



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

AGENDA NO. 5

OCTOBER 18, 2010 – Water Resources
Little (Chair), Gray
OCTOBER 25, 2010 – Board Meeting
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Submitted by: Fernando Paludi
Approved by: Rich Nagel

INFORMATION CALENDAR

METROPOLITAN WATER DISTRICT 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 Municipal Water District (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 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 Update and Allocation Plan

Background: The Water Supply Allocation Plan (WSAP) policy was adopted by the MWD Board in February 2008. In April 2009, the Board took action to declare a regional shortage and implement the Water Supply Allocation Plan at a Regional Shortage Level 2 for Fiscal Year (FY) 2009-10. Reductions in retail demands in the MWD service area exceeded expectations over the course of the first allocation period. The Board voted again in April 2010 to continue the Stage 2 allocation for another year, effective July 1, 2010.

Update: MWD's WSAP remains in effect for the current fiscal year at Stage 2. In August, the MWD Board approved several changes to the WSAP, effecting the current allocation period (FY 2010-11). Now that those changes have been incorporated into the WSAP, MWD has provided initial allocations for the current fiscal year to its member agencies. West Basin's allocation is a total of 134,863 acre-feet (AF), including 122,463 AF for municipal and industrial demands and 12,400 AF for our seawater barrier demands. The final allocation for FY 2009-10 was 128,037 AF.

Integrated Resources Plan (IRP) Update

Background: 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 2010 IRP will be a new plan that addresses a set of challenges to imported water sources and other uncertainties not present in 1994.

Update: The 2010 Update is scheduled for Board consideration for approval on October 12.

San Diego County Water Authority Lawsuit

Background: In July, the Water Authority filed suit against MWD, alleging that MWD's rate structure violates California law by over-charging certain customer classes and under-charging others. The Water Authority believes that MWD's State Water Project costs that are currently classified as transportation and recovered through the System Access Rate, should instead be classified as supply and recovered through the Supply Rates. The Water Authority also believes that demand management costs such as local project incentives and conservation rebates that are currently recovered through the Water Stewardship Rate should instead be classified as supply and recovered through the Supply Rates. The Water Authority stands to benefit financially, if the aforementioned costs are recovered through the Supply Rates, since they avoid paying the Supply Rates for every acre-foot of water they acquire from farmers and transport to San Diego through MWD's distribution system. Since MWD must meet its fixed financial obligations, the other member agencies including West Basin would collectively pay more if the Water Authority pays less.

Update: MWD has now posted information regarding the lawsuit on its website, including a summary of the case and other court documents, correspondence with the Board, media articles, and a fact sheet.

Long-Term Conservation Program

Background: The Long Term Conservation Plan (Plan) is intended to guide MWD's future efforts in achieving the water use efficiency target in the 2010 IRP. If adopted in October, the IRP water use efficiency target by 2020 across the MWD service area, which by definition is greater than the aggregate of the minimum required of each individual retail agency under the new law, SBX7-7. The Plan will be considered for approval in early 2011.

Update: MWD staff released a working draft of their Plan on September 16, 2010. The draft Plan lists three goals:

1. Achieve the water-use efficiency target in the 2010 IRP;
2. Pursue innovation that will advance water conservation; and
3. Transform the public's value of water within this region.

To achieve these goals and the water-use efficiency target, the draft Plan offers the several following strategies:

- A more strategic application of incentives and funding to help transform markets for water efficient products;
- A greater emphasis on education and outreach to change perception of the value of water;
- Building alliances with energy and wastewater utilities, industry groups and environmental organizations to create synergies and leverage resources; and
- Continue to advance water efficiency codes and standards, regulations and local ordinances that increase efficiency and reduce waste.

Comments from member agencies thus far indicate a general support for the more aggressive water use efficiency target but are combined with serious concerns about the level of financial and resource commitment towards meeting the target by 2020.

CURRENT MONTH'S ISSUES

The following key items will be heard at the September Committee and Board meetings:

- Nomination and election of Board Chairman for two-year term, effective January 1, 2011; and
- Adoption of 2010 Integrated Resources Plan Update.

UPCOMING ISSUES

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

- Proposed Long-Term Conservation Plan (Information);
- Adoption of Regional Urban Water Management Plan; and
- Approval of Binational Water Management Proposal.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 1: Water Reliability – West Basin is committed to innovative planning and investments to provide water supply reliability and drought protection.

Goal 5: Environmental Stewardship – West Basin is committed to sustainable and environmentally-friendly business practices.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on October 18, 2010 and agendaized to the October 25, 2010 Board meeting under Metropolitan Water District Activities Update.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.

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