



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

4/13/2010 Board Meeting

8-6

Subject

Declare Water Supply Condition for 2010; approve implementation level of Water Supply Allocation Plan; and adopt resolution supporting implementation

Description

This letter advances a recommendation on: (1) declaring a regional Water Supply Condition, (2) setting an implementation level for Metropolitan's Water Supply Allocation Plan (WSAP) to be effective July 1, 2010, through June 30, 2011, and (3) adopting a board resolution implementing the WSAP level.

Background

In February 2008, the Board approved Metropolitan's WSAP, which set a formula for allocating supplies to the member agencies in times of shortage. The WSAP calls for the Board to consider setting a WSAP Level in April of a given year, with implementation effective the following July through June.

At the April 2009 Board meeting, the Board declared a regional "Water Supply Condition 3-Water Supply Allocation" and set a WSAP Level 2. This action resulted in mandatory conservation efforts in Metropolitan's service area for the first time since the early 1990s. As a result, retail water agencies and cities have implemented ordinances and regulations aimed at curtailing water use. The WSAP Level 2 set in April 2009 is effective from July 1, 2009, through June 30, 2010.

Metropolitan staff has regularly reported to the Board since January 2010 on developing water supply conditions, supply program development, and other pertinent changes affecting the balance of supplies and demands. The ongoing and anticipated water supply challenges resulting from a combination of drought conditions and regulatory restrictions have been described in the monthly Water Supply and Drought Management (WSDM) reports and additional board letters on the potential need for implementing the WSAP.

Summary of Key Considerations for Water Supply Allocation Plan Level

The recommendation on the 2010/11 Water Supply Allocation Plan level is based on supply and demand information as of March 26, 2010. Demands on Metropolitan for calendar year 2010 are projected to be 2.247 MAF, assuming the continuation of the current WSAP Level 2 from January 1, 2010, through June 30, 2010, followed by no allocation from July 1, 2010, through December 31, 2010. Colorado River Aqueduct (CRA) supplies are projected at 1.033 MAF in 2010, without storage withdrawals. Total available supplies on the CRA are 1.151 MAF, including about 0.118 MAF in storage withdrawals. In addition to supplies on the CRA, in-region storage facilities and accounts could produce approximately 0.299 MAF to help meet demands.

The major consideration in setting the WSAP Level for 2010/11 is the amount of State Water Project (SWP) Table A allocation that Metropolitan will receive in 2010. This amount is primarily driven by hydrologic conditions, and is also greatly affected by the pumping restrictions imposed to protect Delta smelt and Chinook salmon under their respective Biological Opinions. Northern Sierra precipitation is at 97 percent of average, slightly higher than last year at this time, and snowpack measurements are near average to date. Despite these

conditions, the most recently released forecasts from the California Department of Water Resources (DWR) on March 22, 2010, project runoff under 70 percent of average for the water year. The current SWP Table A allocation stands at 15 percent. A 15 percent SWP allocation combined with projected transfer purchases would result in 0.438 MAF of non-storage supplies on the SWP. Additional storage withdrawals of 0.430 MAF could be available, leading to total deliveries of 0.868 MAF through the SWP, under a 15 percent allocation. However, the same set of DWR studies show that, under median hydrologic and runoff conditions, final SWP Table A allocations should be in the 36 to 39 percent range.

It is clear that, if SWP Table A allocations stay at the current 15 percent, a significant amount of storage will be depleted even under a continuation of the current WSAP Level 2. However, there are additional considerations and uncertainties that will likely reduce the risk of storage depletion.

The first consideration is the significant uncertainty with regard to the final SWP Table A allocation. Although the current SWP Table A allocation is low, hydrologic conditions indicate that increased allocations are very likely. Each additional 10 percent of SWP Table A allocation reduces the need for storage use by about 200 TAF. Table 1 shows the impact of increased SWP Table A allocation on storage withdrawals given a continuation of a WSAP Level 2 allocation.

Table 1:

	15% SWP	25% SWP	35% SWP	45% SWP
SWP Supply (Non-Storage)	438,000	649,000	859,000	1,069,000
CRA Supply (Non-Storage)	1,033,000	1,033,000	1,033,000	1,033,000
Total Supply (Non-Storage)	1,471,000	1,682,000	1,892,000	2,102,000
Member Agency Demands*	1,995,000	1,995,000	1,995,000	1,995,000
Obligations	46,000	66,000	85,000	104,000
System Losses	57,000	57,000	57,000	57,000
CY 2010 Demand Estimate	2,098,000	2,118,000	2,137,000	2,156,000
Total Storage Need	627,000	436,000	245,000	54,000

*Reflects a WSAP Level 2 Allocation

The second consideration is the distinct possibility that California agricultural water use on the Colorado River will be low for the second year in a row. Unused agricultural apportionments are passed through to Metropolitan under the priority system, and the availability of that supply to Metropolitan would reduce the amount of storage being used to augment Colorado River Aqueduct supplies. As a point of reference, Metropolitan received a net increase in supply of approximately 160 TAF of unused agricultural apportionment last year. To date, water use by the higher-priority agricultural agencies has continued to be at low levels and is approximately 115 TAF lower than their 2010 water orders.

The third consideration is the impact of hydrology on local supplies, particularly from the Los Angeles Aqueduct and from surface supplies in San Diego. Based on hydrologic conditions in the Eastern Sierra watershed and in San Diego, local supplies from these sources could be about 100 TAF more than last year, reducing the estimated demand on Metropolitan. A reduced demand reduces the need for storage withdrawals.

Recommendation on WSAP Implementation

Staff estimates that the final SWP Table A allocation will likely increase from the current allocation of 15 percent, but there is significant uncertainty as to whether the final SWP Table A allocation will be high enough to meet water demands and avoid further depletion of Metropolitan's storage reserves without implementing the WSAP. If a WSAP Level is not set for July 2010 through June 2011 and the SWP Table A allocation does not significantly increase, water demands could require that Metropolitan deplete most of its available dry-year storage reserves, leaving little of its dry-year reserves for the future. Taking all of the considerations on the SWP, CRA, and local supplies discussed above, staff recommends that the Board maintain Metropolitan's Water Supply Condition at "Condition 3 - Implement Water Supply Allocation", and continue the implementation of the WSAP

at Level 2. A Level 2 allocation will reduce estimated water demands and reduce the need for storage withdrawals, thereby maintaining storage for future use.

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](#)).

The considerable uncertainty in the supply and demand conditions also points to the prudent step of providing an update to the Board in May on any significant changes in conditions and related impacts to the WSAP recommendation. Originally, the Board set an April WSAP implementation date in order to allow member agencies time to prepare and notify their constituents of the upcoming allocation. Since the recommended action for setting a WSAP Level 2 would maintain the current level from FY 2009/10, revisiting the WSAP recommendation for FY 2010/11 in May would have little impact on the member agencies' ability to implement appropriate measures. Revisiting conditions and actions in May would allow Metropolitan to continue to monitor and analyze any potential changes in WSAP levels due to hydrologic or other updates. The WSAP was designed to minimize the disparity of retail-level impacts across the service area and, while impacts to the member agencies and their retail consumers will vary, Metropolitan should make every effort to take into account the best available demand and supply data.

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 Sections 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. Maintain a water supply “Condition 3 – Water Supply Allocation”;
- c. Implement the Water Supply Allocation Plan at a Level 2 effective July 1, 2010, through June 30, 2011; and
- d. Direct staff to return to the Board in May to update the Board on water supply conditions and recommend changes to WSAP Level if appropriate.

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

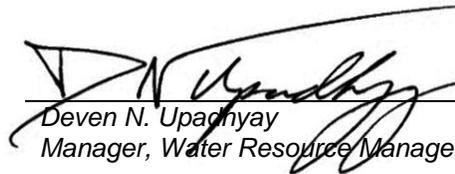
Direct staff to return to the Board in May to revisit WSAP implementation.

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


 _____ 3/30/2010
 Deven N. Upadhyay Date
 Manager, Water Resource Management


 _____ 3/30/2010
 Jeffrey Kightlinger Date
 General Manager

Attachment 1 – Resolution Implementing Water Supply Allocation Plan for FY 2010 and Establishing the Level

RESOLUTION _____

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
IMPLEMENTING ITS WATER SUPPLY ALLOCATION
PLAN FOR 2010 AND ESTABLISHING THE
REGIONAL SHORTAGE LEVEL**

WHEREAS, the official projections for the State of California show below normal runoff for the fourth consecutive year, with the runoff from the Sierra snowpack being 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 60 percent since January 2007; and

WHEREAS, storage in the state’s reservoir system is at below normal levels, with Lake Oroville at 44 percent of capacity; and

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

WHEREAS, the Department of Water Resources’ current allocation of State Water Project water available to Metropolitan and the other state water contractors is only 15 percent of contracted supply as of the date of this resolution; and

WHEREAS, in February 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 the regional water shortage in Metropolitan’s service area continues.

Section 2. The Water Supply Allocation Plan shall be implemented, effective July 1, 2010.

Section 3. The Water Supply Allocation Plan shall be set at Level 2.

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 13, 2010.

Board Executive Secretary
The Metropolitan Water District
of Southern California