD's Total Water Supplies**	WBMWD's Total Water Reliability %
none	none	205,107 AF	100%
1 (7.5%)	7.5%	196,586 AF	96%
2 (15.0%)	15.0%	185,598 AF	91%
3 (22.5%)	16.6%	183,192 AF	89%
4 (30%)	22.2%	175,065 AF	85%
5 (37.5%)	27.7%	166,938 AF	81%
6 (45%)	33.3%	158,810 AF	77%

[*] Includes the Wholesale Promise plus West Basin's Economic Adjustment factor

[**] Includes all of West Basin supplies including imported water, groundwater, and recycled water as well as our conservation credits

As shown above, under the proposal MWD allocation formula West Basin's reductions of imported water do not significantly impact our total water reliability and demonstrate West Basin is "better off" because of our water reliability efforts.

FISCAL IMPACTS:

Not yet determined.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on November 16, 2007 and agendized to the November 26, 2007 Board Meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

Exhibit "A" – MWD's 1999 WSDM Principles for Allocation

EXHIBIT "A"

1999 WSDM Principles for Allocation

- **Impact on retail consumers and economy**
- **Reclamation/Recycling**
- **Conservation**
- **Population and Economic Growth**
- **Investment in Local Resources**
- **Change and/or loss of Local Supply**
- **Participation in Interruptible Programs**
- **Investments in Metropolitan's Facilities**