



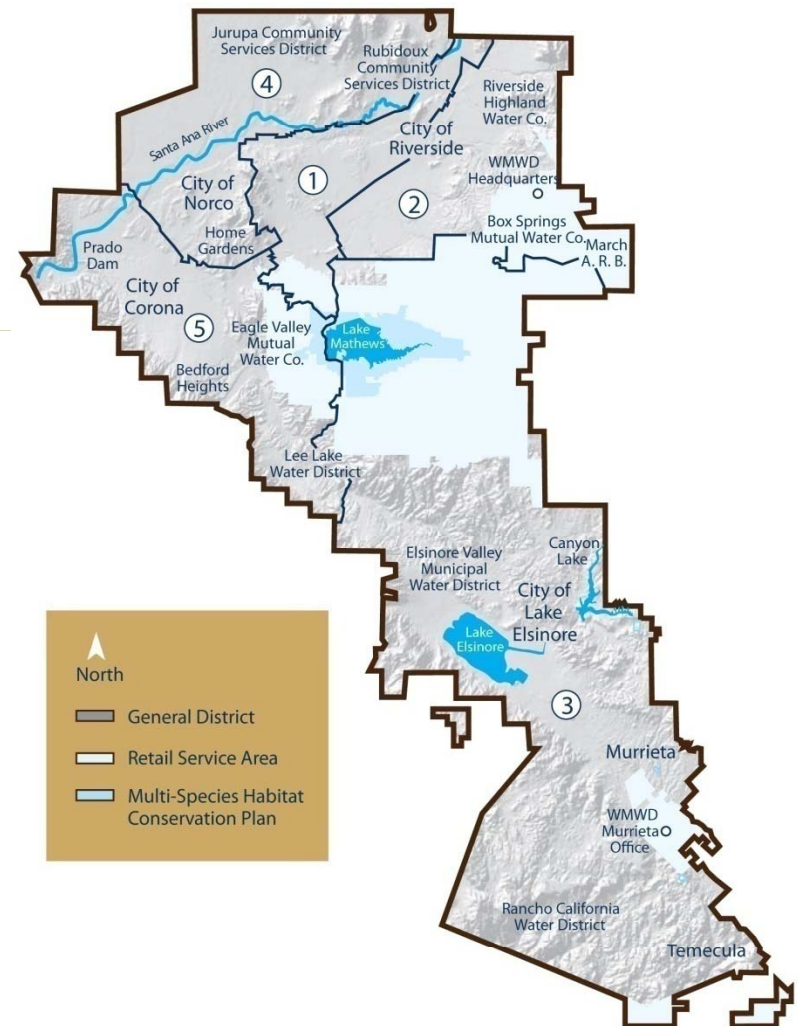
IRP Steering Committee

John Rossi
General Manager
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WESTERN'S SERVICE AREA



- **527-square miles of western Riverside County**
- **Population of 850,000+ ...1.5 million by 2030**
- **8 wholesale agencies**
- **24,000+ retail customers**
- **125,000 acre-feet of water annually**
- **GW Desalter – 20 years ago**
- **Demonstration WUE Garden – 25 years ago**
- **Watermaster – 2 GW Basins with over 300 KAF / Year**

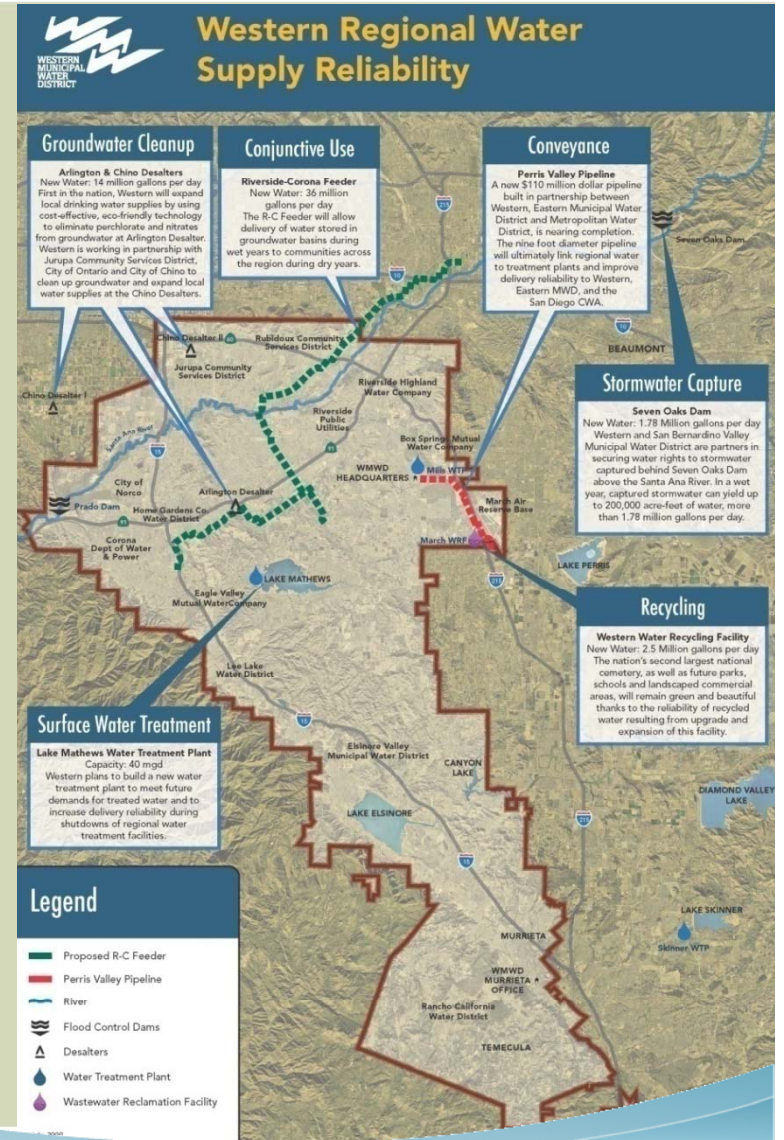


WATER SUPPLY ENHANCEMENT PROJECTS



Diversify Portfolio

- Santa Ana River Water Rights Permit
 - Water Recycling
- Groundwater Desalting Collaboration
 - Water Use Efficiency
 - Groundwater Storage



TWO VIEWPOINTS



1. 1952 Laguna Declaration Works!

Endorsing enhanced Metropolitan role/flexibility is needed to encourage greater local project development and influence in Sacramento and Washington DC

2. Opt in/Opt out seriously undercuts the regional approach to water reliability...



This District and physical water system was built upon this regional approach. Hard enough to get consensus on one agency wide approach. Multiple approaches or options would greatly weaken this critical institution.

OPT IN/OPT OUT HAS SERIOUS SHORTCOMINGS



- Pooling political power allows MWD to represent So Cal powerfully at state and federal levels
- Will agencies opting out of resources development accept the risks of future shortages or instead rely on the other agencies in those shortages?
- The proposed model and current model are different and difficult to reconcile – could create a vastly, impossible complex rate/billing system.
- Changing conditions require review of the rate structure (e.g., 10 year contracts, delta costs, more fixed costs), but these issues do not require a change in the business model

OPT IN/OPT HAS SERIOUS SHORTCOMINGS



- MWD business model is powerful and simple - pooling buying power creates a steady base of revenue while spreading costs over a larger customer base
- The resource model started in 1990 with greater storage has worked as evidenced by an increase in population in the service area of 5 million while still importing the same amount of water.
- Agencies need to work together to develop a bolder approach to integrated resource management to include right level of involvement in local water resource development
- Opt-out allows “free rider” agencies to game the system in order to benefit from the increased regional reliability without paying for it. Others will have to pay more.

OPT IN/OPT HAS SERIOUS SHORTCOMINGS



- **Our economies are interlinked – our water supply reliability should be as well. This is accomplished through regional water supply approaches.**
- **Larger organizations are better able to develop projects**
 - Colorado River Aqueduct
 - Diamond Valley
 - Desalination
 - Large recycling
- **Opt-out creates winners and losers.**
 - How will small systems fare?
- **Conservation would not have been as aggressive without MWD leadership**



WHAT WOULD “OPT IN / OPT OUT” HAVE MEANT FOR MET IF IMPLEMENTED 20 YEARS AGO



- **Would Diamond Valley Reservoir been built?**
- **Would Encina desalter been funded?**
- **Would conservation have been implemented across the service area?**
- **Would the Bay-Delta situation be worse?**
- **Would recycled water development have been as aggressively implement?**



BENEFITS OF AN EXPANDED REGIONAL APPROACH (Adaptive Management)



- **More reliable water supply**
- **Sharing shortages - economic pain is spread, risk is reduced**
- **Economies of scale**
- **Less expensive access to capital**
- **Stronger legislative and regulatory influence**
- **Improves Member Agency/MWD partnerships**
- **Links our communities together**

Regional Investments Pay Off



- Had Metropolitan not invested regionally in Diamond Valley Lake and local resource projects, MWD would have started shortage allocations two years earlier
- The allocation would currently be at Stage 5

**Clear need to
implement greater
Metropolitan flexibility
to engage in bold
water resource
development at the
local level in
partnership with
Member agencies.**



WESTERN MUNICIPAL WATER DISTRICT



SECURING YOUR WATER SUPPLY



Thank you. Questions?