

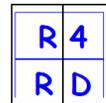
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PLANNING AND CONSERVATION LEAGUE



Residents for Responsible Desalination





May 10, 2021

Ms. Gloria Gray, Chair
The Metropolitan Water District of Southern California
Board of Directors
700 North Alameda Street
Los Angeles, CA 90012-2944

Re: Metropolitan Water District’s Integrated Resources Plan Review and Local Resources Program

Dear Chair Gray:

The undersigned organizations are committed to equitable access to clean and affordable water for all California families. Our organizations respectfully request the Metropolitan Water District’s (MWD) Board of Directors to expressly recognize Metropolitan Water District Act Section 130.5 as a guiding policy for MWD’s updated Integrated Resources Plan (IRP) and updated Local Resources Program (LRP).

We have followed the progress of Metropolitan’s Board and member agencies in their important review and update of the IRP. We commend the MWD Board for the deliberative and open process that it has pursued to consider a course forward in the face of declining imported source water supplies and water demands from member agencies.

As the MWD Board is approaching decisions on the IRP, the hiring of a new General Manager, possible rate structure changes, and a plan for investments in new local supplies including incentives under the LRP, we urge the timely consideration of Section 130.5 of the MWD Act as a critical guiding policy that bears directly on each of these decisions.

The issue is foundational, and arises from the absence of clear and express board approved programmatic policy to prioritize and guide investments in new local water supply projects consistent with the Metropolitan Water District Act Section 130.5. As discussed during the April 12, 2021, Finance & Insurance Committee presentation on recovery of demand management costs, MWD funds conservation, recycling and groundwater recovery projects to help reduce regional costs and to comply with section 130.5 of the Act, which was added in 1999 pursuant to SB 60. Section 130.5 provides that MWD:

“[S]hall place increased emphasis on sustainable, environmentally sound, and cost-effective water conservation, recycling, and groundwater storage and replenishment measures.” (emphasis added)

“The Board of Directors of the Metropolitan Water District of Southern California may modify any ongoing program (e.g, the LRP) as necessary to meet that requirement consistent with the district’s urban water management plan.” (reference to the LRP added)

Section 130.5 also requires the MWD Board to annually review MWD’s Urban Water Management Plan “for adequacy in achieving an increased emphasis on cost-effective conservation, recycling, and groundwater recharge in accordance with this section.”¹

¹ Metropolitan Water District Act, Section 130.5, subd. b. (See attachment).

MWD has filed the requisite reports and has made good progress in supporting the programs and projects of member agencies to conserve, recycle, and improve groundwater recharge. However, the existing LRP grant criteria does not currently expressly prioritize the new water supply measures as specifically directed by Section 130.5. The existing LRP guiding documents arguably allow projects proposed by member agencies, including seawater desalination projects, to be eligible for consideration on a first-come first-served basis. The current LRP eligibility criteria fail to expressly consider the comparative cost-effectiveness of proposed projects, and most importantly, the priority placed on water conservation, water recycling, and groundwater recharge as expressly directed by Section 130.5. The LRP guiding documents appear to seek only to minimize MWD's cost without regard to the relative impact on retail ratepayers or the cost per-unit of water produced.

The LRP program's only link to the IRP is a water supply objective for the region in terms of local supplies. This generalized goal does not inform identification of the most cost-effective investments available to yield specific benefits beyond just an assumed increase in water supply and/or deferred system expansion or upgrade somewhere in the region. As the MWD Board is preparing to set its plans for the future, this policy omission in the LRP should be expressly addressed by including clear Section 130.5 criteria to both the IRP and the LRP guiding documents.

The urgency is also highlighted by the stated plan of the private developers of the Poseidon Huntington Beach seawater desalination project to seek upwards of \$400 million in LRP funding from MWD. Indeed, the project likely cannot be developed without massive public subsidies from MWD and the State of California. We believe it is inappropriate for the private and foreign-owned Poseidon project developer, or a public agency surrogate, to arguably be eligible for the largest public subsidy in the history of the LRP. The enormity of such a grant would have major implications for current deliberations on the Water Stewardship Charge. Furthermore, the Poseidon project clearly would not conform to the intent or the specific provisions of Section 130.5.

MWD continues to be a leader in the development of innovative conservation programs and incentives for new demand management alternatives. While MWD has made great strides in promoting these efforts, as the MWD Board debates future investments and the appropriate way to recover costs for those investments, compliance with Section 130.5 will become even more important.

Accordingly, we request the MWD Board to urgently examine and improve MWD's LRP grant criteria to expressly assure full compliance with Section 130.5. In doing so, MWD will have an opportunity to consider the most cost-effective strategic options available to maximize MWD's operational efficiencies, manage costs, and to complement existing water supply resources. The cost-effectiveness of the options for the member agencies and their ratepayers should also guide LRP grant decisions to be most impactful and consistent with the intent and requirements of Section 130.5. We further request that the updated IRP expressly recognize and be guided by the requirements under Section 130.5.

Sincerely,



Sean Bothwell
Executive Director
California Coastkeeper Alliance

Andrea León-Grossmann
Director of Climate Action
Azul

Susan Jordan
Executive Director
California Coastal Protection Network

Conner Everts
Co-Chair, Desal Response Group
Executive Director, Southern California
Watershed Alliance

Annelisa Moe
Co-Chair
GreenLA Water Committee

Katherine Pease
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Tori Kjer
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Martha Camacho Rodriguez
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Brandon Dawson
Acting Director
Sierra Club California

Mandy Sackett
California Policy Coordinator
Surfrider Foundation

Melanie Winter
Founder & Director
The River Project

Dr. Elizabeth Dougherty
Director
Wholly H2O

CC: Jeff Kightlinger, Metropolitan Water District of Southern California,
General Manager
Deven Upadhyay, Metropolitan Water District of Southern California,
Assistant General Manager & Chief Operating Officer

Attached: Metropolitan Water District Act Section 130.5

**Metropolitan Water District Act
Section 130.5**

Sec. 130.5

- (a) The Legislature finds and declares all of the following:
- (1) The Metropolitan Water District of Southern California reports that conservation provides 7 percent of its "water resource mix" for 1998, and conservation is projected to provide 13 percent of its total water resources by 2020. Conservation, water recycling, and groundwater recovery, combined, provide 12 percent of the district's total water resources for 1998 and those water resources are projected to increase to 25 percent of the district's total water resources by 2020.
 - (2) It is the intent of the Legislature that the Metropolitan Water District of Southern California expand water conservation, water recycling, and groundwater recovery efforts.
- (b) The Metropolitan Water District of Southern California shall place increased emphasis on sustainable, environmentally sound, and cost-effective water conservation, recycling, and groundwater storage and replenishment measures.
- (c) The Metropolitan Water District of Southern California shall hold an annual public hearing, which may be held during a regularly scheduled meeting of the Board of Directors of the Metropolitan Water District of Southern California during which the district shall review its urban water management plan, adopted pursuant to Part 2.6 (commencing with Section 10610) of Division 6 of the Water Code, for adequacy in achieving an increased emphasis on cost-effective conservation, recycling, and groundwater recharge in accordance with this section. The Board of Directors of the Metropolitan Water District of Southern California may modify any ongoing program as necessary to meet that requirement consistent with the district's urban water management plan.
- (d) The district shall invite to the hearings knowledgeable persons from the fields of water conservation and sustainability, and shall consider factors of availability, water quality, regional self-sufficiency, benefits for species and environment, the totality of life-cycle costs, including avoided costs, and short- and long-term employment and economic benefits.
- (e) On or before February 1, 2001, and on or before each February 1 thereafter, the Metropolitan Water District of Southern California shall prepare and submit to the Legislature a report on its progress in achieving the goals of increased emphasis on cost-effective conservation, recycling, and groundwater recharge in accordance with this section, and any recommendations for actions with regard to policy or budget matters to facilitate the achievement of those goals.
- (f) Nothing in this section shall diminish the authority of the Metropolitan Water District of Southern California pursuant to Section 25 or any other provision of this act, or otherwise affect the purposes of the Metropolitan Water District of Southern California as described in existing law.