

Authorize entering into a SDP Agreement with San Diego County Water Authority and its Local Retail Agencies for the Carlsbad Seawater Desalination Project

Water Planning and Stewardship Committee

November 9, 2009

Item 8-3

October Committee Recap

- Water Planning and Stewardship
 - IRP update and Metropolitan role
 - Discuss at the Special Committee on Desalination and Recycling
- Special Committee on Desalination and Recycling
 - Policy and administrative guidelines
 - IRP update
 - LRP and Water Stewardship Rate
 - Agreement provisions to protect Metropolitan

Background

- 2001 - Seawater desalination policy principles and administrative guidelines adopted
- 2002 - Five proposals to competitive RFP
- 2004 - IRP Update
 - 150,000 AFY seawater desalination goal
- 2005 - Board authorized entering into incentive agreement with five agencies
 - Basic contact terms
 - Return to Board when project description and CEQA completed

2001 Policy Principles

- Consider full-scale development on incremental basis to develop expertise
- Develop financial plans that combine funding
- Partnership with public/private entities
- Pursue critical activities (e.g. land acquisition)
- Leader in legislative strategies
 - Funding (grants and loans)
 - Financing, permitting, construction, operation
 - Public education

2001 SDP Administrative Guidelines

- Assist projects to improve supply reliability and defer Metropolitan capital expenditures
- Up to \$250/AF, up to 25 year term
- Timely production to meet regional need
- Establish seawater desalination target in IRP
- Funding criteria
 - Member agency support
 - Performance provisions
 - Complete CEQA
 - Board approval

2005 Project Proposals

	<u>AFY</u>
Los Angeles	28,000
Long Beach	10,000
MWDOC	28,000
SDCWA	56,000
WBMWD	<u>20,000</u>
Total	142,000

2005 Project Proposals

	<u>AFY</u>	
Los Angeles	28,000	
Long Beach	10,000	(signed 9/05)
MWDOC	28,000	(signed 3/06)
SDCWA	56,000	
WBMWD	<u>20,000</u>	(signed 3/06)
Total	142,000	

Board Options

Option 1:

- Adopt the CEQA determination
- Authorize General Manager to enter into an SDP agreement with the Water Authority and its retail agencies for 56,000 AFY under terms included in this letter
- Fiscal Impact
 - Up to \$14 million per year
 - Up to \$350 million over 25 years

Board Options

Option 2:

- Adopt the CEQA determination
- Authorize General Manager to enter into an SDP agreement with the Water Authority and its retail agencies for 56,000 AFY under terms included in this letter, contingent upon continuation of the Local Resources Program incentives and Water Stewardship Rate
- Fiscal Impact
 - Up to \$14 million per year
 - Up to \$350 million over 25 years

Board Options

Option 3:

- Defer action to execute an SDP agreement for the proposed project pending board adoption of the Integrated Resources Plan Update
- Fiscal Impact – None

Staff Recommendation

Option #2

