



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

April 14, 2009 Board Meeting

8-7

Subject

Declare water supply condition for 2009; approve implementation level of Water Supply Allocation Plan; and adopt resolution supporting implementation

Description

This letter advances a recommendation on implementation of Metropolitan's Water Supply Allocation Plan (WSAP). The fourth and final California Cooperative Snow Survey of 2009 is now complete, and the major system conditions have become available to narrow the range of final outcomes on the State Water Project (SWP) for 2009. Although the impacts to the precipitation and snowpack from the extremely dry conditions in the month of January have been somewhat overcome by February and March conditions, total precipitation and snowpack remain at below normal levels for the year. The Snow Survey data released on April 2, 2009 by the California Department of Water Resources (DWR) shows that statewide snowpack water content is at 81 percent of April 1 normal. Based on a March 18, 2009 study from DWR and a March 23, 2009 update of potential runoff, staff estimates that, although there is an indication that final SWP Table A allocations will increase from the current allocation of 20 percent of Table A, there is a low probability for final SWP Table A allocations being high enough to fully offset water demands and further storage depletion. As a result, staff's recommendation is for the board to declare a change of Metropolitan's Water Supply Condition from "Condition 2 – Water Supply Alert" to "Condition 3 – Implement Water Supply Allocation", and to implement the WSAP and allocate Metropolitan's available water supplies to the member agencies at a WSAP Regional Shortage Level 2. The WSAP Regional Shortage Level 2 will result in total water sales of approximately 1.98 MAF to the member agencies from July 2009 through June 2010 without being subject to WSAP penalties. A resolution containing findings describing the water supply conditions in California and Metropolitan's service area and supporting the recommendation to implement the WSAP is attached ([Attachment 1](#)).

Background

Beginning in 2007, the Board has been kept apprised of ongoing and future water supply challenges resulting from a combination of drought conditions and regulatory restrictions on the operations of the SWP to protect Delta smelt and other threatened or endangered species in the Delta. This initiated a series of actions by the Board and by staff to address the upcoming challenges:

- May 2007 – Interrupted sales under Metropolitan's Replenishment Program.
- June 2007 – Authorized funds for "It's Time to Get Serious" advertising campaign and outreach effort.
- July 2007 – Initiated the development of the Water Supply Allocation Plan.
- January 2008 – Reduced agricultural water deliveries under the Interim Agricultural Water Program (IAWP) by 30%.
- February 2008 – Approved the Water Supply Allocation Plan.
- April 2008 – Initiated Five-Year Supply Plan Process to identify and develop new water supplies.
- June 2008 - Approved the "Water Supply Condition" system and declared a "Condition 2 – Water Supply Alert".
- August 2008 – Initiated extraordinary conservation efforts including the \$15 Million Public Sector Program for water efficiency.

- August 2008 – Authorized funds for continued water conservation advertising campaign and outreach effort.
- January 2009 – Approved funding for additional extraordinary conservation efforts, including an extension of the Public Sector Program.

In addition, there was regular reporting on developing water supply conditions, program development, and pertinent changes as regulatory guidelines became clearer. In addition to the monthly Water Supply and Drought Management updates on water supply and demand, a series of board letters updating water supply conditions and effects on potential need for implementing the WSAP have been presented to the Board starting in November 2008.

Expected Water Supply Conditions in 2009

The series of board letters have provided updates on the potential for implementing the WSAP in 2009 beginning in November 2008. The summary of conditions and changes follows:

- DWR Studies and Updates on SWP Table A allocations
 - November 2008 Report – A greater than 50 percent SWP allocation for calendar year 2009 under median conditions (0.95 MAF Table A available to Metropolitan), with an initial 2009 State Water Project allocation of 15 percent. This study pre-dated the final Operation Control and Plan (OCAP) Biological Opinion on Delta smelt (Delta smelt BiOp), and used estimates for State Water Project operations under the most restrictive conditions in Federal Judge Oliver Wanger’s interim remedy on pumping restrictions.
 - December 2008 Report – No update available from DWR.
 - January 2009 Report – An updated study, including the new OCAP Delta smelt BiOp that was released on December 19, 2008. This study supported the initial 2009 SWP allocation of 15 percent of Table A and showed a significant negative impact to supplies over the range of potential hydrologic conditions for 2009.
 - February 2009 Report – An updated study, which included below normal precipitation, snowpack, and runoff conditions through January 20, was released on January 21, 2008. The dry conditions and lack of snowpack led to a faster depletion of storage at Lake Oroville, and to significantly lower projections of runoff for the rest of the year. The study no longer supported DWR’s initial SWP allocation of 15 percent of Table A, but the allocation remained at 15 percent. Expectations for water supply at the 50 percent exceedence level were also significantly lower than previous studies at a 35 percent Table A allocation.
 - March 2009 Update – An updated study was released by DWR on February 23, 2009, but it did not include any actual February precipitation conditions. Based on that study, Metropolitan staff estimated that the wet February precipitation should reasonably increase the minimum expectations for SWP allocations to 20 to 25 percent of Table A following the March 1 Cooperative Snow Surveys.
 - Current conditions – As reported in the March 2009 Board Report, DWR increased the SWP Table A allocation to 20 percent based on a March 18 study that included hydrologic conditions as of March 1, and system conditions as of March 18. The same study showed that median runoff conditions could result in final SWP allocations in the 25 to 28 percent range, and that higher runoff conditions could result in final SWP allocations in the 38 to 48 percent range. The latest runoff forecast by DWR, dated March 24, 2009, and incorporating more recent actual runoff conditions, showed a significant increase in runoff projections.

- Storage level thresholds for Metropolitan's total storage, including emergency storage reserves
 - November 2008 Report - Metropolitan's total storage was projected to be 1.73 MAF at the end of 2008, with a targeted end of 2009 threshold of 1.34 MAF. This allowed for the use of 390 TAF of storage within calendar year 2009 while still maintaining minimum storage levels for 2010.
 - December 2008 Report – Metropolitan's total storage was projected to be 1.71 MAF, with a targeted end of 2009 threshold of 1.34 MAF. This decrease of 20 TAF in storage was due to increased demands in October/November. This reduced the use of storage within calendar year 2009 to 370 TAF while maintaining minimum storage levels for 2010. Of this total storage, approximately 670,000 acre-feet is reserved for emergency use.
 - January 2009 Report – Metropolitan's total storage for the end of 2008 was revised to 1.75 MAF due to reconciliations in water supply and storage. The minimum storage level for the end of calendar year 2009 was revised to 1.40 MAF due to reductions in expected supplies for 2010. This reduced the use of storage within calendar year 2009 to 350 TAF while maintaining minimum storage levels for 2010.
 - February 2009 Report – No change in storage levels or end of 2009 thresholds. The use of storage within calendar year 2009 remained at 350 TAF while maintaining minimum storage levels for 2010.
 - March 2009 Update – No change in storage levels or end of 2009 thresholds. The use of storage within calendar year 2009 remained at 350 TAF while maintaining minimum storage levels for 2010.
 - Current Conditions – No change in storage levels or end of 2009 thresholds. The use of storage within calendar year 2009 remains at 350 TAF while maintaining minimum storage levels for 2010.
- Five-Year Supply Plan
 - November 2008 Report - Implementation of 0.453 MAF in equivalent water supply benefits in 2009, of which 0.215 MAF is due to conservation.
 - December 2008 Report – No change in the implementation goals or approach.
 - January 2009 Report – A net increase to 0.492 MAF, mostly due to identification of additional Colorado River Programs.
 - February 2009 Report – A decrease to 0.426 MAF due to unfavorable developments in the State Water Bank.
 - March 2009 Report – No change in the Five-Year Supply Plan.
 - Current Conditions – Five-Year Supply Plan estimates remain at 0.426 MAF for calendar year 2009.
- Colorado River Aqueduct Deliveries in 2009
 - November 2008 Report – A range of 0.9 MAF to 1.0 MAF of net deliveries.
 - December 2008 Report – No change in the estimate of net deliveries.
 - January 2009 Report – No change in the estimate of net deliveries.
 - February 2009 Report – No change in the estimate of net deliveries.
 - March 2009 Report – No change in the estimate of net deliveries.
 - Current Conditions – No change in the estimate of net deliveries.

- Demands on Metropolitan in 2009
 - November 2008 Report – A range of 1.6 MAF to 2.6 MAF (before the conservation efforts included in the Five-Year Supply Reliability Program).
 - December 2008 Report – No change in the estimate of the range of demands for 2009.
 - January 2009 Report – No change in the estimate of the range of demands for 2009.
 - February 2009 Report – An increase of 156 TAF of demand due to estimates of increased firm purchases from groundwater agencies and from the “opt-out” of IAWP demands.
 - March 2009 Update – A decrease of 147 TAF of demand for calendar year 2009 due to wetter conditions in the service area to date and from scheduled system outages.
 - Current Conditions – Demands for calendar year 2009 are estimated at 2.2 MAF including losses and other obligations.

Recommendation on WSAP Implementation

The March 18, 2009 DWR allocation study, combined with the March 24 DWR runoff study update, shows data that supports staff’s estimate for final SWP Table A allocations at 25 percent of Table A or higher. Assuming a calendar year 2009 SWP Table A allocation of 25 percent, a WSAP Level 2 Regional Shortage implementation would reduce estimated water demands (including losses and other obligations) for calendar year 2009 to approximately 2.05 MAF. At these demand levels, the combination of SWP supplies and supplies imported from the Colorado River Aqueduct will be sufficient, allowing for withdrawal of storage resources within a 350 TAF threshold that maintains minimum storage reserves for 2010.

Under a WSAP Level 2 Regional Shortage, approximately 1.98 MAF of supplies will be allocated for sales without assessment of WSAP penalties in fiscal year 2009/10. This figure includes water sold under the Interim Agricultural Water Program and water exchanged to the San Diego County Water Authority.

Impacts to the member agencies and their retail consumers will vary based on each agency’s levels of locally supplied water, and on their realized demands for water. The WSAP plan anticipated that retail level impacts would vary, and was designed to address and minimize the disparity of retail-level impacts across the service area while taking into account the needs and impacts on the retail consumers.

Final allocations to the member agencies under the WSAP will depend on actual local supply conditions through the allocation period. Estimates of allocations under a WSAP Level 2 have been distributed to the member agency managers and staff. Metropolitan staff will provide a written report containing member agency allocations to the Board at the May 2009 Board Meeting, and provide regular reports to the Board on any changes and appeals throughout the allocation year.

Policy

By Minute Item 47393, dated February 12, 2008, the Board adopted the Water Supply Allocation Plan.

By Minute Item 47526, dated June 10, 2008, the Board adopted the Water Supply Alert Resolution.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The project previously was determined to be categorically and statutorily exempt under the provisions of CEQA and State CEQA Guidelines. Specifically, the WSAP was found to be exempt under 15301 (Class 1), 15307 (Class 7), 15308 (Class 8) and 15378(b)(4) of the State CEQA Guidelines. In addition, the WSAP was found to be exempt pursuant to Water Code Section 10652, to the extent this plan serves as the basis for the urban water shortage contingency analysis required under Water Code Section 10631 and is incorporated into Metropolitan’s RUWMP. These determinations were made on February 12, 2008 and a Notice of Exemption (NOE) was filed shortly thereafter. With the current board action, there is no substantial change proposed to the project. Hence,

the previous environmental documentation prepared in conjunction with the project fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act with regard to the proposed action.

The CEQA determination is: Determine that the proposed action has been addressed previously in the original NOE and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and:

- a. Adopt the resolution supporting implementation of the Water Supply Allocation Plan shown as [Attachment 1](#);
- b. Declare a water supply “Condition 3 – Water Supply Allocation”; and
- c. Implement the Water Supply Allocation Plan at a “Regional Shortage Level 2” effective July 1, 2009 through June 30, 2010.

Fiscal Impact: None directly related to the declaration of a water supply condition or to the implementation of the WSAP.

Business Analysis: Implementing the WSAP at the recommended level would meet the Board policy of addressing retail level impacts across the service area, and result in deliveries in supplies and management of Metropolitan storage resources that would decrease the risk of higher supply allocations in the future.

Option #2

Decline to:

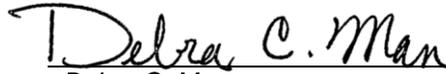
- a. Adopt the resolution supporting implementation of the Water Supply Allocation Plan shown as [Attachment 1](#);
- b. Declare a water supply “Condition 3 – Water Supply Allocation”; and
- c. Implement the Water Supply Allocation Plan at a “Regional Shortage Level 2” effective July 1, 2009 through June 30, 2010.

Fiscal Impact: None directly related to the declaration of a water supply condition or to the implementation of the WSAP.

Business Analysis: Not implementing the WSAP at the recommended level would result in an over-withdrawal of Metropolitan storage resources and increase the risk of higher supply allocations and more severe shortage impacts in the future.

Staff Recommendation

Option #1



Debra C. Man
Assistant General Manager/Chief Operating Officer

4/3/2009

Date



Jeffrey Knightlinger
General Manager

4/3/2009

Date

Attachment 1 – Resolution of the Board of Directors of The Metropolitan Water District of Southern California Implementing its Water Supply Allocation Plan for 2009 and Establishing the Regional Shortage Level

BLA #6400

RESOLUTION _____

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
IMPLEMENTING ITS WATER SUPPLY ALLOCATION
PLAN FOR 2009 AND ESTABLISHING THE
REGIONAL SHORTAGE LEVEL**

WHEREAS, the State of California is now in its third consecutive year of drought, with the annual rainfall and the water content in the Sierra snowpack being significantly below the amounts needed to fill California's storage reservoir system or support delivery of supplies requested by Metropolitan and other export contractors; and

WHEREAS, the dry year storage available to Metropolitan has been reduced by approximately 50 percent since January 2007; and

WHEREAS, the Sacramento and San Joaquin River systems, which provide much of the state's reservoir inflow, were classified as Critically Dry for the 2008 water year; and

WHEREAS, rainfall levels locally, as indicated by the measurement at the Los Angeles civic center, for the 2008-2009 water year are 66 percent of average as of the April 1, 2009 measurement; and

WHEREAS, the final California Cooperative Snow Survey for the 2009 winter season indicates that snow pack water content is 81 percent of normal; and

WHEREAS, storage in the state's reservoir system is at below normal levels, with Lake Oroville at 56 percent of capacity; and

WHEREAS, biological opinions issued to protect Delta smelt, Central Valley salmon, longfin smelt and other species have further reduced water supplies available for delivery from the State Water Project; and

WHEREAS, Governor Schwarzenegger issued a water emergency proclamation on June 12, 2008 and a second proclamation on February 27, 2009, both ordering his administration to begin taking action to address the water shortage; and

WHEREAS, the drought conditions and water delivery limitations identified in the Governor's Executive Orders and Emergency Proclamations still exist, creating shortage conditions not only in Metropolitan's service area but throughout the State of California, as the adverse environmental, economic, and social impacts of the drought threaten widespread harm to people, businesses, property, communities, wildlife and recreation; and

WHEREAS, despite the recent rain and snow, the Department of Water Resources' current allocation of State Water Project water available to Metropolitan and the other state water contractors is only 20 percent of contracted supply as of this resolution; and

WHEREAS, on February 12, 2008, Metropolitan's Board of Directors adopted its Water Supply Allocation Plan under which the Board may determine in April of any year that a regional shortage exists, establish a regional shortage level and implement allocation penalty rates for water use in excess of a member agency's annual allocation under the Water Supply Allocation Plan;

NOW, THEREFORE, the Board of Directors of Metropolitan does hereby resolve, determine and order as follows:

Section 1. Metropolitan's Board of Directors declare that there currently is a regional water shortage in Metropolitan's service area.

Section 2. The Water Supply Allocation Plan shall be implemented, effective July 1, 2009.

Section 3. The Regional Shortage Level shall be set at Level 2, ~~under which an approximate total of 1.98 million acre-feet of supplies will be sold without assessment of WSAP penalties in fiscal year 2009/10.~~

Section 4. The General Manager is hereby authorized and directed to take all necessary action to implement the Water Supply Allocation Plan, consistent with its terms.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on April 14, 2009.

Board Executive Secretary
The Metropolitan Water District
of Southern California