

APR 11 1995

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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 28, 1995

EXECUTIVE SECRETARY

(Executive Committee--Information)

To: Board of Directors (Water Problems Committee--Information)

From: General Manager

Subject: April Progress Report on the Integrated Resources Plan Studies

Report

In January 1995, the Executive Committee directed me to submit bimonthly progress reports on studies leading to three goals by November 1995: first, revising Metropolitan's incentives and programs for local resource development; second, a Long-Range Resource Management Plan; and third, criteria for water market purchases and wheeling. This is the first such progress report. It summarizes the status of work in each area through the middle of March, and suggests a schedule for your Board's continuing discussions and policy making.

The schedules included in Attachments B and C will be discussed at the April Executive Committee meeting, at which time appropriate modifications can be made. It is anticipated that approximately 20 to 30 minutes at Water Problems Committee and/or Executive Committee will be required in April, June, August and October to provide ample time for policy discussions on these issues. In September, it is suggested that there be a special Board workshop to discuss the results of the three studies at length. This would be followed in October with a pending letter to your Board on proposed policy and program changes. In November, final policy and program changes will be presented for Board action.

Local Resource Development

Over the past six months, the Integrated Resources Plan (IRP) Workgroup, consisting of Metropolitan staff, Member Agency, groundwater, and retail managers, has begun to address improvements to Metropolitan's water management programs. As a result of these efforts, a set of principles (Attachment A) was drafted to guide the development and implementation of local storage, local projects, and conservation programs. These principles will be discussed as part of the IRP Assembly in San Pedro.

An approach and schedule (Attachment B) has been developed to ensure input from the entities most directly

involved in implementing the local resource projects. A series of meetings will be held with potential project sponsors over the next four months. Meetings with conservation implementors will also be scheduled during this conservation savings. These meetings will focus on the barriers to development and keys to successful and cost-effective implementation. Using that input, staff will work with the IRP Workgroup to develop new programs or make program modifications. Follow-up meetings will be held with the affected constituency groups (e.g., the Groundwater Advisory Group and the Southern California Conservation Coordinators Workgroup) to discuss the proposed program refinements.

Long-Range Resource Management Plan

The Long-Range Resource Management Plan (RMP) will be divided into two interrelated sections--the Drought Management Plan (DMP) section and the Surplus Water Management Plan (SWMP) section. Both sections of the RMP will be formulated separately but merged towards the end. Both the DMP and SWMP will address three operational periods: pre-Domenigoni Valley Reservoir, fill period for Domenigoni Valley Reservoir, and post-fill of Domenigoni Valley Reservoir.

Three critical elements will be addressed in the DMP:

1. Resource use strategies and priorities;
2. The development of an allocation methodology; and
3. Allowable adjustments to the allocation methodology so that regional benefits are allocated by regional dollars spent.

The Surplus Water Management Plan will incorporate a matrix of different storage facilities and accounts, and a strategy for priority setting that considers a variety of factors such as:

1. Ease in storing and withdrawing water in a facility or account;
2. Water quality concerns;
3. Target levels of facility or account storage; and
4. Priorities and costs of storing, withdrawing, and transferring water among accounts.

Different operating scenarios during surplus conditions will be developed and analyzed. Member Agency manager review and

input will be important in the development of the RMP. The proposed schedule for the RMP is shown on Attachment C.

Water Wheeling Program

An internal Water Wheeling Task Force has been formed and began meeting in March. The Task Force is currently comprised of staff from Planning and Resources, Operations, Legal, and Water Quality Divisions. The objective of the task force is to define water wheeling policy options for Metropolitan's Board of Directors to consider. It is intended that the proposed policies be broad enough to encompass normal and drought-period scenarios for water wheeling. The Task Force is currently researching Metropolitan's previous water wheeling policies, legal requirements, and wheeling policies and practices in other industries. Board and Member Agency involvement will be initiated early this summer. The Task Force plans to have the proposed policy options before the Board at its November meeting.

Recommendation

For information only.

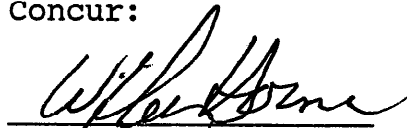
John R. Wodraska
General Manager

Submitted by:

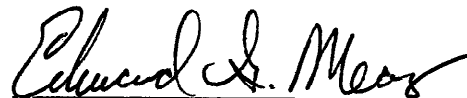


Debra C. Man, Chief
Planning and Resources

Concur:



John R. Wodraska
General Manager



Edward G. Means
Chief of Operations

JMB:fva

Attachments

Attachment A

LOCAL WATER MANAGEMENT PROGRAM PRINCIPLES

1. Regional benefits of both local storage and local projects programs should be measured by: (1) the reduction in capital investments due to a deferral and/or down-sizing of regional infrastructure; (2) the reduction in O&M expenditures needed for treatment and distribution of imported water; and (3) the reduction in expenditures associated with developing alternative regional supplies.
2. Metropolitan's investments for local storage and local projects programs should not exceed the regional benefits over the life of the project(s).
3. Metropolitan's investments for local storage and local projects programs should be sufficient to encourage the implementation of projects identified in the Preferred Resource Mix.
4. Metropolitan's participation in local storage and local projects programs should not cause large fluctuations in Metropolitan's water rates.
5. Local storage and local projects programs should increase regional supplies during time of need. Specifically, water placed in local storage programs must be utilized during time of need without displacing dependable local supplies.
6. Performance of local storage and local projects programs should be verifiable (e.g. deliveries into and withdrawals out of local storage should be accounted for by either direct measurement or by incorporation into a shortage management plan).

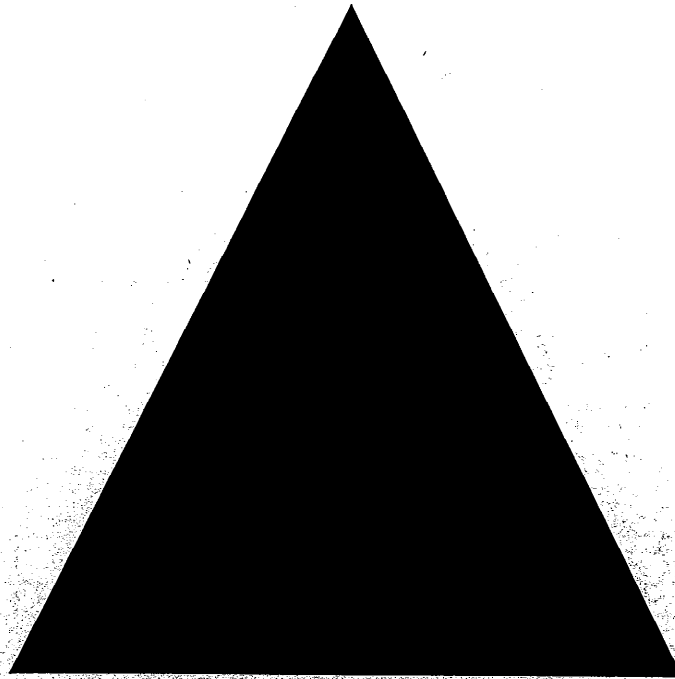
Attachment A, cont.

CONSERVATION PROGRAM PRINCIPLES

1. Conservation projects should be designed to meet the IRP goals on a regional basis.
2. Recognizing that conservation occurs at the consumer level, the local water purveyor should sponsor the implementation of conservation measures.
3. Metropolitan's pricing, financial incentives, and drought allocation methodologies should encourage the achievement of conservation goals, and any future water shortage allocations should recognize the "demand hardening" result of conservation programs.
4. Regional benefits of conservation projects should be measured by: (1) a reduction in capital investments due to a deferral and/or down-sizing of regional infrastructure; (2) a reduction in O&M expenditures needed for treatment and distribution of imported water; and (3) a reduction in expenditures associated with developing alternative regional supplies.
5. Metropolitan's average level of investment for conservation projects should not exceed the regional benefits measured over the life of the project(s).
6. Conservation project savings must be verifiable and consistent in order to qualify for continuing Metropolitan investment. Metropolitan will commit to pursuing evaluation studies to reliably define potential conservation savings, and will continue to encourage studies of new or innovative conservation practices.
7. The region must devote a portion of the conservation investment to develop locally-implemented education programs.
8. Metropolitan's investment in conservation projects should reflect equity among the Member Agencies.
9. Metropolitan's participation in conservation incentives should not cause large fluctuations in Metropolitan's water rates.
10. Public and private partnerships to achieve conservation goals, implemented in cooperation with member agencies, should be included among conservation program measures.

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