

Local Resources Program Update

Special Committee on Desalination and Recycling

May 24, 2011

Item 3b

LRP Overview

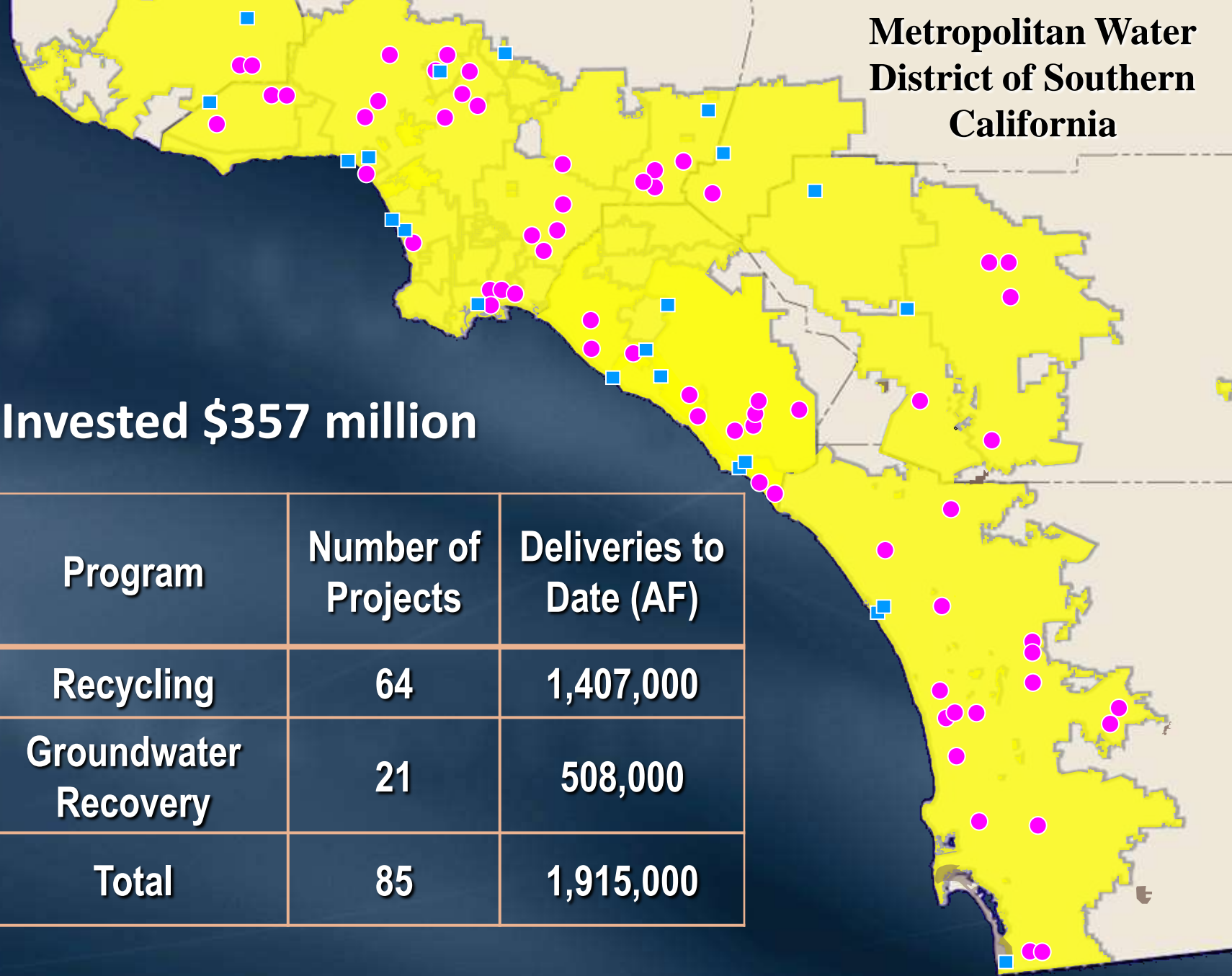
- Financial incentives for:
 - Recycled water
 - Recovered groundwater
- Agreements up to 25 years
- MWD and local investments



Metropolitan Water District of Southern California

Invested \$357 million

	Program	Number of Projects	Deliveries to Date (AF)
●	Recycling	64	1,407,000
■	Groundwater Recovery	21	508,000
	Total	85	1,915,000



Program History

- Upfront capital funding
 - Recovered investment
- Pay for performance
 - Variable incentive
 - Fixed incentive
 - Competitive process (scheduled incentive)
 - Current program

Current Local Resources Program

- 2006 LRP Task Force
- Overview
 - 174,000 AFY target
 - Open process
 - Readiness to proceed
 - Performance provisions
 - Agreement terms of 25 years
 - Sliding scale incentive up to \$250/AF based on actual project cost



2007 Program Status

- Nine approved projects (64,000 AFY)
 - 4 in operation
 - 4 under construction
 - 1 rescinded per IEUA request
- 11 applications under review (36,000 AFY)
 - Eastern MWD
 - Calleguas MWD
 - LADWP
 - West Basin MWD

Program Cost

Total Program Cost			
	\$ million	AF	\$/AF
FY 2009/10	37.5	227,000	165 *
Since Inception	357	1,915,000	186 **

* Actual for FY 2009/10
** Some agreements have expired but still produce water

Project Unit Cost (\$/AF) *	
Groundwater Recovery	740 – 2,040
Recycled Water	660 – 1,800

* Based on selected LRP projects

Local Resource Development Strategy Task Force

- Member agency managers and invitees
- First meeting in April
- Regular updates to Board

LRDS Task Force Discussion Topics

- Program resource needs
- Identify potential projects
- Review program criteria
- Investigate alternatives
 - Incentives - Similar to current approach
 - Partnership - Recover costs / generate revenue
 - Ownership - Generate revenue
- Methods to facilitate project development
 - Legislative / Regulatory
 - Education / Outreach
 - Research

Discussion