

Strategic Policy Review

Board Workshop
August 25, 2009

Background

The Laguna Declaration - 1952

“The District is prepared, with its existing governmental powers and its present and projected distribution facilities, to provide its service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. When and as additional water resources are required to meet increasing needs for domestic, industrial and municipal water, the District will be prepared to deliver such supplies.”

Mission Statement - 1992

“The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high quality water to meet present and future needs in an environmentally and economically responsible way.”

IRP Reliability Goal - 1996

“Through the implementation of the Integrated Resources Plan, Metropolitan and its member agencies will have the full capability to meet full-service demands at the retail level under all foreseeable hydrologic conditions through 2020.”

Discussion of New Policies

Why Look at New Policies?

- Restrictions in State Water Project supply
- Need to expedite new supplies such as seawater desalination and indirect potable reuse
- Need for greater water use efficiency
- Potential water supply reductions due to climate change and other uncertainties
- Feedback from IRP Public Forums: MWD should take a leadership role

Example IRP Policy Questions

- Appropriate level of reliability for MWD?
- MWD's role in providing new regional supplies?
- Member agency role and responsibilities?
- Should MWD offer different levels of reliability?
- Equitable benefits from LRP investments?
- What constitutes "affordability"?
- What is the willingness to pay for new supplies?

Strategic Policy Impacts



Potential Policy Approaches

- Current Approach
 - Interdependency between MWD and Member Agency responsibilities
- Imported Focus Approach
 - MWD develops imported supplies and maintains its water management assets
 - Member Agency develops local supplies
- Expanded Regional Approach
 - MWD imports and develops new supplies
- Hybrid/Combination

Current Approach

- MWD responsible for imported water reliability programs and projects
- Member Agencies responsible for local water supply projects
- MWD provides financial incentives for local resources development and conservation
- MWD and Member Agencies work together on in-basin groundwater conjunctive use projects

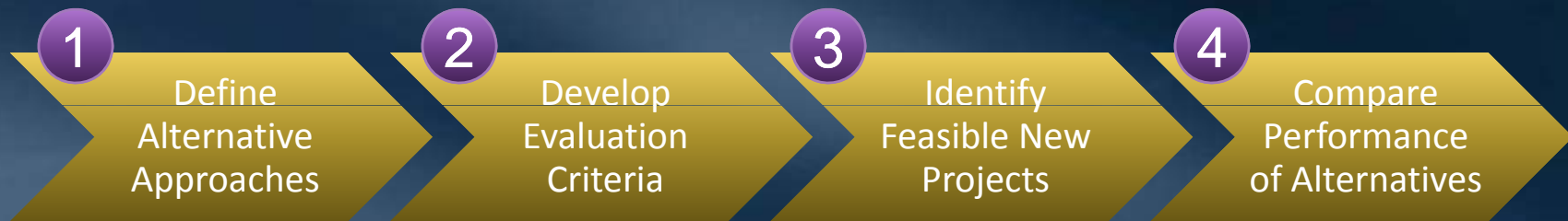
Imported Focus Approach

- MWD focuses on Bay-Delta Solution and Development of Colorado River Aqueduct Supplies
- MWD maintains its existing water management assets (storage, water transfers/banking and conjunctive use)
- MWD financial incentives for local resources and conservation are eliminated for new projects
- Member Agencies solely responsible for new local supply development

Expanded Regional Approach

- MWD responsible for imported water reliability programs and projects
- Member Agencies responsible for new local water supply projects
- MWD eliminates financial incentives for new local resources and conservation
- MWD develops projects for regional reliability, e.g. seawater desalination and indirect potable recycled water

Evaluation of Policy Approaches



EXAMPLES:
Seawater desalination
Indirect potable reuse
Conservation bank
Expanded water transfers

Example Evaluation Criteria

- Water supply reliability
 - MWD
 - Retail Level
- Cost
 - Regional
 - MWD water rates and charges
 - Consumer
- Water supply yield and timing
- Quality of delivered water

Proposed Workshop Schedule

Workshop #1 (Aug 25)

- **Content**
 - Process and schedule
 - Guiding principles and evaluation criteria
 - Alternative for new regional supplies
- **Outcome**
 - Input on evaluation criteria
 - Input on alternatives

Workshop #2 (Fall 2009)

- **Content**
 - Review evaluation criteria and alternatives
 - Technical evaluations of project supply yields, cost, implementation issues, and water quality for water supply options
- **Outcome**
 - Understanding of technical assumptions and data
 - Identification of needed revisions

Workshop #3 (Spring 2010)

- **Content**
 - Evaluation of alternative approaches
 - Sensitivity to uncertainties
- **Outcome**
 - Understanding of evaluation assumptions
 - Concurrence on validity of initial findings
 - Identification of additional analysis