

• Water Resource Management Group Manager's Update

Summary

Following is a summary of Water Resource Management Group key activities for the month of August 2004.

Detailed Report

Resource Implementation

High Efficiency Clothes Washers - Metropolitan's High Efficiency Clothes Washer Program (HECW) program is experiencing record levels of rebate activity with the use of Proposition 13 grant funds in retrofitting conventional washers in Metropolitan's service area. More than 15,000 HECWs have been installed in the first six months of the current grant program. Through July, installations have consumed 50 percent of Metropolitan's \$2.5 million state grant. To manage the remaining grant funds, staff issued an addendum to the master conservation agreement that allocates the remaining funds through June 30, 2005.

When grant funds are exhausted, the grant-based \$110/unit incentive is scheduled to return to the board approved incentive rate, currently \$35 per unit. Staff is working with the member agencies to explore new outside funding sources, and possible new water efficiency standards that could change Metropolitan's future incentive rate.

Industrial Process Improvement Program - Metropolitan created and distributed applications for the upgraded Industrial Process Improvement Program, which provides financial incentives for installation of water efficiency improvements in the industrial sector. Staff met with County Sanitation Districts of Orange County representatives to assist in program marketing and distribution of applications to prospective participants. Program improvements include a simplified payment structure, which balances reduced administration and verification of water savings. Funding would be made to projects upon installation of new process equipment with a final payment after a one-year monitoring period to verify actual performance.

State Water Project Task Force - On August 20, 2004, the Member Agency State Water Project Cost Task Force met with California Department of Water Resources Director Lester Snow and Deputy Director Tom Glover to discuss several project cost drivers including:

- Governor's California Performance Review
- East Branch Enlargement
- Project Operations and Maintenance
- Power/Facility Reliability
- CALFED User Fees
- Hyatt-Thermalito Cost Allocations
- Water Quality

The Director shared his perspectives on these and a number of state-wide water supply issues including the California Performance Review and CALFED. He compared the magnitude of State Water Project operations to a Fortune 500 company and noted that needed changes should be thoroughly thought out and carefully implemented. In general, discussions were informative and will be useful at the Task Force's September 17 meeting where follow-up actions will be discussed.

Resource Planning and Development

System Overview Study - Staff continues to refine the drivers and assumptions, such as the peaking factors and the sales forecast, that serve as the foundation for the System Overview Study. Staff is conducting a detailed, statistical assessment of peaking factors for each area. The goal of this assessment is to increase the confidence in the peaking factor assumptions, given the many recent changes in system operations. In addition, the 2004 sales forecast will include data from the 2000 Census and Southern California Association of Government's newly adopted 2004 Regional Transportation Plan, which will allow staff to further refine facility requirements for the delivery system