

Opportunity for Equity Partnerships

*Special Committee on Desalination and
Recycling*

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Item 3c

Potential Regional Benefits

- In-Region Supply
- Diversifies Resource Mix
- Provides Increased Reliability
- Less Affected by Weather or Climate
- Develops MWD Expertise

Important Considerations

- System integration
- Business relationship
- Downstream user acceptance
- Financial terms
- Water supply allocation plan

System Integration

- Operations

- MWD system entry point
- Backup power for plant and pumps
- Minimum day demand
- Regulatory storage
- Corrosion

- Water quality

Business Relationship

- Many potential arrangements
 - Multiple Owners
 - Equity share
 - Joint Powers Authority
 - Single-owner w/multiple water sale contracts
- Lead agency responsibility
 - Environmental documentation
 - Permitting
 - Mitigation

Downstream User Acceptance

- Aesthetic Profile of New Supply
- Demand for local supply has an upper limit
 - Multiple projects may be proposed to meet this demand

Financial Aspects

- Equity Share – What level of participation?
- MWD's Bonding Capacity
- Effect on MWD's Water Rates
 - Rate elements
 - Opt-out concept
- Opportunity costs vs. other projects

Water Supply Allocation Plan

- Current Plan Interpretation
 - Member Agency portion treated as local supply i.e. it reduces their allocation from MWD
 - MWD portion would be considered regional supply

Water Supply Allocation Plan

- Alternative business relationship may lead to a different approach to the allocation plan
 - Ex. – If a JPA builds the facility, then the shares of supply need to be reflected in the allocation plan
 - Ex. – If MWD builds a portion, but some agencies opt-out, then the allocation plan may need to be adjusted