

● **Board of Directors**
Water Planning, Quality and Resources Committee

October 16, 2001 Board Meeting

10-3

Subject

Review of workplan for the Integrated Resources Plan Update

Description

As the Board directed in the December 2000 Rate Structure Action Plan (Action Plan), staff is conducting an update to Metropolitan's 1996 Integrated Resources Plan (IRP). The IRP Update will review and update the resource targets of the 1996 IRP based on changed conditions and/or planning assumptions, and will be completed for Board consideration by July 2002. The IRP Update is the second phase of the resources planning activities identified in the Action Plan. The first phase, completed in June 2001, was a review of Metropolitan's ability to supply 2.1 million acre-feet of water through 2010 using current and proposed resources developed under the 1996 IRP.

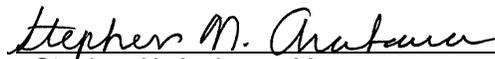
Staff has developed a draft workplan for the IRP Update (**Attachment 1**) for the Board's review and comment. The workplan establishes the objectives, the products and deliverables, and the process for the IRP Update. The objectives are: (1) Identify resource assumption changes since the 1996 IRP; (2) Update the resource development targets by resource category; and (3) Define a framework for adjusting and adapting to change. The products and deliverables of this effort will include: (1) Updates to Metropolitan resource targets through 2020, as warranted by changed conditions; (2) A proposal for 2050 resource targets; and (3) A schedule and process for updating and revising the IRP and other planning and implementation studies. The process defines the role of staff, provides a framework for stakeholder input, and establishes the Board as the source of direction for the IRP Update. The workplan also establishes meetings and milestones for the process, thus providing timely reports to the Board and opportunities for stakeholder input and review. Staff is looking for Board comment on the attached draft workplan and intend to return to the Board for consideration of adoption at the November Board Meeting.

Policy

The 1996 IRP, adopted by the Board, calls for periodic revisits and adjustments to the Long-Term Resources Plan. Also, by Minute Item 44260, dated December 12, 2000, the Board approved the Action Plan. In the Action Plan, staff was directed to conduct an update to the IRP.

Fiscal Impact

None

 Stephen N. Arakawa, Manager Water Resource Management	9/26/2001 Date
 Ronald R. Gastelum Chief Executive Officer	9/27/2001 Date

Attachment 1 – Integrated Resources Plan Update 2001-2002 Draft Workplan



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Integrated Resources Plan Update 2001-2002 Draft Workplan

October 16, 2001

Introduction

In 1996, Metropolitan and the stakeholders in its service area completed work on the Long-Term Resources Plan as part of the Integrated Resources Plan (IRP) Process. The 1996 IRP provided regional water resource development targets designed to meet a 100 percent reliability goal through 2020 in a least-cost manner. The 1996 IRP recognized that long-term resource planning is a dynamic process, and that the resource targets should be revisited periodically. The proposed Workplan identifies the process for conducting the 2001/02 IRP Update. The Workplan summarizes the major deliverables, project organization, and schedule.

1 Objectives

1.1 Identify resource assumption changes since the 1996 IRP

The Long-Term Resources Plan from the 1996 IRP relied on many cost and feasibility assumptions regarding the development of water resources. The major objectives of the 2001/02 IRP Update are to clearly identify and assess: (1) progress made in developing resources under the 1996 IRP and (2) the significant changes to assumptions leading to the resource goals in the 1996 IRP including changes in member agency resource development plans.

1.2 Update resource development targets by resource category, as warranted by changed conditions

Once significant changes in underlying assumptions are assessed (Objective 1.1), adjustments will be made in the Long-Term Resources Plan to address those changes. The updated resource development targets will provide a refined path of development for implementing the portfolio of resources that will meet the regional reliability goal. Costs and avoided costs of resource development may also be used in the development of charges, such as a Water Stewardship Fee and Tier 2 Pricing, in Metropolitan's new rate structure.

1.3 Define framework for adjusting and adapting to change

The 2001/02 IRP Update represents the first major revisit to the Long-Term Resources Plan that was developed in the 1996 IRP. An objective of the IRP Update is to establish a framework in which future changes in underlying assumptions can be assessed, ensuring consistent process for maintaining an efficient Long-Term Resources Plan into the future.

2 Deliverables

The major deliverables and milestones for the IRP Update are summarized below. Monthly reports will be made to the Board, seeking direction on upcoming tasks and comment on and approval of deliverables.

2.1 **Statement of changed conditions since the IRP**

A statement of changed conditions since the 1996 provides the basis for adjustments in the Long-Term Resources Plan. A list and description of these changes will be compiled by Metropolitan staff, and presented to the Board.

Product:	A list and description of significant changes to resource planning assumptions since the 1996 IRP
MWD staff:	Develop and facilitate discussion on changed conditions, compile list and description for Board review
Member agency and Stakeholder:	Provide input on regional and local changes to 1996 IRP assumptions
Board Direction:	Review and comment Approval of product
Completion Date:	<i>TBD</i>

2.2 **Update of resource development targets, by category, for Metropolitan's service area for 2005 through 2020**

Given an understanding of the changes that have occurred since the 1996 IRP, targets for resource development can be developed. Establishing these targets, by category of development (i.e., conservation, water recycling, groundwater, desalination, etc.) through 2020, is a critical part of an effective Long-Term Resources Plan. Specific targets allow for the efficient implementation of the resource targets. Specific targets also allow for a fair evaluation of funding mechanisms needed to ensure timely implementation.

Product:	Resource targets, by category, for 2005 through 2020 (5-year intervals)
MWD staff:	Develop and analyze feasibility and cost of resource options available to the Metropolitan service area Develop and analyze alternative resource mixes
Member agency and stakeholder:	Provide input and research on regional and local resource options
Board Direction:	Provide policy direction Review and comment on alternative resource mixes Approval of product
Completion Date:	<i>TBD</i>

2.3 Proposed resource development goals and needs for consideration through 2050

Metropolitan’s specific planning horizon extends through 2020. The 2020 planning horizon provides more certainty in the feasibility and cost of resource development, on growth in the service area, and on the development of specific implementation plans. However, in developing a Long-Term Resources Plan, it is prudent to consider how resource investments made during the 2020 planning horizon will impact long term opportunities for water supply development. For this reason, broader analysis and resource development needs will be examined out through 2050 with the intent of identifying necessary steps to be taken in the short term to ensure viability of future water supply options.

Product:	Resource development needs through 2050
MWD staff:	Analyze the effectiveness of the 2020 resource mix in meeting projected demands through 2050 Report on resource needs through 2050
Member agency and stakeholder:	Provide input and research on the lifespan of regional and local resource options
Board Direction:	Provide policy direction Review and comment on resource needs through 2050 Approval of product
Completion Date:	<i>TBD</i>

2.4 Schedule for completing implementation plans

Following the completion of the Long-Term Resources Plan, implementation plans will need to be revised or developed. These plans include but are not limited to: (1) System Overview Study, which will identify capital infrastructure necessary to implement the Long-Term Resources Plan, and (2) Resource Incentive Plan, which will describe any regional funding mechanisms for implementing water resources on a local agency level.

Product:	Schedule for developing and/or updating implementation plans described above
MWD staff:	Assess and compile implementation plans
Member agency and stakeholder:	Provide input to the development and/or update of implementation plans
Board Direction:	Provide policy direction Review and comment on implementation plan schedule Approval of product
Completion Date:	<i>TBD</i>

2.5 Schedule and procedure for updating resource development targets within the framework of the 2001-2002 IRP Update

It is recognized that the Long-Term Resources Plan that results from the IRP Update will need to be flexible and dynamic with regard to future changes. An important product of the IRP Update is the establishment of a framework under which future changes can be incorporated into the Long-Term Resources Plan. In addition, Metropolitan will establish a schedule that indicates when changes to the Long-Term Resources Plan will be considered. This will ensure consistent resource planning out into the future.

Product:	Schedule and procedure for updating resource development targets
MWD staff:	Develop schedule and framework/procedure for updating the Long-Term Resources Plan
Member agency and stakeholder:	Provide input to the development of the schedule and framework of future updates
Board Direction:	Provide policy direction Review and comment on schedule and framework of future updates Approval of product
Completion Date:	<i>TBD</i>

3 Process and Guidance Structure

3.1 Board Directed (WPQ&R, EO&RP, and AB&F depending on Issues)

- 3.1.1 Monthly Report to Board: November 2001-July 2002
 - 3.1.1.1 Presentation and Discussion of Timely Issues
 - 3.1.1.2 Staff Report on Process and Stakeholder Input
 - 3.1.1.3 Stakeholders Presentations
 - 3.1.1.4 Staff Provided Options for Issue Resolution
 - 3.1.1.5 Board Direction Based on Options or Redirection
- 3.1.2 Board Direction Settles Issues unless Revisited by the Board

3.2 Management Structure

- 3.2.1 Management Team: CEO, CFO, VPs, Board Executive Officer, Group Managers

3.3 *Stakeholder Input*

3.3.1 Facilitated Process

3.3.1.1 Monthly Meetings: November 2001- June 2002

3.3.1.2 Staff Reports Board Directions on Prior Issues

3.3.1.3 Presentation and Discussion of Timely Issues

3.3.1.4 Open Forum for Stakeholder Input for Board Consideration

3.3.1.5 Attempt to Reach Consensus on Options for Board Consideration

3.4 *Six Step Process Under Board Direction*

3.4.1 Statement of Goals and Preliminary Analysis

3.4.2 Stakeholder Input

3.4.3 Refined Analysis and Findings

3.4.4 Comment and Stakeholder Input

3.4.5 Final Staff Recommendation & Board Consideration

3.4.6 Implementation, Appraisal, and Ongoing Refinement

4 Timing

4.1.1 IRP Update with deliverables described above completed by July 2002