



**WEST BASIN MUNICIPAL WATER DISTRICT**  
17140 S. Avalon Blvd., Suite 210  
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**AGENDA NO. 4**

**OCTOBER 16, 2008 – Water Resources**  
Smith (Chair), Little  
**OCTOBER 27, 2008 – Board Meeting**  
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## INFORMATION CALENDAR

### METROPOLITAN WATER DISTRICT ACTIVITIES UPDATE

#### SUMMARY:

This report on Metropolitan Water District (MWD) issues is intended to brief the Board on activities and issues relevant to West Basin and its customer agencies. The first section, "On-Going Issues," is a status update on current studies, reports, and/or policy work groups that staff is involved with. The second section, "Current Month's Issues," is a report on noteworthy items that are being covered at the current month's MWD Board meeting. The last section, "Upcoming Issues," is a preview of new and forthcoming issues important to West Basin. This format is intended to keep the Board informed about current and future items at MWD in order to provide direction to staff and its MWD representatives in a timely manner, if required.

#### **ON-GOING ISSUES**

##### Water Supply Actions and Allocation Plan

**Purpose:** The Water Supply Allocation Plan was approved by the MWD Board in February 2008. MWD executives have stated that a 2009-10 allocation is likely if hydrologic conditions next winter are similar or less than this past winter. For the balance of 2008, MWD will rely on heightened conservation, continued withdrawals from storage accounts both in-region and in the Central Valley, and water transfer purchases from agricultural districts to meet anticipated gaps between supplies and demand. A "Five-Year Supply Actions" process was kicked off in four (4) different areas of focus: Water Transfers, Interim Delta Fixes, Conservation, and Local Resources. Member agency and MWD staff are working jointly on the Conservation and Local Resources areas by identifying opportunities where additional MWD investment, financial or otherwise, can lead to gains in either demand management or local supply production within the next five (5) years.

**Update:** New developments in the Five-Year Supply Actions process through September:

Local Projects Workgroup: In response to requests by MWD for project concepts that can add new water to the region within the next five (5) years, member agencies have submitted \$250 million worth of requests that could yield an additional 200,000 AFY. Of course, MWD would not simply fund these projects. Instead, several financing alternatives have been presented for consideration by the member agencies and ultimately the Board:

1. MWD could provide up-front funding, with re-payment either occurring over time through the rate difference between the local production (i.e. recycled water) and imported water, or perhaps through a reduced Local Resources Program (LRP) incentive payment.
2. MWD could direct-fund some projects, and offset their costs through the sale of the local water produced, by either purchasing an equity share of the local project, purchasing the

project or supply outright – or through partnership with the local agency, or contract for the supply in necessary tie-in facilities.

3. MWD staff could provide non-reimbursable in-kind services, either through staff time or laboratory services, etc.

The goal for MWD is to accelerate new local supply in the next few years to bridge an uncertainty gap until long-term solutions like the Bay Delta fix can be implemented, but to accomplish that at a minimum of financial risk and rate increases.

Conservation Workgroup: While the Local Projects Workgroup seeks to increase supply over the next five (5) years, the Conservation Workgroup is looking at ways to lower demand in a cost-effective manner. One of the assumptions in the Plan is a roughly 200,000 AFY reduction in demand from ordinances and conservation-based (tiered) rate structures. In order to achieve this aggressive goal, MWD may propose that the adoption of local ordinances be a prerequisite to accessing future conservation funding through programs such as the Public Sector Program, Enhanced Conservation Program (grants), and perhaps even the LRP incentives. MWD will soon unveil a “model ordinance” and is considering hosting a workshop for cities throughout Southern California. Of course, this would need to be closely coordinated with West Basin for our service area since West Basin has already initiated an ordinance process with our local cities.

The ordinance prerequisite concept will first be discussed with member agency managers at the October 17 Managers’ meeting, prior to being presented to the MWD Board as information in November.

### Long Range Finance Plan Update

**Purpose:** The current update of the MWD’s Long-Range Financial Plan (LRFP) was initiated subsequent to the adoption of the Calendar Year (CY) 2008 water rates (March 2007). Now over a year in progress, a group of member agency representatives continues to meet regularly to discuss rate structure issues as part of the final phase of the LRFP. MWD plans to finalize the updated LRFP, including any policy recommendations to the Board, by the end of CY 2008.

**Update:** At their October 14 regular meeting, the MWD Board will vote on options for the future of the Interim Agricultural Water Program (IAWP). MWD previously presented six (6) options to the Board as information, which were outlined in last month’s MWD Activities Report. It is anticipated that many agricultural water customers will begin opting-out immediately if that option is approved by the Board, and that others will phase out over the next several years.

### Bay-Delta/State Water Project

**Purpose:** MWD has entitlement to, and pays for, roughly half of the State Water Project (SWP). Less Colorado River supplies in recent years has meant that MWD has become increasingly reliant on supplies from the SWP to meet demands. The Bay-Delta, from which the SWP and the federal Central Valley Project (CVP) draw their deliveries, is a strained eco-system of competing needs, and extremely vulnerable to seismic or other catastrophic event.

**Update:** No current update.

### Process to Increase In-Region Groundwater Storage

**Purpose:** At the request of its Board, MWD staff is conducting a study of the groundwater basins within its service area to identify strategies to enhance conjunctive use storage. In-region groundwater storage is a component of the current Integrated Resources Plan (IRP) that has fallen short of targeted need, and will play a major role in the 2009 IRP process now underway.

**Update:** MWD hosted the third facilitated workshop on September 30 to explore strategies for enhancing groundwater and conjunctive use in the MWD service area. The primary topics of the third workshop were:

- How water agencies within the MWD service area can work collectively and cohesively on legislative and regulatory initiatives that make it easier to store recycled water;
- How can MWD enhance coordination with local basin and other partners in replenishment and conjunctive use arrangements; and
- Performance criteria and pricing for replenishment and conjunctive use.

### **CURRENT MONTH'S ISSUES**

The following key items will be discussed at the October MWD Committee and Board meetings:

- Action Item on proposed changes to Interim Agricultural Water Program; and
- Action Item on participation in the 2009 State Drought Water Bank.

### **UPCOMING ISSUES**

The following key items have been identified as upcoming issues at MWD's Committee and Board meetings:

- Position on California Urban Water Conservation Council's Best Management Practices (BMP) revisions;
- Five-Year Supply Actions Plan recommendations;
- Delta Vision report; and
- Initiatives for next legislative session.

### STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 1, Reliability – Maintain a level of local water reliability that supports the regional economy, our community and customer agency needs.

Goal 5, Customer/Community Services – Provide for the needs of our customer agencies and the communities we serve in a way that reflects their needs.

COMMITMENT STATEMENT:

Water Reliability – West Basin is committed to innovative planning and investments to provide water supply reliability and drought protection.

Customer Service - West Basin is committed to providing value by understanding and meeting the needs of our customers and the communities we serve.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on October 16, 2008 and agendaized to the October 27, 2008 Board meeting under Metropolitan Water District Activities Update.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.