



- Board of Directors
Water Planning and Stewardship Committee

1/11/2011 Board Meeting

8-3

Subject

Approve an increase of 9,148 acre-feet to Central Basin Municipal Water District's 2004/06 Base Period Local Supplies under Metropolitan's Water Supply Allocation Plan

Description

Authorization is requested to implement Water Supply Allocation Plan (WSAP) Appeal No. 0013, submitted by the Central Basin Municipal Water District (CBMWD). Under the WSAP, member agencies can submit appeals to Metropolitan for consideration. Small appeals can be approved or denied by staff. Large appeals are those that would change an agency's allocation by more than 5,000 acre-feet or 10 percent. Large appeals must be approved or denied by the Board. Staff provided a Board Report in November on the small appeals that have been processed. Appeal No. 0013 is the first "large appeal" to come to the Board as it deals with a change of more than 5,000 acre-feet to CBMWD's allocation. Staff recommends granting the appeal, which will increase CBMWD's allocation in 2010/11 and future years.

This appeal is a refinement of CBMWD's allocation and does not affect Metropolitan's allocation to any other member agency, including Upper San Gabriel Valley Municipal Water District. Attached for the Board's information are:

- Staff analysis for Appeal No. 0013 ([Attachment 1](#))
- Main San Gabriel Basin Groundwater Pumping Schematic ([Attachment 2](#))
- Summary of flow of Main Basin Groundwater in Appeal No. 0013 ([Attachment 3](#))
- Description of the Large Appeals process ([Attachment 4](#))

Appeal Summary:

In this appeal, CBMWD requests an increase to its 2004/06 Base Period Local Supplies in the WSAP formula. The increase includes groundwater that had been pumped and transported from the Main San Gabriel Basin to CBMWD's service area during those years. The increase is necessary because CBMWD did not include this local supply data when the WSAP was being developed. CBMWD requests that the WSAP Base Period Local Supplies include Main Basin groundwater that California Domestic Water Company had delivered to CBMWD's service area via sale to Suburban Water Systems, one of CBMWD's retail agencies. As a second part of the appeal, CBMWD also requests that WSAP Base Period data be amended with revised numbers for Main Basin groundwater pumped by three of CBMWD's retailers, the city of Whittier, San Gabriel Valley Water Company, and Suburban Water Systems.

Staff Recommendation:

Staff recommends that the Board approve CBMWD's WSAP large appeal. This would result in an increase of CBMWD's 2004/06 Base Period Average local supplies by 9,148 acre-feet. Making this change will increase the retail demand for CBMWD under the WSAP Base Period, which would lead to a higher allocation from Metropolitan. CBMWD's WSAP allocation will be dependent upon the certified local supplies for its service area in the allocation year.

The table below summarizes the proposed changes to CBMWD's Base Period Average local supplies that would result from the recommended implementation of the appeal.

Member Retail Agency	Existing Base Period Avg. (AF)	Revised Base Period Avg. (AF)	Change (AF)
City of Whittier	7,757	7,963	206
Suburban Water Systems	12,335	12,367	32
Suburban Water Systems via Cal Domestic	0	8,586	8,586
San Gabriel Valley Water Company	1,662	1,987	325
Total	21,754	30,903	9,148*

*may not sum to total due to rounding

Policy

By Minute Item 47393, dated February 12, 2008, the Board adopted the Water Supply Allocation Plan.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

Adoption of the Water Supply Allocation Plan (WSAP) previously was determined to be categorically and statutorily exempt under the provisions of CEQA and State CEQA Guidelines, Sections 15301 (Class 1), 15307 (Class 7), 15308 (Class 8), and 15378(b)(4), and Water Code Sections 10652 and 10631. These determinations were made on February 12, 2008, and a Notice of Exemption (NOE) was filed shortly thereafter. The proposed modifications to the WSAP are not defined as a project under CEQA because they involve continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15601(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15601(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and approve the proposed adjustments of 9,148 acre-feet to Central Basin Municipal Water District's 2004/06 Base Period Local Supplies in Metropolitan's Water Supply Allocation Plan.

Fiscal Impact: None

Business Analysis: Approving the proposed adjustments would address the local supply accounting of Main Basin groundwater pumped for use within CBMWD's service area in the WSAP formula. Additional local supplies in the WSAP Base Period would result in larger WSAP allocation for CBMWD for 2009/10 and in subsequent allocation years that use the adjusted 2004/06 Base Period local supply data.

Option #2

Do not approve the proposed adjustments to Central Basin Municipal Water District's 2004/06 Base Period Local Supplies in Metropolitan's Water Supply Allocation Plan.

Fiscal Impact: None

Business Analysis: Not approving the proposed adjustment maintains CBMWD's existing Base Period local supplies in the WSAP formula and results in no change to CBMWD's WSAP allocation.

Staff Recommendation

Option #1



 Deven N. Upadhyay
 Manager, Water Resource Management

12/22/2010

Date



 Jeffrey Nightlinger
 General Manager

12/28/2010

Date

Attachment 1 – Staff Analysis for WSAP Appeal No. 0013 (CBMWD)

Attachment 2 – Main San Gabriel Basin Groundwater Pumping Schematic

Attachment 3 – Summary of Flow of Main Basin Groundwater

Attachment 4 – Large Appeals Process

Staff Analysis for WSAP Appeal No. 0013 (CBMWD)

Appeal Summary

In this large appeal for the 2009/10 Water Supply Allocation Plan (WSAP), the Central Basin Municipal Water District (CBMWD) requests adjustment to its 2004/06 Base Period Local Supplies in the 2009/10 WSAP formula for groundwater that had been pumped and transported from the Main Basin to CBMWD's service area during those years. Ongoing requests for documentation and subsequent analysis and evaluation of the technical aspects of this appeal resulted in an extended process for reaching a staff recommendation.

It is important to note that this appeal is a refinement of CBMWD's allocation and does not affect Metropolitan's allocation to any other member agency, including Upper San Gabriel Valley Municipal Water District.

Overview of the Appeal

In the WSAP formula, local supplies are based upon place of use rather than place of production. CBMWD has three retail cities and agencies with groundwater rights in the Main Basin, which is located outside of the CBMWD service area. They are the city of Whittier, San Gabriel Valley Water Company, and Suburban Water Systems. Deliveries by these retail agencies were included in the WSAP Local Supply Base Period data. However, a fourth water agency, California Domestic Water Company, does not have retail operations in the CBMWD service area but acts as a wholesale agency by selling some of its Main Basin groundwater supplies to Suburban Water Systems. Groundwater sold by California Domestic Water Company to CBMWD's retailer Suburban Water Systems is currently not counted in the WSAP Local Supply Base Period data.

CBMWD requests adjustment to its 2004/06 Base Period Local Supplies in the 2009/10 WSAP formula for groundwater that had been pumped and transported from the Main Basin to CBMWD's service area during those years and had been omitted in the local supply data. The appeal has two major components:

- Inclusion of Main Basin groundwater sold by California Domestic Water Company to Suburban Water Systems (a CBMWD retailer)
- Revised local supply numbers for pumping of Main Basin groundwater rights by CBMWD retailers for use within the CBMWD service area
 - City of Whittier
 - San Gabriel Valley Water Company (serving city of Montebello)
 - Water Systems (serving city of La Mirada and part of city of Whittier)

To proceed with the appeal analysis, Metropolitan staff tracked the distribution of groundwater that had been pumped and exported out of the Main Basin by CBMWD retailers and by California Domestic Water Company between July 2003 and June 2007. Because WSAP local supplies are determined by place of use, it was necessary to verify how much of the Main Basin exports were actually imported and used within the CBMWD service area during the WSAP Base Period and to avoid double-counting of any groundwater that may have been used outside of the service area. Key considerations by Metropolitan staff included:

- How much Main Basin groundwater each agency pumped during the WSAP Base Period
- How much Main Basin groundwater was actually used within CBMWD's service area
- Whether any of this water was already counted in the WSAP model

To address these concerns, CBMWD provided Metropolitan staff with the following documentation:

- Pumping records from California Domestic Water Company, Suburban Water District, San Gabriel Valley Water Company, the city of Whittier
- Sales records of how much Main Basin water was sold by California Domestic Water Company, and to whom and when it was delivered
- Documentation for where Main Basin water was used
- Source documentation for all data and estimates

To verify the timing and amount of Main Basin water produced by California Domestic Water Company and by the CBMWD retail agencies, Metropolitan checked the historical groundwater pumping records from the Main Basin Watermaster and sales records by California Domestic Water Company.

In order to only count water that was actually used within the CBMWD service area, California Domestic Water Company's sales to customers outside the CBMWD service area (i.e., the city of Brea and the city of La Habra) were excluded from CBMWD's local supplies. Because San Gabriel Valley Water Company and the Suburban Water Systems serve customers both inside and outside of the CBMWD service area, CBMWD obtained schematics and system maps from the agencies to show that the Main Basin water pumped and transported by these agencies was used within the CBMWD's boundaries.

As source documentation, CBMWD provided Metropolitan with copies of its e-mail communications with the agencies as well as data sources to each document. Additionally, CBMWD provided a diagram and summary report describing how Main Basin groundwater flows to agencies in its service area. A flow diagram and summary report derived from the information provided by CBMWD are enclosed as Attachment 2 and Attachment 3 to this board letter.

Finally, Metropolitan staff checked the WSAP Base Period local supply data against the Main Basin Watermaster pumping records to ensure that Main Basin water claimed by CBMWD under this appeal was not already reported for use by Metropolitan's other member agencies, including Upper San Gabriel Valley Municipal Water District. Metropolitan staff found no double-counting of Main Basin water to result from the proposed implementation of this appeal.

The table below summarizes the proposed changes to CBMWD's Base Period Average local supplies that would result from the recommended implementation of the appeal.

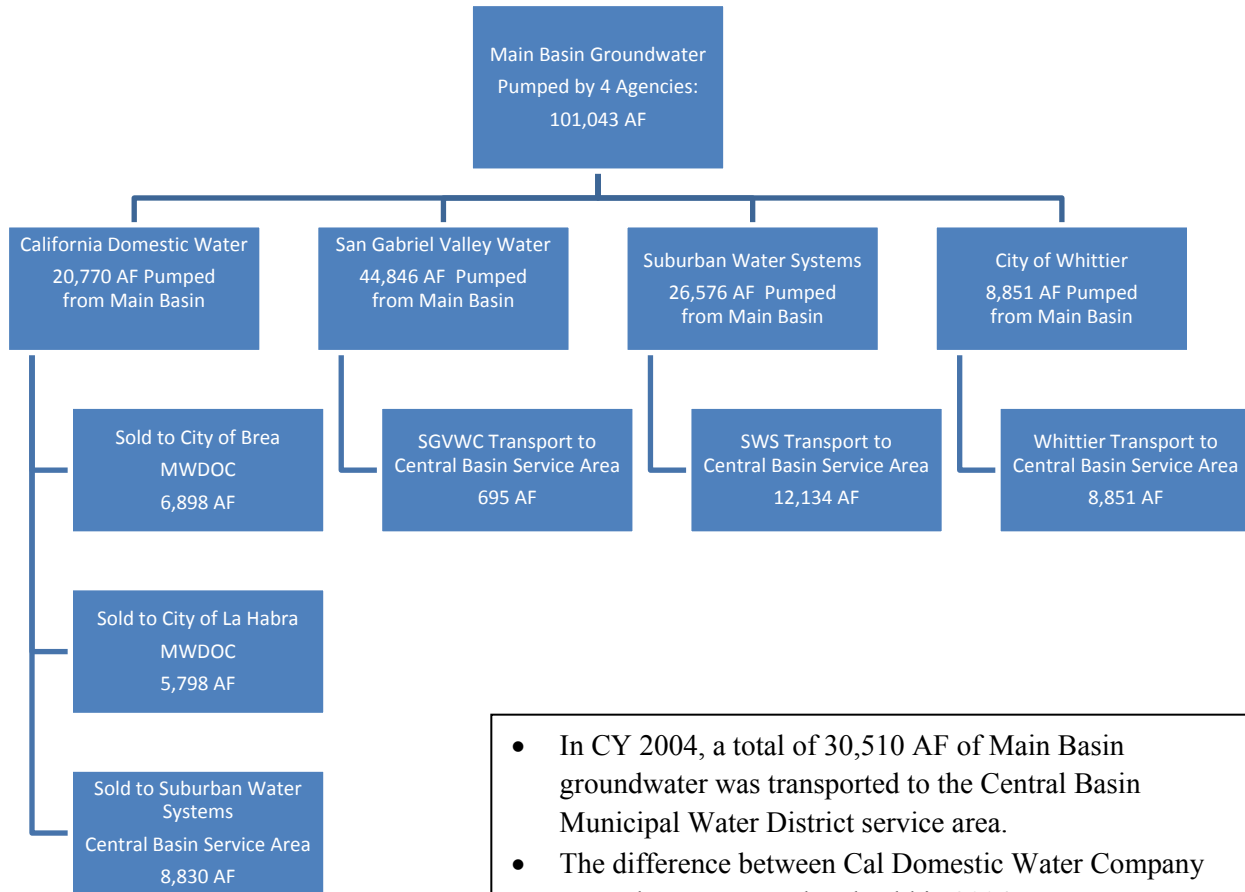
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San Gabriel Valley Water Company	1,662	1,987	325
Total	21,754	30,903	9,148*

*may not sum to total due to rounding

Status of the Appeal

This appeal was received by Metropolitan staff from CBMWD on March 11, 2010. Since that date, Metropolitan staff administered the process as a "large appeal" because the request would involve a greater than 5,000 acre-feet change in allocation and a greater than 10 percent change in CBMWD's total allocation. Staff sent CBMWD a final recommendation letter on October 19, 2010. A step-by-step description of the large appeals process is provided as Attachment 4 to this board letter.

Main San Gabriel Basin Groundwater Pumping Schematic (CY 2004 Actual)



- In CY 2004, a total of 30,510 AF of Main Basin groundwater was transported to the Central Basin Municipal Water District service area.
- The difference between Cal Domestic Water Company groundwater pumped and sold in 2004 was approximately 756 AF. This 3.6 percent difference is within the 5 percent precision threshold acceptable under California Domestic Water Company’s policy.

Summary of Flow of Main Basin Groundwater

Groundwater is pumped from the Main San Gabriel Basin (Main Basin) by cities and agencies with rights in the Basin, as shown in Figure #1. These data are verified through pumping records from the Main San Gabriel Basin Watermaster:

Figure #1	San Gabriel Valley Main Basin Total Groundwater Pumped (AF)¹				
	Agencies	CY 2004	CY 2005	CY 2006	3 Year Avg.
	California Domestic Water Company	20,770	20,593	19,526	20,296
	City of Whittier	8,851	7,623	7,381	7,952
	Suburban Water Systems	26,576	27,264	28,013	27,284
	San Gabriel Valley Water Company	44,846	42,002	41,007	42,618
	Total	101,042	97,481	95,926	98,150

¹. Data from Main Basin Water Master Annual Reports
FY 2003/07

Main Basin groundwater is transported from the city or agency wells to their service areas in the Central Basin Municipal Water District (CBMWD) service area, as shown below in Figure #2. California Domestic Water Company does not have a service area in CBMWD, but rather acts as a wholesale water agency selling a portion of their supply to Suburban Water Systems.

Figure #2	San Gabriel Valley Main Basin Groundwater Delivered to Central Basin Service Area (AF)				
	Agencies	CY 2004	CY 2005	CY 2006	3 Year Avg.
	City of Whittier ¹	8,851	7,623	7,414	7,963
	Suburban Water Systems ²	12,134	12,106	12,860	12,367
	Suburban Water Systems via Cal Domestic ²	8,830	8,486	8,442	8,586
	San Gabriel Valley Water Company ³	695	2,568	2,699	1,987
	Totals	30,510	30,783	31,415	30,902

¹. Data provided by City of Whittier

². Data provided by Suburban Water Systems

³. Data provided by San Gabriel Valley Water Company

California Domestic Water Company sells a portion of their supply to Suburban Water Systems. Since they have no service area, California Domestic sells the remainder of their Main Basin supply to cities outside of Main Basin and outside of the CBMWD service area, shown in Figure #3.

Figure #3				
Total Groundwater Delivered (AF) by California Domestic Water Company¹				
Agencies	CY 2004	CY 2005	CY 2006	3 Year Avg.
Groundwater Pumped ²	20,770	20,593	19,526	20,296
City of Brea ³	6,898	7,000	6,373	6,757
City of La Habra ⁴	5,798	5,413	5,087	5,433
Suburban Water Systems	8,830	8,487	8,442	8,586
Total Cal Domestic Water Delivered	21,526	20,898	19,902	41,072

¹ Difference between groundwater pumped and delivered is within Cal Domestic's 5 percent margin of error policy.

² Data from Main Basin Water Master Annual Reports FY 2003 through FY 2007

³ Data provided by city of Brea

⁴ Data provided by city of La Habra

Large Appeals Process

Large appeals are defined as those that would change an agency's allocation by more than 10 percent and are larger than 5, 000 acre-feet in quantity. Large appeals are evaluated and approved or denied by the Board of Directors.

Step 1: Appeals Submittal

All appeals shall be submitted to the Appeals Liaison in the form of a written letter signed by the member agency General Manager. Each appeal must be submitted as a separate request, submittals with more than one appeal will not be considered. The appeal request is to include:

- A designated member agency staff person to serve as point of contact.
- The type of appeal (erroneous baseline data, loss of local supply, etc.).
- The quantity (in acre-feet) of the appeal.
- A justification for the appeal which includes supporting documentation.

A minimum of 60 days are required to coordinate the appeals process with Metropolitan's board process.

Step 2: Notification of Response and Start of Appeals Process

The Appeals Liaison will phone the designated member agency staff contact within three business days of receiving the appeal to provide an initial receipt notification, and schedule an appeals conference. Subsequent to the phone call, the Liaison will send an e-mail to the Agency General Manager and designated staff contact documenting the conversation. An official notification letter confirming both receipt of the appeal submittal, and the date of the appeals conference, will be mailed within two business days following the phone contact.

Step 3: Appeals Conference

All practical efforts will be made to hold an appeals conference between Metropolitan staff and member agency staff at Metropolitan's Headquarters at Union Station within 15 business days of receiving the appeal submittal. The appeals conference will serve as a forum to review the submittal materials, and ensure that there is consensus understanding as to the spirit of the appeal. Metropolitan staff will provide an initial determination of the size of the appeal (small or large), and review the corresponding steps and timeline for completing the appeals process.

Step 4: Preliminary Recommendation

Metropolitan staff will provide a preliminary notice of recommendation to the member agency within 10 business days of the appeals conference. The preliminary decision timeline may be extended to accommodate requests for additional information, data, and documentation. The Appeals Liaison will mail a written letter to the member agency staff contact and General Manager, stating the preliminary recommendation and the rationale for approving or denying the appeal. A copy of the draft recommendation will also be provided to Metropolitan executive staff.

Step 5: Clarification Conference

Following the preliminary recommendation the Appeals Liaison will schedule a clarification conference. The member agency may choose to decline the clarification conference if it is satisfied with the preliminary recommendation. Declining the clarification conference serves as acceptance of the preliminary recommendation, and the recommendation becomes final pending approval by Metropolitan's executive staff.

Step 6: Final Recommendation

Metropolitan staff will provide a final notice of recommendation to the member agency within 10 business days of the clarification conference, pending approval by Metropolitan's executive management. The Appeals Liaison will mail a written letter to the member agency staff contact and General Manager, stating the final recommendation and the rationale for the recommendation. A copy of the letter will also be provided to Metropolitan executive staff.

Step 7: Board Action

Metropolitan staff shall refer the appeal to the Board of Directors through the Water Planning and Stewardship Committee for approval.