



**WEST BASIN MUNICIPAL WATER DISTRICT**  
17140 S. Avalon Blvd., Suite 210  
Carson, CA 90746

**AGENDA NO. 4**

**MAY 14, 2009 – Water Resources**

Little (Chair), Gray

**MAY 26, 2009 – Board Meeting**

Prepared by: Fernando Paludi

Submitted by: Paul Shoenberger

Approved by: Rich Nagel

## INFORMATION CALENDAR

### MWD ACTIVITIES REPORT

#### 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. In 2008, MWD began a Five-Year Supply Actions initiative to increase water supply through transfers, exchanges and other programs on both the Colorado River and State Water Project (SWP). These additional supplies have helped to decrease the gap between supply and demand projected for 2009. Despite an increase in the SWP allocation to MWD from 15% initially to 20% in April, the MWD Board took action in April 2009 to declare a regional shortage and implement the Water Supply Allocation Plan at a Regional Shortage Level 2 (MWD expects at least a 10% reduction in demand for imported water).

**Update:** After the MWD Board took action to implement their allocation plan, the Department of Water Resources announced an increase in the SWP allocation from 20% to 30%. MWD staff had already explained to its Board that this likely action by DWR would not change the need for implementing the allocation plan, or the Regional Shortage Level. The higher SWP deliveries will have the effect on MWD of drawing less water from storage reserves to meet demands in FY 2009-10. The twelve-month shortage allocation will be effective July 1, 2009.

In past droughts, public response in lowering water use has exceeded expectations. MWD feels that a call for 10% mandatory rationing will result in at least 10-15% lower demand. According to the MWD allocation plan, a Stage Two 10% requires a 1.5 times, or 15%, wholesale allocation to its member agencies, including West Basin Municipal Water District.

Long Range Financial Plan Update, Proposed Fiscal Year (FY) 2009-10 Budget, and Proposed 2010 Water Rates

**Update:** The MWD Board approved the FY 2009-10 budget and 2010 water rates and charges at the April meeting. The roughly 20% increase in full-service Tier 1 will be effective September 1, 2009, but still projects the withdrawal of nearly \$90 million from reserves to meet expenditures. The Board's motion included a statement of intent to raise rates in 2011 to cover the full cost of service, and directed staff to conduct a process to evaluate the current cost-of-service rate-setting methodology.

Bay-Delta/State Water Project

**Purpose:** MWD pays for, and is entitled to deliveries from, roughly half of the State Water Project (SWP). Less Colorado River supplies since 2004 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. On-going regulatory restrictions curtail pumping from the Delta for the state and federal projects by as much as 40% annually.

**Update:** No update.

2009 Integrated Resources Plan Update

**Purpose:** The original Integrated Resources Plan (IRP) was developed in 1994 and has served as a blueprint for long-term water resource planning for MWD and its member agencies. The 1994 Plan was updated but not re-evaluated in 2003. The 2009 IRP will be a new plan that addresses a set of challenges to imported water sources not present in 1994. MWD and member agency staff comprise several technical workgroups focusing on specific resource strategies, as well as a Technical Oversight Committee, to review and evaluate various analyses and issue papers. Technical Workgroups include Conservation, Recycled Water, Ocean Desalination, Groundwater, Stormwater, and Graywater. The 2009 IRP is expected to conclude in the Fall 2009 timeframe.

**Update:** Staff attended a meeting of the Technical Oversight Committee on April 24. Only six member agencies were in attendance and both the member agencies and MWD staff expressed concerns that participation is not sufficient to advance the process with consensus approval of key technical analyses and future policy recommendations. Future meetings of the Technical Oversight Committee will be held in conjunction with the monthly Member Agency Managers' meetings to increase participation. Three draft issue papers have been forwarded to the Oversight Committee for review: Conservation, Recycled Water and Graywater. MWD staff is also working on a "lessons learned" white paper with Poseidon Resources based on their recent experiences with planning and developing ocean-water desalination facilities.

The RAND Corporation is assisting MWD staff with a "Robust Decisionmaking" model that better evaluates uncertainty in supply planning by evaluating strategies against large numbers of scenarios and identifying which strategies have fewer vulnerabilities. New uncertainties will be addressed in this IRP update including:

- Future hydrologic conditions;
- Demographic and economic growth;
- Energy and strategy implementation costs;
- New regulation and restriction on supplies; and
- Customer response to various agency programs.

The Board's IRP Steering Committee is scheduled to review initial scenarios and alternative resource approaches in May.

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

The following key items will be considered for action at the May Committee and Board meetings:

- Review participation in funding agreement for the pilot operation of the Yuma Desalter Plant during 2009.

### **UPCOMING ISSUES**

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

- Authorize participation in the Yuma Desalter Plant;
- Authorize conservation program refinements;
- Report on potential revolving loan program to support public sector conservation program; and
- Report on progress of local water conservation ordinance adoption.

### **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 May 14, 2009 and agendaized to the May 26, 2009 Board meeting under Metropolitan Water District Activities Update.

RECOMMENDED MOTION:

This item is for information only

LIST OF EXHIBITS:

None.