

FILED  
by the Board of Directors of  
The Metropolitan Water District  
of Southern California  
at its meeting held

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**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

*Debra C. Man*  
EXECUTIVE SECRETARY

June 27, 1995

To: Board of Directors (Goals & Objectives Committee)  
(Water Planning & Resources Committee)  
(Executive Committee)

From: General Manager

Subject: Integrated Resources Planning (IRP) Process

**RECOMMENDATION:**

For information only.

John R. Wodraska  
General Manager

Submitted by:

*Debra C. Man*  
Debra Man, Chief  
Planning & Resources

Concur:

*John R. Wodraska*

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John R. Wodraska  
General Manager

BGT:sc

IRPPROC/BOARD

**EXECUTIVE SUMMARY:**

At the Board's June meeting, Metropolitan's wholesale reliability goal was reaffirmed, guidelines for Metropolitan's water management programs and conservation programs were approved, and the diversified approach of the Preferred Resource Mix was approved as the appropriate means to meeting the reliability goal. These actions have provided direction and guidance for the implementation of the IRP to meet the goals and objectives adopted by the Board in November 1993. The next steps in implementing the IRP and the Preferred Mix include Board consideration of changes in Metropolitan's Local Projects Program, the Groundwater Recovery Program, and Conservation programs. In addition, review and revisions to Metropolitan's groundwater storage programs is necessary to meet the region's storage requirements. Finally, the policy issues associated with wheeling and drought management will be the final pieces of the IRP implementation puzzle.

In order to facilitate and ensure complete discussion and consideration of these important issues, the Goals and Objectives Committee will continue to provide general guidance to the policy discussion. The Goals and Objectives Committee will provide general discussion and refer specific issues to the appropriate standing committee for detailed discussion and deliberation.

Since implementation of the IRP involves regional investments and local investments, changes in Metropolitan's policies affecting the pricing and administration of its existing water management programs must be evaluated in terms of impacts on costs, quality, service levels and reliability. The vehicle for specific discussion and deliberation of these major issues will vary depending on the issue. For example, revisions to specific programs such as the Local Projects Program will be considered in the context of "green" draft Board letters recommending specific modifications to the program. Other policy issues such as wheeling, will utilize issue papers as the background for policy development.

As described at the June Board meeting, the following major milestones will be accomplished over the next six months.

1. Local Projects and Groundwater Recovery Program Modifications
2. Groundwater Storage Program Modifications
3. Wheeling Policy
4. Resource Management Plan ("drought management plan")
5. Evaluation of Conservation Alternatives

The milestones and committee dates are shown in attachment 1. It is important to note that action on the total package will not occur until November 1995, although specific proposals in the form of issue papers and draft board letters will be discussed and considered over the next six months, beginning with a pending letter on the Local Projects Program in July. Further, the Board workshop originally scheduled for September, is now proposed for October. At this time, the cumulative impacts and outcome of the program proposals, which formulate a comprehensive water management plan, will be evaluated for Board discussion and consideration.

**DETAILED REPORT:**

In 1992, the Board adopted Metropolitan's mission statement and goals and objectives as the initial steps in the strategic planning process. The reliability goal was also developed and approved at that time. The recent IRP process helped validate the affordability of the reliability goal, which your Board reaffirmed in June 1995. Further, this reliability goal will be refined and reviewed over time as demands, hydrology, environmental regulations, and economic conditions change. In addition, your Board recently approved the guidelines for implementing water management programs and conservation to meet the reliability goal. The approach of the Preferred Resource Mix, relying on a mix of imported and locally developed supply and demand-side resources to meet the regional demands was endorsed at the June 1995 meeting. Program and policy changes necessary to meet the reliability goal are the subject of the next several months.

In order to ensure open communication and clear deliberation on the issues surrounding the changes in Metropolitan's programs, the Goals and Objectives Committee will guide policy discussion through its assignment of various issues to the appropriate standing committees. Since the Goals and Objectives Committee consists of the chairs of the standing committees, it is in a unique position to function in this role. The appropriate standing committees will consider the policy issues associated with Metropolitan's role in developing local resources, the Resource Management Plan, and wheeling. Attachment 1 includes a summary of the major milestones, schedule for discussion, and committee assignments.

Over the next several months, "green" board letters will be offered for your Board's consideration and committee discussion. These letters will contain the elements, analysis and details associated with policy issues related to development of local resources and Metropolitan's role. Specifically, these letters will include proposed modifications to Metropolitan programs to meet the reliability goal. These proposed changes could include changes to incentive levels, pricing policies, and program parameters. In addition, issue papers describing the policy considerations associated with wheeling will also be provided for background. Although pending letters will be forwarded to the Board beginning in July, no action will be recommended until October, after the committees and your Board have had the opportunity to consider the entire package of programs. At this time, the cumulative impacts and outcome of the program proposals, which formulate a comprehensive water management plan, will be evaluated for Board discussion and consideration. The pending letters and issue papers will serve as bases for discussion, since they will contain the detailed analysis and policy discussion. In addition, this material will include specific proposals for modifying program parameters and payments.

The appropriate standing committees will be responsible for considering and developing recommendations for Board approval. The Goals and Objectives Committee will ensure consistency of process and provide overall guidance with regard to schedule and committee assignments. Policy considerations will also be considered by the Goals and Objectives Committee to ensure that the total package is internally consistent.

The IRP Workgroup will continue to play a role in developing and reviewing program alternatives and analyses. The Workgroup will help evaluate alternatives to be presented for Board consideration. In addition, the Joint Program Advisory Committee (JPAC) has met on a number of occasions and has offered proposals on ways that Metropolitan can improve its seasonal storage program.

## Attachment 1

**IRP MILESTONES AND SCHEDULE**

<b>Milestone</b>	<b>Committee</b>	<b>Date</b>
<b><i>Affirm Preferred Resource Mix, Guidelines, and Reliability Goal</i></b>	<b><i>Water P&amp;R, Executive</i></b>	<b><i>Complete</i></b>
<b>Local Projects Program and Groundwater Recovery Program</b>	<b>Water P&amp;R</b>	
Green Board Letter		July 1995
Board Workshop		Oct. 1995
Final Letter		Nov. 1995
<b>Groundwater Storage Programs</b>	<b>Water P &amp; R</b>	
Green Board Letter		Sept. 1995
Board Workshop		Oct. 1995
Final Letter		Nov. 1995
<b>Wheeling Policy</b>	<b>Water P &amp; R, Exec, Legal &amp; Claims, E&amp;O</b>	
Issue Paper on Policy Alternatives		Sept. 1995
Green Board Letter		Oct. 1995
Board Workshop		Oct. 1995
Final Letter		Nov. 1995
<b>Resource Management Plan</b>	<b>Water P &amp; R</b>	
Five Year Plan		Sept. 1995
Green Letter		Oct. 1995
Board Workshop		Oct. 1995
Final Letter		Nov. 1995
<b>Conservation</b>	<b>Water P &amp; R</b>	
Issue Paper		Sept. 1995
Board Workshop		Oct. 1995
Five Year Budget		Nov. 1995
Green Letter		Dec. 1995
Final Letter		Jan. 1995