

- **Board of Directors**
Water Planning and Stewardship Committee

December 9, 2008 Board Meeting

7-6

Subject

Authorize increase in Metropolitan's existing agreement with CDM Incorporated from \$249,000 to a maximum amount of \$530,000, to provide assistance to Metropolitan in its Integrated Water Resources Plan Update process

Description

A professional services agreement with CDM Incorporated (CDM) to support development of the Integrated Resources Plan (IRP) Update was executed on June 30, 2008, and the consultant was selected through a competitive Request for Proposal process.

The 2009 IRP Update has three objectives:

1. Evaluate supply reliability while incorporating changed conditions and uncertainties.
2. Identify new partnerships and business models for regional supply implementation.
3. Define and communicate the IRP vision to multiple audiences.

CDM was hired to facilitate two sets of two regional stakeholder forums, three member agency IRP workgroup meetings, and one board workshop. For the regional forums, CDM was to facilitate only the main session, while Metropolitan staff would facilitate the breakout groups. CDM's original scope was also to review and comment on Metropolitan's existing IRP simulation model (IRPSIM), to help incorporate uncertainties into the plan. The original scope of work was to cost \$249,000.

Reasons for Proposed Increase in Agreement Budget

A number of important changes occurred in the IRP update project scope that required greater assistance from CDM, including:

1. Regional Stakeholder Forums – Based on the feedback from Metropolitan's IRP Steering Committee, two additional geographically based forums were added. This doubled the total number of forums from four (in the original scope) to eight. Also, since so much of the input from the stakeholders would be received from the breakout group sessions CDM was asked to facilitate these as well to assure objectivity. This increased the number of CDM facilitators by four. In September and October of 2008, the first round of four stakeholder forums was held. Over 550 people participated in these forums indicating a wide interest from the public. A detailed forum summary report was prepared by CDM, reflecting consensus on a number of important themes:
 - a. This IRP update cannot be business as usual – Many stakeholders felt that Metropolitan needed to lead efforts to reexamine how the region moves forward with new strategies to improve water supply reliability.
 - b. New local supplies should emphasize seawater desalination, recycled water for indirect potable use, and stormwater capture and beneficial reuse.
 - c. Conservation should be greatly expanded.
 - d. New development should strive to be “water neutral” and a greater linkage between land use and water needs to be established.

- e. Uncertainties such as climate change, environmental restrictions in the Bay-Delta, population growth and development trends, and emerging water quality issues are critical and need to be evaluated to determine their impacts on the region's water supplies.
 - f. Metropolitan needs to establish partnerships with its member agencies, retail water providers, wastewater and stormwater utilities, and energy utilities in order to maximize implementation of new water supply and conservation strategies.
2. Expanded Technical Assistance – Based on the findings from the stakeholder forums, Metropolitan staff believes that several technical issues would benefit from CDM's and Rand Corporation's experience. These technical issues include:
- a. Better understanding of climate change and its impacts on imported water, local water demands and local water supplies (including groundwater). This would involve selecting appropriate climate models, and developing runoff models to determine what effects climate change would have on surface streamflows.
 - b. A method to understand how water supply options affect carbon emissions, as well as impacts on the wastewater and stormwater systems. Understanding the interrelationships of the entire water cycle will help to identify new strategies and potential partnerships for successful implementation.
 - c. An approach to evaluating water supply and conservation alternatives using a proven technique that focuses on identifying the most important risk factors and uncertainties; and displays results to stakeholders using easy to understand graphics and real time simulations.
3. Expanded Project Management Assistance – A number of other issues relating to IRP workshop meetings and managing the IRP required additional assistance from CDM, including:
- a. Increase the number of member agency IRP workgroup meetings from three (in the original scope) to at least five in order to allow for more technical discussions. The first IRP workgroup meeting was held in October of 2008.
 - b. Develop a project eRoom that can be accessed by invited participants to share technical information and data collected during the IRP Update. This web-based sharing application would be housed by CDM.
 - c. Assistance with IRP Steering Committee meetings.

Expanded Scope

The proposed expanded scope for CDM would do the following:

1. Stakeholder forums – For all eight stakeholder forums, CDM will provide a process plan, guidance in the preparation of presentation materials, and facilitation and documentation of stakeholder input.
2. IRP workgroup meetings – For the member agency workgroup meetings, CDM will coordinate with staff to prepare presentation materials, data collection and analysis, and facilitate at least five meetings.
3. IRPSIM model review – CDM will review Metropolitan's existing IRPSIM model and provide a brief technical memorandum indicating its appropriateness for this IRP Update.
4. Scenario Planning and Risk Assessment – CDM will work with Metropolitan to determine which emerging trends and uncertainties are critical for being modeled and analyzed. CDM will assist in developing planning scenarios that will address these trends and uncertainties over the next 30 years, and accordingly produce an integrated modeling methodology and a set of detailed procedures document that will support Metropolitan staff.
5. Develop impacts of climate change on water supplies – CDM will select the appropriate global climate models, provide downscaled climate change data, and develop a Water Evaluation and Planning Tool runoff model for the Bay-Delta. Other methods will be presented to Metropolitan for

incorporating climate change impacts on local water demands, local supplies (including the Los Angeles Aqueducts), and the Colorado River.

6. Developing a co-benefit model – CDM will develop a co-benefit model that will allow Metropolitan to evaluate supply options and demand-side management in order to achieve the maximum amount of benefits from all possible sources. This model will show impacts on carbon emissions, wastewater, and stormwater, which will be essential when exploring partnerships that go beyond water supply providers.
7. Providing a tool called Computer Assisted Reasoning System (available from Evolving Logic) that can easily be linked to IRPSIM and used as a powerful, interactive method for displaying results and for narrowing down the alternatives that are most critical.
8. Reviewing results of the IRP analysis – CDM will review the IRP analysis and offer possible suggestions for improving the resolution of the analysis or recommend additional scenarios for evaluation.
9. Enhanced electronic communication:
 - a. An e-polling system will be set up by CDM to periodically communicate with stakeholders. Through the e-polling system, stakeholders will receive updates on the IRP process and feedback from the stakeholders may be gathered when needed.
 - b. For the technical workgroups, an e-room will be created and managed by the consultant. All materials discussed and presented at the various technical workgroups will be made available to participants in a centralized Web site. This e-room will also allow participants to exchange and continue discussions between face-to-face meetings.
 - c. Project management – CDM will assist staff with scheduling, progress reporting, budget control, invoicing, and managing the subconsultants.

Background

In 1996, Metropolitan's Board of Directors set the direction and vision for the IRP. Six objectives – Reliability, Affordability, Water Quality, Diversity, Flexibility, and Environmental & Institutional Constraints – were the drivers behind the 1996 IRP. The outcome was a "Preferred Resource Mix" which would ensure Metropolitan and its member agencies meet their full service retail demands without interruption through 2020. The IRP was updated for changed conditions and targets in 2004.

In 2007, Metropolitan initiated the update process to incorporate emerging trends and changed conditions as part of the five-year update cycle.

2009 Update Process

The 2009 IRP Update program will seek input from member agencies, retail water agencies, other water and wastewater managers, environmental, business and community interests. Collectively, Metropolitan and the region-wide stakeholders will analyze available resources and develop a preferred strategy for resource development. The study will be completed through the following components:

Outreach Component

Stakeholder Forums: In the first round, during September and October 2008, Metropolitan's senior management, Board directors, member agency managers, elected officials, and community groups collectively discussed strategic direction and regional water solutions at these forums. During the second round, participants will discuss technical assessments of various resource options, alternate approaches to water supply reliability, recommendations of a preferred approach, and implementation strategies.

Public Forums: In order to have a cooperative and effective outreach effort between Metropolitan, its member agencies, and the interested general public, Metropolitan staff will be available for meetings and presentations with city and local governments, associations, and other parties throughout the region. This open and participatory process will allow for valuable input, guidance and data

exchange in which statewide business, environmental, community, agricultural and water interests are represented.

Technical Component

Technical Oversight Committee and Workgroups: The Technical Oversight Committee is made up of member agency managers and the Workgroup participants are member agency staff and other pertinent agencies, utilities, or organizations. Technical information on resource costs, implementation and sustainability will be gathered through technical workgroups. Through the Technical Oversight Committee, technical assessments will be reviewed to design a preferred approach to confront the new trends and challenges identified. The reliability of the IRP Preferred Resource Mix through 2025 will also be evaluated, and targets will be adjusted and extended through 2035 to reflect changed conditions. Additionally, technical workgroups will discuss implementation strategies including new business models and partnerships.

Board Guidance

IRP Steering Committee: Will provide direction and guidance through the IRP Update process. This committee will also review items and makes recommendation for final action to the full Board of Directors.

Board Workshops: Proposed process is presented and policy direction is discussed.

IRP Process Timeline

- Board Workshops – as needed, June 2008 through June 2009
- IRP Steering Committee Meetings – monthly, July 2008 through 2009
- Stakeholder Forums
 - Four Round 1 Forums – September through October 2008
 - Four Round 2 Forums – Summer 2009
- Technical Oversight Committee Meetings – five to six meetings, September 2008 through April 2009
- Technical Workgroups – as needed, December 2008 through 2009
- Public Forums – as needed, July 2008 through March 2009

Consultant Budget. The additional funds will pay for the added facilitation and preparation for the stakeholder forums, and help create a complete analytical approach and technical model to account for planning uncertainties including future climate change impacts on water supply. The main components of the uncertainty model will be designed, with oversight from staff, by the Rand Corporation, a subcontractor of CDM under this contract.

The table below provides a breakdown of the current changes made to the budget needs. The elements currently specified in this budget are expected to complete the entire IRP Update process. The Board will be kept apprised of the cost and use of CDM as the IRP Update process proceeds.

Consultant Budget with Amendments

Task	Original	Amendment
Stakeholder Forums		
Facilitation	35,000	75,000
Preparation	30,000	30,000
IRP Technical Workgroups		
Facilitation and preparation	50,000	50,000
Board workshops preparation and facilitation	0	20,000
Technical Analysis		
Model enhancements and development	134,000	155,000
Uncertainty modeling	0	200,000
Total	\$249,000	\$530,000

Policy

Metropolitan Water District Administrative Code Section 8123: Authority of the General Manager to Amend Contracts

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

California Environmental Quality Act (CEQA)

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). Also, the proposed action consists of basic data collection and resource evaluation activities, which does not result in a serious or major disturbance to an environmental resource. This may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. Accordingly, the proposed action also qualifies for a Class 6 Categorical Exemptions (Section 15306 of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines. In addition the proposed action qualifies under a Categorical Exemption Class 6 (Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options**Option #1**

Adopt the CEQA determination and authorize a \$281,000 increase to CDM's contract to complete the IRP 2009 Update.

Fiscal Impact: In fiscal year 2008/09, \$250,000 was budgeted for IRP consultant services. As a result of this request, an additional \$280,000 is needed to support the IRP Update process.

Business Analysis: Additional funding would allow Metropolitan to successfully complete the 2009 IRP Update by maintaining the necessary support services to help achieve the IRP Update objectives

Option #2

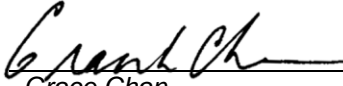

Do not approve additional funds to increase CDM's contract.

Fiscal Impact: \$0

Business Analysis: The IRP Update is an extensive study made up of several outreach and technical components. Assistance from CDM is critical to the success of the IRP update process. Without the additional funding the IRP Update will only be a high-level analysis of Metropolitan's water resources, and significant climate change and co-benefit modeling outcomes will not be incorporated. Additionally, the outreach component may not be completed as planned.

Staff Recommendation

Option #1

 _____ Grace Chan for Stephen N. Arakawa Manager, Water Resource Management	11/24/2008 _____ Date
 _____ Jeffrey Kightlinger General Manager	11/24/2008 _____ Date

BLA #6292