

• Water Resource Management August 2005 Activity Report

Summary

The following is a summary of Water Resource Management Group key activities for the month of August 2005.

Detailed Report

Planning

System Overview Study - A report on the preliminary findings of the System Overview Study Update was presented to the Board on August 15 and to the Member Agency Managers on August 19. Staff started with a discussion of current planning practices and policies, inputs into the report, such as demographics, and a sensitivity analysis using different levels of local resource development. Staff then presented the findings using Metropolitan's current planning policies and practices, including estimated impacts on the CIP and rates. The report also included examples of how rates and the Capital Investment Plan could change, if the current planning policies and practices are revised.

Colorado

Palo Verde Irrigation District Fallowing Program – Consistent with the business plan, the program is being implemented through the processing of interim and long-term land fallowing agreements. Combined, these agreements are expected to provide Metropolitan over 85,000 acre-feet in calendar year 2005. Processing of long-term landowner agreements continues with 87 percent of enrolled acres having entered or closed escrow. The remainder of the long-term agreements are expected to enter into escrow in the near future. Under the long-term agreements, Metropolitan made a call for the fallowing of 12,000 acres per year for the two contract years extending from August 1, 2006 through July 31, 2008. We anticipate this will result in 55,000 acre-feet of saved water per contract year being made available to Metropolitan.

State Water Project

State Water Project Energy Coordination - On August 17, 2005, the newly formed California Department of Water Resources Director's Advisory Committee agreed to coordinate with the State Water Contractors on its proposed agenda for procuring cost-efficient energy to meet the pumping needs of the SWP. Because energy acquisition presents the greatest element of financial variability to the SWP contractors, this effort, principally led by Metropolitan, is an important step in maximizing the return on Metropolitan's SWP investments.

Through this process DWR will coordinate technical and policy decision making with SWCs in three key areas of focus:

- *Long-term comprehensive strategic planning*—DWR to create a new business unit to focus on developing and implementing a 5 to 30 year integrated resources strategic energy plan;
- *Near-term implementation and reporting*—coordinate upcoming consultant studies on financial risk, transmission acquisition, and business structure. Develop routine metrics and reports that summarize complex energy issues into understandable indicators of energy management status and needed actions ; and
- *Staffing and consulting resources*—Improve DWR's ability to hire and retain staff or consultant services with the skills needed to succeed in today's highly competitive energy markets. DWR to hire a new high-level energy manager to administer the \$300 million annual energy budget.

Conservation

Conservation Incentive Review - In August, Metropolitan staff met with the member agencies to review the conservation incentive. At this meeting three options for managing Metropolitan's conservation incentive were discussed and refined. The three options include: (1) Status Quo, keeping the incentive unchanged at \$154 per

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acre-foot of conserved water; (2) Tier Two Rate, increasing the incentive to \$169 per acre-foot in line with Metropolitan's Tier Two Water Rate; and (3) Avoided Cost, increasing the incentive to approximately \$195 per acre-foot in line with a 2005 avoided cost study. A presentation of these options was made at the August Water Planning, Quality, and Resource Committee meeting. By mid-September, Metropolitan and member agency staff will meet once more to finalize options for Board consideration.

Regional Resources

Innovative Supply Program - In May 2004, Metropolitan selected 10 projects for grant funding under the Innovative Supply Program to stimulate and advance new methods of developing water supply for Southern California (see Table 1). The competitive program provides a systematic approach to objectively considering proposals from organizations and individuals on new supply ideas rather than on a case-by case unstructured basis. Metropolitan received 17 proposals including harvesting storm runoff, on-site water recycling, desalination and brine disposal. Funding requests totaled about \$1.2 million, nearly five times the program budget of \$250,000.

Seven projects completed investigations and submitted final reports documenting findings. The remaining projects require more time to complete. Staff will report findings to the Board upon completion of the remaining projects later this fiscal year, and a workshop will be held with member agencies to review and consider the results.

Seawater Desalination - Metropolitan executed a 25-year agreement with Long Beach Water Department to provide financial incentives up to \$250 per acre-foot for the production of 10,000 acre-feet per year of desalinated seawater. Metropolitan's annual contribution would be about \$2.5 million per year starting in 2012, when the project is expected to commence operations. Similar agreements are being executed by Los Angeles Department of Water and Power and West Basin Municipal Water District. Staff is working with Municipal Water District of Orange County and San Diego County Water Authority to finalize agreements for their respective projects.

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Table 1
Innovative Supply Program Projects

| Project Title | <i>Project Proponent</i> | <i>Status/Target</i> |
|--|---------------------------------------|----------------------|
| Assessment of Opportunities to Recover Stormwater Runoff for Groundwater Recharge in the Calleguas Creek Watershed | West Cost Environmental & Engineering | Completed |
| Dewevaporation with Liquid Desiccant Enhancement | L'Eau LLC | 12/2005 |
| Evaporation Control in Southern California | Flexible Solutions Inc. | Completed |
| Feasibility Evaluation of On-Site Water Recycling for Three Southern California Golf Courses | Southern California Golf Association | Completed |
| Horno Water Quality Basin Urban Runoff Recovery Project | Santa Margarita Water District | Completed |
| LA Aquifer Aquasystem Trial, SAGES 1 Foot Unit | Egmond Associates Ltd | Completed |
| San Antonio Canyon Surface Water Supplement Supply | Six Basins Water Master | Completed |
| System-Wide Reservoir Reoperation to Augment California's Water Supply | Natural Heritage Institute | Expired |
| Urban Runoff Infiltration under Parkways for Groundwater Recharge | City of Santa Monica | 3/2006 |
| Waterbag Transport and Storage Technology for Brine Disposal | Terry Spragg & Associates | Completed |