



● **Board of Directors**
Integrated Resources Plan Committee

7/11/2017 Board Meeting

8-2

Subject

Adopt CEQA determination and adopt Policy Principles guiding Metropolitan's role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation

Executive Summary

The Integrated Water Resources Plan (IRP) is the framework for the long-term water resources development plan for Metropolitan's service area. The inaugural 1996 IRP set the region on a path of developing diversified water resources in imported supply, local resources, conservation and storage and transfers. The 2015 IRP Update continued the path to developing a diversified and reliable water supply, with recognition of the importance of solidifying and increasing the region's base of local resources and developing conservation with an emphasis on outdoor water efficiency. Following the adoption of the 2015 IRP Update, the Board began an extensive process to discuss policy direction that would be needed to best position Metropolitan to provide an effective means of achieving the IRP targets. That process, initiated with policy discussions at the April 2016 Board Retreat, culminated in a June 2017 Board Workshop to discuss and provide input on policy principles that addressed two key areas regarding Metropolitan's role in the development of local resources and conservation and the impact of mandates and legislation on Metropolitan's participation.

The Board, with background provided by an accompanying White Paper, had extensive discussion on the framing questions and the draft policy principles at the Board Workshop. Input from the Board Workshop has been incorporated into final policy principles proposed for adoption.

Details

The 2015 IRP Update continues Metropolitan's collaborative planning approach to providing a reliable water supply for its service area. The IRP identifies long-term regional targets for water resource development and serves as a framework for future activity by Metropolitan and its member agencies.

A key part of the IRP strategy includes regional targets for local resources and conservation development. Successful implementation of the IRP targets will require significant coordination and planning on the part of Metropolitan, its member agencies and local agencies. Policy direction will define Metropolitan's continuing role in the development of local resources and conservation and ensure that Metropolitan participates in an effective manner.

Policy Development Process

The 2015 IRP Update and its associated targets and goals for achieving regional water supply reliability were adopted by the Board in January 2016. Following the adoption of the 2015 IRP Update, Metropolitan staff and the Board have engaged in a series of discussions aimed at determining the policy refinements needed to implement the IRP. In April 2016, Metropolitan's Board held a retreat with one of the main topics being a discussion of policy questions related to IRP implementation. The major themes coming out of the discussion included the role of Metropolitan in achieving regional reliability, how to achieve future conservation with increased outdoor water use efficiency, and the role of Metropolitan in developing local resources.

Following the Board Retreat, the IRP Committee held a series of meetings to review and discuss Metropolitan's historic and current role and activities in the areas of local resources and conservation development. The most recent meetings solicited direct input and discussion on policy areas and policy questions with the intention of developing policy principles that provide guidance and direction to staff. A White Paper on Policy Principle Framework and Recommendations for Implementation of Local Resources and Conservation was developed by staff to provide background for discussion at the May 2016 Board Workshop. The White Paper provided two framing questions that captured the input and discussion of the Board and IRP Committee up to this point. The two framing questions are:

- How should Metropolitan define its role in the development of local resources and conservation and under what conditions?
- How should Metropolitan plan and participate in local resources and conservation when there are overlapping mandates?

The Board had extensive discussion on the framing questions and the draft policy principles at the Board Workshop. These discussions built upon the discussions that had taken place at the IRP Committee meetings over the past year. The main points that resulted from the Board Workshop discussion were to ensure that policy principles and subsequent actions and activities by Metropolitan reflect that:

- Metropolitan has appropriate and adequate control in the projects and programs in which it invests regional finances
- Evaluations of regional benefits do not result in an unnecessary or unneeded competitive process between potential projects and programs
- Metropolitan's interests in maintaining the region's base of local resources and conservation refers to maintaining the production capability and not to financing the ongoing regular operations and maintenance costs that should be borne by the agencies
- Evaluations of regional benefits need to include the total costs of development and not just Metropolitan's financial exposure and cost recovery
- Mandates and legislation on local resource and conservation development do not necessarily or automatically reduce or eliminate Metropolitan's interest in participating in affected projects and programs

Proposed Policy Principles

The goal of the policy principles is to guide Metropolitan in its regional participation in achieving the IRP targets for local resources and conservation. The proposed policy principles are included in [Attachment 1](#). These proposed policy principles reflect the discussion and input, provided by the Board through the IRP Committee and the May 2017 Board Workshop and have been adjusted accordingly.

Conclusions

Maintaining and developing local resources and conservation in Southern California is becoming an increasingly complex endeavor. But, more than ever, the region needs a stable base of local resources and conservation to maintain its water supply reliability. Metropolitan is well-situated as an agency to ensure that regional investments and financing of local resources and conservation result in regional benefits for all of its member agencies, and the adoption of the proposed policy principles will help ensure that such investments and financing are made in a prudent manner.

Policy

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 Integrated Water Resources Plan Update

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378(a)) because the proposed action will not cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and also because it involves continuing administrative activities, such as general policy and procedure making (State CEQA Guidelines Section 15378(b)(2)). In addition, to the extent the 2015 IRP Update serves as the basis for the urban water shortage contingency analysis required under Sections 10631, et seq., of the Water Code and is incorporated into Metropolitan's Regional Urban Water Management Plan, the preparation, adoption, and subsequent planning activities associated with these aspects of the 2015 IRP Update Policy Principles are statutorily exempt from CEQA (Water Code Section 10652, State CEQA Guidelines Section 15282(v)).

The CEQA determination is: Determine that the proposed action is not defined as a project and is statutorily exempt from CEQA pursuant to Public Resources Code Section 21065, Water Code Section 10652, and Sections 15378(a) and 15378(b)(2) of the State CEQA Guidelines.

CEQA determination for Options #2 and #3:

None required.

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is statutorily exempt, and

Adopt the proposed policy principles guiding Metropolitan's role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation.

Fiscal Impact: None

Business Analysis: Policy principles for this area will shape Metropolitan's approach and participation in future development and provide guidance to ensure that Metropolitan's investments and participation are sound and effective

Option #2

Direct staff to revise proposed policy principles and return for future consideration.

Fiscal Impact: None

Business Analysis: Absence of policy principles may hinder Metropolitan's ability to effectively collaborate with its member agencies and other local agencies in the development of local resources and conservation and affect the future achievement of IRP targets

Option #3

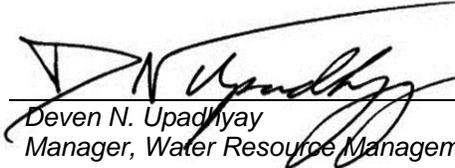
Do not adopt the proposed policy principles.

Fiscal Impact: None

Business Analysis: Absence of policy principles may hinder Metropolitan's ability to effectively collaborate with its member agencies and other local agencies in the development of local resources and conservation and affect the future achievement of IRP targets

Staff Recommendation

Option #1



Deven N. Upadhyay
Manager, Water Resource Management

6/21/2017
Date



Jeffrey Lightlinger
General Manager

6/21/2017
Date

Attachment 1 – Proposed Policy Principles

Ref# wrm12652338

Proposed Policy Principles

Recommended Policy Principles guiding Metropolitan's role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation

1. Metropolitan should take an active role in identifying and evaluating local resource and conservation opportunities within its service area.
2. Metropolitan should have multiple approaches and avenues available for developing and implementing local resources and conservation in cooperation with local agencies and entities.
3. Metropolitan should evaluate the feasibility and effectiveness of direct investment and development of regionally beneficial local resources and conservation where appropriate.
4. Metropolitan should include the consideration of sustaining and/or recovering production from existing projects and programs in its approaches to developing local resources and conservation.
5. Evaluations of regional investments in local resources and conservation should, at a minimum, include consideration of:
 - Type and source of water supply
 - Measurable water supply yield or demand reduction
 - Impacts, positive or negative, to Metropolitan system redundancy or emergency risk
 - Impacts, positive or negative, to existing Metropolitan system investments and developed system capacity
 - Total cost elements
 - Metropolitan financial exposure and revenue recovery
6. Metropolitan's operational and administrative policies should not adversely impact regional efforts to develop local resources and conservation.
7. State and federal mandates should not impact Metropolitan's participation in local resource and conservation development provided that the effect of the mandate is consistent with regional IRP targets .