

DRAFT

IRVINE RANCH WATER DISTRICT POLICY POSITION METROPOLITAN WATER DISTRICT'S INTEGRATED WATER RESOURCES PLAN AND LOCAL RESOURCES PROGRAM

May 7, 2020

Issue Summary:

Metropolitan Water District of Southern California plans for the future through the development and implementation of its Integrated Water Resources Plan (IRP). The purpose of the plan is to formulate a long-term strategy to provide Metropolitan's service area with cost effective and reliable water supplies. The last update to the IRP was in 2015, and Metropolitan plans to revise the plan again in 2020. The 2015 IRP established goals to achieve additional water use efficiency and conservation, to stabilize and maintain imported water supplies, and to develop additional local water supplies. The new 2020 IRP is expected to update these goals and identify new regional targets for local water resource development. These new targets will affect the updating and implementation of Metropolitan's Local Resources Program. There are numerous changing conditions, some of which are described below, that will influence Metropolitan's efforts to update both the IRP and Local Resources Program.

Changing Conditions:

Metropolitan has historically implemented a regional approach to planning that has ensured its ability to provide reliable and high-quality water to its member agencies. The ability to continue with this approach into the future is being affected by the following changing conditions:

- An unexpected future where member agencies may collectively require less imported water supplies;
- Climate change impacts to the State Water Project (SWP) and an over-allocated Colorado River;
- Increased environmental constraints and uncertainties of a long-term solution to conveyance in the Sacramento-San Joaquin Delta make it difficult to predict the availability of Metropolitan's future water supplies;
- Accumulating risks that a major earthquake will occur in the Delta that will dramatically reduce water supplies to Southern California;
- Emerging contaminants are impacting local groundwater basins creating short-term, increased dependence on Metropolitan;
- Some member agencies will be reducing dependence on Metropolitan by developing local supplies;
- The development of base-loaded local supplies is stranding capacity in Metropolitan's water treatment facilities and reducing demands for its imported supplies; and
- Metropolitan's variable revenue structure may not be effective at covering all of Metropolitan's costs into the future, creating financial instability.

Local Resources Program Overview:

In the 1990s, Metropolitan developed the Local Resources Program out of concern that its member agencies were becoming too reliant on imported water supplies and that supply diversification would benefit all of Metropolitan’s service area. The intent of the program was to incentivize new local water supplies to be developed by Metropolitan’s member agencies. This program has provided incentives to water agencies to develop water recycling, groundwater recovery, and desalination projects that offset a demand or prevent adding a new demand on Metropolitan for imported water supplies. The incentive program has also indirectly increased regional water supply reliability, decreased the burden on Metropolitan’s infrastructure, reduced costs, and freed up conveyance capacity in Metropolitan’s system.

Ongoing Policy Discussions:

Currently, Metropolitan and its member agencies are engaged in policy discussions related to how the changing conditions described above will affect the update to Metropolitan’s IPR and the Local Resources Program. The Municipal Water District of Orange County is involved in the discussions and seeking input from its member agencies on the issues. To help guide IRWD’s advocacy efforts related to the ongoing policy discussions on Metropolitan’s IRP and Local Resources Programs, staff has prepared the following policy principles.

Integrated Resources Plan Policy Principles:

1. Metropolitan should continue its regional approach to water resources planning and work to ensure its financial stability while maintaining the ability to provide reliable, cost effective and high-quality water supplies to its member agencies.
2. Metropolitan should evaluate previous approaches taken in the preparation of IRPs and develop a new approach that provides flexibility in dealing with current and future conditions and uncertainties.
3. Metropolitan’s new approach to the 2020 IRP should balance regional and member agency water supply reliability in a way that allows Metropolitan to maintain rate and financial stability.
4. Metropolitan’s 2020 IRP should encourage member agencies to take responsibility for complying with water conservation legislation and to implement projects that augment Metropolitan supplies during major droughts and supply interruptions.
- 2.5. To reduce risks to its imported supplies, Metropolitan should invest in the proposed Delta Conveyance Project, support subsidence related repairs to the California Aqueduct, and develop new innovative programs on the Colorado River.
- 3.6. Metropolitan should take actions to stabilize demands for its imported supplies to help maintain rate and financial stability.
- 4.7. Should Metropolitan be unable to maintain financial stability, it should consider enhancing its variable revenue structure with a fixed rate component that ensures it can cover its full cost of regional service.

~~5.8.~~ Metropolitan should anticipate future reductions in its imported supplies and plan cost effective and timely regional recycled and other water supply projects.

~~6.9.~~ In preparing its 2020 IRP, Metropolitan should consider the feasibility, risk and ease of implementation of local supply projects when accounting for the potential benefits of the projects on regional water supply reliability.

Local Resources Plan Policy Principles:

1. Metropolitan should consider limiting use of its Local Resources Program until average annual demands for water from Metropolitan have increased to levels that reduce risk to its financial stability.
2. Metropolitan should discourage base-loaded local projects and other supplies that strand capacity in Metropolitan’s water treatment facilities and increase risk to ~~its rate and~~ financial stability.
3. Metropolitan should incentivize local projects that provide extraordinary and other supplies that augment Metropolitan supplies during major droughts and supply interruptions. Metropolitan should also take an active role in ensuring that state mandates do not discourage the use of supplies from such projects.
4. Metropolitan should prioritize providing its incentives to local projects located in areas of that have less access to local supplies, such as South Orange County and northern portions of Metropolitan’s service area.
5. Metropolitan should not provide incentives for local projects that result in the local communities subsidizing other areas of Metropolitan’s service area.
6. To increase demands for its supplies, Metropolitan should consider reallocating Local Resource Program funds to encourage overdraft correction in groundwater basins within Metropolitan’s service area.
7. Metropolitan should only consider providing incentives to local groundwater treatment projects up to the lowest cost and effective treatment of regulated constituents impacting the supplies.