



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

September 12, 2013

Mr. Paul J. Matuska
Group Manager
Lower Colorado Regional Office
U. S. Bureau of Reclamation
P.O. Box 61470
Boulder City, NV 89006-1470

Dear Mr. Matuska:

Estimates of Metropolitan Monthly Diversions for Calendar Year 2014

This letter is in response to your August 1, 2013, letter to Mr. Roger K. Patterson requesting The Metropolitan Water District of Southern California's (Metropolitan): (1) best estimates of monthly diversion requirements for calendar year 2014, and (2) completion of a questionnaire as part of the U.S. Bureau of Reclamation's (Reclamation) consultations under Title 43, Code of Federal Regulations, Part 417. This letter also addresses Metropolitan's previously transmitted Intentionally Created Surplus (ICS) plan for 2014.

Estimate of Metropolitan Diversions for Calendar Year 2014

Metropolitan's initial estimate of its diversions for calendar year 2014 totals 682,750 acre-feet. Metropolitan's estimate of its available supply during the year and a projected monthly diversion schedule is tabulated in Enclosure 1. The details behind a number of components of Metropolitan's estimate of available supply are described in Enclosure 2.

Estimated available supply is based on an ICS Surplus determination and projected use of water by holders of present perfected rights and priorities 1 through 3 in California. Metropolitan has the capability to divert and beneficially use more than 1.25 million acre-feet in calendar year 2014, however, that full amount of water may not be available to Metropolitan during the year. Should unused California apportionment not incorporated in the tabulation of Enclosure 1 become available during the year, Metropolitan plans to divert such water. Metropolitan may also develop additional water conservation programs or make interstate storage and release arrangements with Nevada or Arizona agencies which could affect the amount of water available for diversion in 2014. Any such new arrangements would be followed with a revised estimate of 2014 diversions.

The diversion estimate shown in Enclosure 1 incorporates Metropolitan's plan to create 200,000 acre-feet of Extraordinary Conservation ICS during calendar year 2014 as documented

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Mr. Paul J. Matuska
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in Metropolitan's June 27, 2013, letter to Mr. Steve Hvinden. Metropolitan's plan to create 200,000 acre-feet of Extraordinary Conservation ICS is based on projections of monthly demands for Metropolitan's supplies by its member agencies and the supply of water that may be available to Metropolitan from the State Water Project during calendar year 2014. As the calendar year progresses, Metropolitan may find it necessary to divert additional Colorado River water, including some or all of the water made available by the extraordinary conservation described in the ICS creation plan. Furthermore, if needed due to unforeseen circumstances, Metropolitan may request delivery from its ICS accounts. If conditions require a modification to its ICS plan, Metropolitan will submit to Reclamation a revised estimate of its diversions for calendar year 2014.

Part 417 Consultation Questionnaire

Metropolitan's responses to the Part 417 Consultation Questionnaire are contained in Enclosure 3.

If you have any questions regarding Metropolitan's estimate of diversions or the Part 417 Consultation Questionnaire responses, please contact Mr. Tom Ryan at (213) 217-6140.

Very truly yours,



Deven N. Upadhyay
Manager, Water Resource Management

TJR:vsm
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Enclosures (3)

cc: Ms. Halla Razak, P.E.
Colorado River Program Manager
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

Metropolitan's Estimate of Diversions from the Colorado River for Calendar Year 2014

Water Budget Item	Amount (acre-feet)
Priority 4	550,000
Imperial Irrigation District (IID)-Metropolitan Water Conservation Program	85,000
Coachella Canal Lining Project (Metropolitan Exchange with San Diego County Water Authority [SDCWA])	24,500
Coachella Canal Lining Project (<i>2003 Allocation Agreement</i>)	4,500*
All-American Canal Lining Project (Metropolitan Exchange with SDCWA)	56,200
All-American Canal Lining Project (<i>2003 Allocation Agreement</i>)	11,500*
IID Transfer to SDCWA (Metropolitan Exchange with SDCWA)	100,000
Priority 1, 2, and 3b Use Below 420,000 Acre-feet (Amount Influenced by Metropolitan Funded Palo Verde Irrigation District Forbearance and Fallowing Program)	45,000
Unused Priority 3a	0
Miscellaneous and Indian Present Perfected Rights Use	-1,250
Lower Colorado Water Supply Project	4,300
Total Supply Available for Consumptive Use	879,750
Creation of Extraordinary Conservation ICS	-200,000
Total Consumptive Use	679,750
Return Flow Credit	3,000
Diversion for Emergency Delivery for Tijuana	0
Total Diversion	682,750

* See table on following page for scheduled monthly diversions of water to be made available to Metropolitan pursuant to §7.6 of the October 2003 *Allocation Agreement*.

Monthly Diversion Schedule and Return Flow Estimates
(acre-feet)

Month	Gross Diversion	Diversions for Emergency Delivery for Tijuana	2003 Allocation Agreement Water Diversions	Return Flow
January	99,200	0	1,359	255
February	5,800	0	1,227	230
March	99,200	0	1,359	255
April	96,000	0	1,315	247
May	99,200	0	1,359	255
June	96,000	0	1,315	247
July	56,600	0	1,359	255
August	47,800	0	1,359	255
September	41,000	0	1,315	247
October	14,100	0	1,359	254
November	13,700	0	1,315	246
December	14,150	0	1,359	254
Total	682,750	0	16,000	3,000

Details of Metropolitan's Tabulation of Estimated Available Supply for Calendar Year 2013**Allocation of Water from the Coachella Canal Lining Project**

The "Interim Determination by the Secretary of the Interior of the Quantity of Water Conserved by the Coachella Canal Lining Project and the Amount of Water Available for Allocation" (Determination), made on January 31, 2008, concluded that 30,850 acre-feet will be conserved from the Coachella Canal Lining Project beginning in 2009 through the term of the *Allocation Agreement*. The Determination provides that the volume of water available for allocation shall be the quantity conserved minus the volume of water taken from the Coachella Canal that is used for Project mitigation.

As the conditions specified in Sections 7.2.1 and 7.2.2 of the *Allocation Agreement* have not yet been satisfied, 4,500 acre-feet is assumed to be available to Metropolitan in 2014. The remaining supply is available for allocation to the San Diego County Water Authority (Water Authority). Also, for the purposes of estimating Metropolitan's diversions for 2014 it is assumed that 1,850 acre-feet would be taken from the Coachella Canal for Project mitigation.

The Determination provides that the Bureau of Reclamation (Reclamation) will review the amount of conserved water used for mitigation purposes on or near December 1 before allocating additional water, if any, to the Water Authority. Metropolitan urges Reclamation to undertake its review at the earliest possible time and to promptly notify Metropolitan of any adjustment to the volume of conserved water allocated to the Water Authority.

Allocation of Water from the All-American Canal Lining Project

The "Interim Determination by the Secretary of the Interior of the Quantity of Water Conserved by the All-American Canal Lining Project and the Amount of Water Available for Allocation", made on December 4, 2009, confirmed that the amount of water available for allocation is 67,700 acre-feet per year unless reduced by uncontrollable force or Colorado River shortage conditions. As the conditions specified in Sections 7.2.1 and 7.2.2 of the *Allocation Agreement* have not yet been satisfied, 11,500 acre-feet is assumed to be available to Metropolitan in 2014. The remaining supply of 56,200 acre-feet is allocated to the Water Authority.

Unused Priority 1, 2, and 3b

Metropolitan's estimate of available supply assumes that 2014 consumptive use under priorities 1, 2, and 3b would be 420,000 acre-feet less the volume of water saved under the Palo Verde Irrigation District/Metropolitan Forbearance and Fallowing Program. Metropolitan estimates that the 2014 savings from the Fallowing Program will be 45,000 acre-feet. Metropolitan understands that its supply is impacted by actual use under priorities 1, 2, and 3b pursuant to the October 10, 2003, *Colorado River Water Delivery Agreement*.

Unused Priority 3a

Metropolitan's estimate of available supply does not include unused Priority 3a water that may become available.

Lower Colorado Water Supply Project

It is estimated that approximately 4,300 acre-feet of the yield of the Lower Colorado Water Supply Project will be available to Metropolitan assuming that a third well becomes operational in September 2014.

Replies of
The Metropolitan Water District of Southern California
to the U.S. Bureau of Reclamation's
Part 417 Consultation Questionnaire—Calendar Year 2014 Diversion Request

Metropolitan's Past and Projected Diversions of Colorado River Water

The following table provides an expanded accounting of actual pumping at the Whitsett Intake Pumping Plant, including water made available for exchange with the San Diego County Water Authority in accordance with the October 2003 *Colorado River Water Delivery Agreement*, and diversions made for emergency deliveries for Tijuana, Mexico.

(acre-feet)

Year	Actual Pumping from Lake Havasu	Water Made Available for exchange with the San Diego County Water Authority	Emergency Delivery for Tijuana	Water Returned to River	Water Made Available by the Southern Nevada Water Authority for Storage ^b	Remaining Water for Metropolitan's Use
2013 ^a	980,412	170,139	0	3,000	30,000	777,273
2012	739,119	186,861 ^c	102	2,898	62,839	673,280
2011	701,966	143,243	0	2,976	0	555,747
2010	1,101,590	151,507	0	2,529	0	947,554
2009	1,112,835	140,188	5,152	2,451	0	965,044

a. Projected volumes.

b. Water made available to Metropolitan pursuant to the Storage and Interstate Release Agreement among the Secretary of the Interior, Metropolitan, the Southern Nevada Water Authority, and the Colorado River Commission of Nevada.

c. Includes 16,722 acre-feet of water delivered during calendar year 2012 to make up for under conservation by the Imperial Irrigation District in 2011.

Replies to the Questionnaire

Much of the information requested in the questionnaire is included in Metropolitan's November 2010 *Municipal and Industrial Water Conservation Plan* transmitted to the Bureau of Reclamation's Southern California Area Office by letter dated November 30, 2010, (2010 M&I Plan) as updated with replies in this Enclosure.

Replies to Part 417 Consultation Questionnaire—Calendar Year 2014 Diversion Request

The following replies are presented in a format reproduced from the original questionnaire.

Part 417.3 Factors	2014 Diversion Request Reply
Area ¹	<p>The present size of Metropolitan’s service area is 5,179 square miles.</p> <p>Metropolitan constructed several new service connections in 2013. The work primarily involved modifications to existing connections such as replacing older meters, installing bypasses to allow reading of lower flow rates, and relocating a connection to another line to obtain higher service pressure. None of the work resulted in the ability to increase water service capacity in Metropolitan’s system.</p>
Climatic Conditions ²	See Metropolitan’s answer in the 2010 M&I Plan (page 5 section D).
Location ³	There have been no significant changes in the location of District facilities.
Kinds of Customers ⁴	Metropolitan continues to be a wholesaler of water to its 26 member agencies serving more than 18 million persons. There has been no significant change in the types of customers served by Metropolitan’s member agencies.
Water Use Practices ⁵	<p>Due to the Great Recession, Southern California has experienced a 5 percent reduction in population compared to previous forecasts produced by regional planning agencies. This reduction can be attributed to a high unemployment rate and economic uncertainty that caused residents to migrate out of the region and/or delay having children. Despite the population reduction, forecasts of water demands in Southern California continue to show an upward growth trend over the long-term.</p> <p>Metropolitan encourages water use efficiency through research and development, financial incentives, programs to influence consumer behavior, education, support for new plumbing and compliance codes, and tiered pricing. Since the formal inception of its Conservation Program in 1990, Metropolitan has spent \$333 million replacing water using devices with more water efficient alternatives in both the residential and nonresidential sectors. In addition to providing incentives for the installation of water efficient devices and landscapes, Metropolitan has developed and funded classes promoting water efficient landscaping practices. Metropolitan is also providing irrigation surveys for large landscapes to identify opportunities to improve landscape water use efficiency. These surveys are provided at no cost to the participant. Total conservation savings attributable to Metropolitan’s conservation programs is approximately 1.88 million acre-feet.</p>
Condition of Water Carriage & Distribution Facilities/System Efficiency ⁶	Metropolitan has a comprehensive maintenance program of routine inspections, planned shutdowns, and scheduled equipment replacement to ensure distribution system reliability. The condition of the system is sound, and unplanned service outages are uncommon.

¹ Will MWD add or reduce the number of connections in the MWD’s contract area for 2013, if so how many?

² List weather station data used, annual mean temperature, and annual mean rainfall as well as station name.

³ Have there been any changes in the location of MWD’s facilities (e.g. storage, treatment, pipelines, etc...)?

⁴ List changes in customer types (e.g. single family, multifamily, commercial, etc...).

⁵ Identify projected changes to customer practices (e.g. irrigate turf, golf courses, fountains, etc...) and the expected impact on water use.

⁶ What is the condition of the delivery system?

Replies to Part 417 Consultation Questionnaire—Calendar Year 2014 Diversion Request

Record of Water Orders ⁷	On a weekly basis, by e-mail, Metropolitan staff provides Reclamation’s water operations staff a report of planned diversions for the prospective week.												
Record of Rejections of Water Orders ⁸	Projected demands by member agencies for Metropolitan supplies are incorporated into Metropolitan’s estimate of the volume of Colorado River water it can put to beneficial use in 2014. Metropolitan has not had cause to reject a member agency’s order for non-payment or any other reason. The Interim Agricultural Water Management Program (IAWMP) and Replenishment Service Program were terminated effective January 1, 2013. All delivery requests are firm.												
General Operating Practices/Policies ⁹	Metropolitan is continuing to implement water resource management programs consistent with the Integrated Water Resources Plan (adopted in 2010) and the Long-Term Conservation Plan (adopted in 2011).												
Operating Efficiencies ¹⁰	Per capita use is estimated at approximately 156 gallons per day (gpd)*. * Estimate based on 2012 preliminary data. Note that this number represents a 14% decrease from baseline use during the 10 year period of 1996-2005.												
Amount and Rate of Return Flow to the River ¹¹	Return flow of diverted water due to seepage from Gene Wash Dam and Copper Basin Dam amounts to approximately 3,000 acre-feet annually at an average flow of 4 to 5 cubic feet per second.												
Municipal Water Requirements ¹²	As a water wholesaler, Metropolitan does not distinguish between municipal and industrial uses. See total M&I deliveries immediately below.												
Amount of Water Sold/Delivered to Customers ¹³	Wholesale sales of Colorado River water imported by Metropolitan plus supplies received through State Water Project facilities during calendar year 2012 were as follows: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Deliveries</th> <th>CY 2012 (AF)</th> </tr> </thead> <tbody> <tr> <td>M&I</td> <td>1,727,762</td> </tr> <tr> <td>Agriculture</td> <td>31,714</td> </tr> <tr> <td>Groundwater Replenishment</td> <td>40,631</td> </tr> <tr> <td>Storage Programs</td> <td>5,142</td> </tr> <tr> <td>Total</td> <td>1,805,249</td> </tr> </tbody> </table>	Deliveries	CY 2012 (AF)	M&I	1,727,762	Agriculture	31,714	Groundwater Replenishment	40,631	Storage Programs	5,142	Total	1,805,249
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Provisions of User’s Water Delivery Contract ¹⁴	The Purchase Orders under the contracts were extended, with adjustments to Tier 1 allowances due to the termination of the IAWMP and Replenishment Service Program, through December 31, 2014.												

⁷ Does MWD amend daily water orders with Reclamation more than three times a month?

⁸ Have water orders from customers been rejected by MWD (e.g. for non-payment, etc...) that would impact MWD’s water order?

⁹ Has there been any change in operating practices? If so, attach the new policy.

¹⁰ Gallons per Capita per Day (GPCD).

¹¹ Amount (af) and average rate (cubic ft/sec) of return flow to the river.

¹² How much water is going to municipal uses and how much water is going to industrial uses, each in acre feet?

¹³ Amount of water delivered/sold to customers in acre feet.

¹⁴ Have there been any changes in the water service contract?

Replies to Part 417 Consultation Questionnaire—Calendar Year 2014 Diversion Request

Water Rates ¹⁵	The current schedule of Metropolitan’s water rates and charges is located on our website at http://www.mwdh2o.com/mwdh2o/pages/finance/finance_03.html . The changes between calendar years is shown. Attachment I shows the current schedule.																					
Water Conservation ¹⁶	<p>Metropolitan’s previous fiscal year actual expenditures and current fiscal year budget for demand management programs are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">(\$ millions)</th> </tr> <tr> <th></th> <th style="text-align: center;"><u>FY 2012-13</u></th> <th style="text-align: center;"><u>FY 2013-14</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Water Conservation</td> <td style="text-align: center;">10.9</td> <td style="text-align: center;">20.0</td> </tr> <tr> <td style="text-align: left;">Water Recycling</td> <td style="text-align: center;">28.7</td> <td style="text-align: center;">25.5</td> </tr> <tr> <td style="text-align: left;">Contaminated Groundwater Recovery</td> <td style="text-align: center;">6.6</td> <td style="text-align: center;">8.1</td> </tr> <tr> <td style="text-align: left;">Public Outreach/Media Advertising</td> <td style="text-align: center;">0.5</td> <td style="text-align: center;">0.9</td> </tr> <tr> <td style="text-align: left;"><u>Total Budget</u></td> <td style="text-align: center;"><u>46.7</u></td> <td style="text-align: center;"><u>54.5</u></td> </tr> </tbody> </table>		(\$ millions)			<u>FY 2012-13</u>	<u>FY 2013-14</u>	Water Conservation	10.9	20.0	Water Recycling	28.7	25.5	Contaminated Groundwater Recovery	6.6	8.1	Public Outreach/Media Advertising	0.5	0.9	<u>Total Budget</u>	<u>46.7</u>	<u>54.5</u>
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Other Relevant Factors ¹⁷	Metropolitan has the capability to divert and beneficially use more than 1.25 million acre-feet in calendar year 2014, however, the water budgets prescribed in the October 2003 <i>Colorado River Water Delivery Agreement</i> may result in less than that amount of water being available to Metropolitan. Metropolitan has transmitted a plan to Reclamation to create 200,000 acre-feet of Extraordinary Conservation ICS in 2014 for the Secretary of the Interior’s approval.																					

Water Conservation Plan Implementation¹⁸

For a description of the most recent water conservation activities, see Metropolitan’s Annual Progress Report to the California State Legislature dated February 2013 and entitled *Achievements in Conservation, Recycling and Groundwater Recharge*, which can be accessed at: http://www.mwdh2o.com/mwdh2o/pages/yourwater/SB60/sb60_main.html

In this past fiscal year, Metropolitan’s Board approved seven Local Resources Program (LRP) projects with a total yield of 5,900 acre-feet per year (afy): El Toro Water District Recycled Water Expansion Project (1,175 afy), Cal Poly Pomona Water Treatment Plant (250 afy), Round Mountain Water Treatment Plant (1,000 afy), Leo J. Vander Lans Recycled Water Expansion Project (3,475 afy), and Anaheim Water Recycling Demonstration Project (110 afy).

In September 2013, Metropolitan completed implementation of the California Friendly Turf Replacement program with grant funds received from the Bureau of Reclamation. Approximately 2.5 million square feet of turf were removed and replaced with climate appropriate landscaping. This past fiscal year, Metropolitan implemented installation of high-efficiency irrigation nozzles with federal grant monies; approximately 300,000 nozzles have been installed. In October 2013, Metropolitan will begin disbursing funds from the CALFED grant for high-efficiency clothes washers.

This past fiscal year Metropolitan began implementing the Water Savings Incentive Program, a pay-for-performance program for large landscapes, agriculture, commercial, industrial and

¹⁵ Have there been any changes in water rates? If so, submit the changed rates.

¹⁶ How much money will be spent by MWD on water conservation for 2013?

¹⁷ Optional, please identify any other relevant factor/factors and explain why it would impact MWD’s water order.

¹⁸ Water conservation activities/measures/practices the MWD implemented in 2013.

Replies to Part 417 Consultation Questionnaire—Calendar Year 2014 Diversion Request

institutional customers. Nearly 30 projects are enrolled with estimated lifetime water savings of 2,900 acre-feet.

In September 2013, Metropolitan's Board authorized a Water Conservation Plan for fiscal year 2013/14 and other associated expenditures and activities (Attachment 2).

In May 2013, Metropolitan issued a Request for Proposals under a pilot Foundational Action Funding Program for technical studies and research in the areas of recycled water, stormwater, seawater desalination, and groundwater resources. Funding these actions will help Metropolitan maintain its reliability goals outlined in its Integrated Water Resources Plan.

Metropolitan sponsored and conducted educational outreach efforts and programs throughout Southern California during 2012. Topics included water supplies and delivery, conservation and issues related to the Sacramento-San Joaquin Delta. Online Google search advertising focused on water use and the importance of conservation.

In 2013, Metropolitan began providing California Friendly Landscape Training classes for residential customers. Approximately 175 classes are scheduled throughout Metropolitan's service area for FY 2013/14.

Metropolitan is also providing irrigation surveys for large landscape customers. The surveys are performed by a certified Landscape Irrigation Auditor and provide the customer with specific recommendations on how to improve irrigation efficiency at the site. The survey report also provides information on incentives to help the customer fund the improvements. Approximately 200 surveys are planned for FY 2013/14.

Metropolitan's bewaterwise.com[®] web site continued to play a key role in educating the public, attracting nearly 484,636 unique visitors from July 1, 2011 through June 30, 2012. Metropolitan also posted a Spanish-language version of the site.

Other¹⁹

None.

¹⁹ Other relevant materials to submit (e.g. new water conservation plan, transfers, water price sheet, etc...).

Attachments to Part 417 Consultation Questionnaire—Calendar Year 2014 Diversion Request

1. Adopted Water Rates and Charges
2. Staff letter to Metropolitan's Board of Directors for the September 10, 2013 meeting,
Subject: "Authorization to implement New Conservation Program Initiatives."



THE METROPOLITAN WATER DISTRICT of SOUTHERN CALIFORNIA

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▶ HOME ▶ FINANCE ▶ WATER RATES

Site Index

Adopted Water Rates & Charges

Historical Water Rates

	Effective January 1st	2012	2013	2014
<u>Tier 1 Supply Rate</u> (\$/AF)		\$106	\$140	\$148
<u>Delta Supply Surcharge</u> (\$/AF)		\$58	*	*
<u>Tier 2 Supply Rate</u> (\$/AF)		\$290	\$290	\$290
<u>System Access Rate</u> (\$/AF)		\$217	\$223	\$243
<u>Water Stewardship Rate</u> (\$/AF)		\$43	\$41	\$41
<u>System Power Rate</u> (\$/AF)		\$136	\$189	\$161
<u>Full Service Untreated Volumetric Cost</u> (\$/AF)				
Tier 1		\$560	\$593	\$593
Tier 2		\$686	\$743	\$735
<u>Replenishment Water Rate: untreated</u> (\$/AF)		\$442	**	**
<u>Interim Agricultural Water Program: untreated</u> (\$/AF)		\$537	***	***
<u>Treatment Surcharge</u> (\$/AF)		\$234	\$254	\$297
<u>Full Service Treated Volumetric Cost</u> (\$/AF)				
Tier 1		\$794	\$847	\$890
Tier 2		\$920	\$997	\$1,032
<u>Treated Replenishment Water Rate</u> (\$/AF)		\$651	**	**
<u>Treated Interim Agricultural Water Program</u> (\$/AF)		\$765	***	***
<u>Readiness-to-Serve Charge</u> (millions of dollars)		\$146	\$142	\$166
<u>Capacity Charge</u> (\$/cfs)		\$7,400	\$6,400	\$8,600

* The Delta Supply Surcharge will be suspended after 2012

** Discussions on the replenishment program are continuing with the Member Agencies

*** The Interim Agricultural Water Program will be discontinued after 2012

Definitions

Tier 1 Supply Rate - recovers the cost of maintaining a reliable amount of supply.

Delta Supply Surcharge - reflects the additional supply costs that Metropolitan faces along with other costs due to the pumping restrictions on the State Water Project.

Tier 2 Supply Rate - set at Metropolitan's cost of developing additional supply to encourage efficient use of local resources.

System Access Rate – recovers a portion of the costs associated with the delivery of supplies.

System Power Rate – recovers Metropolitan's power costs for pumping supplies to Southern California.

Water Stewardship Rate – recovers the cost of Metropolitan's financial commitment to conservation, water recycling, groundwater clean-up and other local resource management programs.

Replenishment Water Rate – a discounted rate for surplus system supplies available for the purpose of replenishing local storage.

Treated Replenishment Water Rate – a discounted rate for surplus system supplies available for the purpose of replenishing

local storage.

Interim Agricultural Water Rate – discounted rate for surplus system supplies available for the purpose of growing agricultural, horticultural, or floricultural products.

Treated Interim Agricultural Water Program Rate – discounted rate for surplus system supplies available for the purpose of growing agricultural, horticultural, or floricultural products.

Treatment Surcharge – recovers the costs of treating imported water.

Readiness-to-Serve Charge - a fixed charge that recovers the cost of the portion of system capacity that is on standby to provide emergency service and operational flexibility.

Capacity Charge – the capacity charge recovers the cost of providing peak capacity within the distribution system.

Page updated: April 19, 2012



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

**BOARD
ACTION**

• **Board of Directors**
Water Planning and Stewardship Committee

9/10/2013 Board Meeting

8-3

Subject

Authorization to implement New Conservation Program Initiatives

Executive Summary

Staff regularly reviews Metropolitan's water conservation programs in cooperation with the member agencies with the goal of increasing the efficiency and effectiveness of the programs. As a result of the most recent review, staff proposes new conservation and water recycling initiatives to help increase and enhance conservation program activity. In addition, staff recommends a new policy for the interaction between recycled water and conservation.

Details

Metropolitan's 2010 Integrated Water Resources Plan Update (IRP Update) sets water use efficiency targets which call for urban per capita water use reductions by the year 2020. The Long-Term Conservation Plan (LTCP), adopted by the Board in August 2011, identifies goals, strategies, and implementation approaches to help achieve the IRP Update target through market transformation. The focus of the LTCP is to create lasting and accelerated water savings through outreach, education, training, collaboration, incentives, and regulations, while managing within Metropolitan's conservation budget.

Staff is recommending changes and updates to Metropolitan's water conservation program. These changes are the work product of a Program Advisory Committee comprised of member and retail agencies.

Key changes include updates to the following areas:

- Public Agency Landscape Program;
- Targeted Fitness Center Incentive Program;
- Turf Removal Program;
- New device incentives; and
- Conservation incentive eligibility for sites using recycled water.

Public Agency Landscape Program

Based on staff experience in working with public agencies, there is a high potential for water savings, particularly with respect to landscape irrigation. Because of cash flow and budget limitations, it is not uncommon for public agencies to defer water efficiency improvements. The public's perception of water efficiency by public agencies impacts the general public's willingness to conserve. Staff recommends a short-term program offering up-front enhanced incentives up to \$300 per acre-foot for public agencies to install water-efficient landscape devices, as shown in **Attachment 1**. Public agencies would also be offered no-cost landscape irrigation audits. The program would run through June 30, 2016.

Targeted Fitness Center Incentive Program

In partnership with the United States Bureau of Reclamation (USBR), staff conducted a study in 2011 to analyze the commercial market. The market study found that replacing toilets and urinals in fitness centers has great potential to increase water savings due to the high volume usage of these devices in these facilities. The study indicated that there are approximately 1,500 fitness centers within Metropolitan's service area. Staff recommends implementing a new program targeting fitness centers with higher incentives, as shown in **Attachment 1**. The higher incentive is based on the higher water savings achievable in these facilities. Only WaterSense labeled models, where available, of toilets and urinals would be included in this program. The program would run through June 30, 2016.

Turf Removal Program

Metropolitan is presently implementing a turf removal program with an incentive of \$1 per square foot using grant funds from USBR and the Department of Water Resources (DWR). The USBR grant ends on September 30, 2013, and the DWR grant ends on January 31, 2014. Funding for both grants is fully allocated among 19 member agencies that are implementing turf removal programs. Some member agencies have exhausted their respective allocation and are presently receiving only Metropolitan's base incentive of 30 cents per square foot. Staff recommends that Metropolitan continue to pay for turf removal at \$1 per square foot, even for member agencies that have exhausted their allocated funding.

Staff continues to pursue additional grant funding for turf removal. In the meantime, Metropolitan's \$1 per square foot incentive would serve as a bridge to any future grant funding award. Practical experience from a wide variety of member and retail agencies as well as efforts in other states has shown that this incentive level is essential to motivate public participation.

Some member agencies have requested that turf removal be added to Metropolitan's regional rebate program. Other member agencies prefer to run turf removal programs at a local level. Staff now plans to offer turf removal through both Metropolitan's regional rebate program and the MWD-Funded/Member Agency Implemented Program. This would allow maximum flexibility for agencies to participate in the turf removal program.

New Device Incentives

The following new devices are recommended for inclusion in Metropolitan's conservation program:

- Soil moisture sensor system
- Plumbing flow control valves
- Rain barrels

A complete schedule of incentives that would become effective October 1, 2013, is listed in **Attachment 1**.

Rain barrels would be offered as a pilot for up to a total of \$500,000 or through June 30, 2016, whichever comes first. The LTCP includes a strategic focus within the conservation program to emphasize increased water use efficiency and encourage market transformation. The current strategic focus is on "proper irrigation control." The LTCP supports funding for the strategic focus through methods that may differ from traditional incentive approaches including outreach, education, increased incentives and research. To that end, staff would offer incentives for rain barrels as a pilot and then assess the viability of a longer-term incentive to encourage market transformation for residential customers.

Commercial and Multi-Family High-Efficiency Toilets

In May 2011, the Board approved eliminating incentives for high efficiency toilets effective June 30, 2014, due to existing legislation which requires that all toilets sold in California meet water efficient criteria. However, there is still an untapped market in commercial and multi-family sectors, where the replacement to more efficient toilets has not been as accelerated as in the single-family residential sector. Staff recommends continuing incentives for high-efficiency toilets aimed at the commercial and multi-family sectors.

Conservation Incentive Eligibility for Sites Using Recycled Water

The current policy for funding conservation projects on sites using recycled requires a review of each incentive on a case-by-case basis. This policy is difficult to administer. Staff recommends that sites using recycled water be eligible for conservation program funding. Member agencies may choose to disallow conservation of recycled water in their service area and sites would be excluded as requested by the member agency.

Program Flexibility

The Long-Term Conservation Plan established a framework that includes flexibility to adjust programs based on levels of success, cost, and opportunities. Staff recommends having the administrative authority to make these types of adjustments to the conservation program as long as the changes stay within the existing policy of incentives based on \$195 per acre-foot of water conserved. This would allow staff to make program adjustments that take into account market forces, new catalysts, and motivational factors to increase program participation, and position staff to take advantage of opportunities that arise.

Next Steps

Staff will work with member and retail agencies to implement these new conservation program initiatives, consistent with the approved Conservation Credits Program budget, beginning October 1, 2013. The conservation incentives administered directly by Metropolitan through the regional program are available to applicants throughout Metropolitan's service area. Metropolitan will continue to work with member and retail agencies to identify new conservation opportunities and to refine existing programs.

Policy

By Minute Item 49068, dated May 8, 2012, the Board authorized changes to Metropolitan's Water Conservation Program.

By Minute Item 48772, dated August 16, 2011, the Board adopted the Long-Term Conservation Plan and revisions to the water conservation policy principles.

By Minute Item 42785, dated December 5, 1997, the Board approved expanding Conservation Credits Program funding to projects that conserve recycled water.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves implementing new conservation program initiatives (including Public Agency Landscape Program, Targeted Fitness Center Incentive Program, Turf Removal Program, New device incentives, and Conservation incentive eligibility for sites using recycled water) at existing public or private facilities involving negligible or no expansion of use and no possibility of significantly impacting the physical environment, within the context of the existing conservation incentive program. Accordingly, the proposed actions qualify under a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

In addition, the fiscal aspects of the conservation program initiatives themselves are not subject to CEQA because they involve other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed actions qualify under a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines). In addition, the fiscal aspect of the rebates is not subject to CEQA (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the project is categorically exempt from CEQA and authorize implementation of

- a. New conservation program initiatives effective October 1, 2013; and
- b. New policy on providing Conservation Credits Program funding to projects conserving recycled water.

Fiscal Impact: \$5,000,000; Conservation incentive expenditures would be managed within the board-approved budget for each fiscal year. The board-approved conservation program budget is \$20 million in fiscal year 2013/14.

Business Analysis: The proposed changes would help achieve the IRP water savings goal.

Option #2

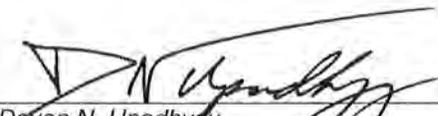
Take no action.

Fiscal Impact: None

Business Analysis: Staff would consider other initiatives to help achieve the IRP water savings goal.

Staff Recommendation

Option #1



Deven N. Upadhyay
Manager, Water Resource Management

8/20/2013
Date



Jeffrey Kightlinger
General Manager

8/22/2013
Date

Conservation Incentives

The following incentive schedule is complete and supersedes all previously approved incentives. For regional commercial rebates, incentives are based on incentive amounts in effect when the reservation is made. All device incentives are limited to cost of the device, unless otherwise noted.

Device	Proposed Incentive (Effective 10/01/2013)
Regional Residential Program	
Weather-Based Irrigation Controller – under 1 acre	\$80
Weather-Based Irrigation Controller – 1 acre or larger	\$25 per station
Rotating Nozzles for pop-up spray head retrofits	\$4 ¹ Minimum 15 per application
High Efficiency Clothes Washer – (Water Factor ≤ 4.0)	\$85
High Efficiency Toilet – 1.28 gallon or less (single family)	\$50
Turf Removal	\$1 per square foot*
Rain Barrel	\$75 per barrel*
Soil Moisture Sensor System	\$80*
Regional Commercial Program	
Weather-Based or Central Computer Irrigation Controller	\$25 per station
Large Rotary Nozzles	\$13 per set Minimum 8 sets per application
Rotating Nozzles for pop-up spray head retrofits	\$4 ¹ Minimum 15 per application
High Efficiency Toilet (Tank-Type)	\$100
High Efficiency Toilet (Flushometer)	\$100
Multi-Family High Efficiency Toilet	\$50
Urinals – Zero Water Use and Ultra Low Water Use (0 – 0.125 gal/flush)	\$200
Dry Vacuum Pump	\$125 per 0.5 hp
Connectionless Food Steamer	\$485 per compartment
Cooling Tower pH Controller	\$1,750
Cooling Tower Conductivity Controller	\$625
Ice Machine	\$1,000
In-Stem Flow Regulator	\$1 Minimum 25 per application
Laminar flow restrictor	\$10 per restrictor
Turf Removal	\$1 per square foot*
Plumbing Flow Control Valve	\$10 per pair*
Soil Moisture Sensor System	\$25 per station*

¹ Increase may be funded through grants

Device	Proposed Incentive (Effective 10/01/2013)
Other Incentives Eligible in MWD-Funded/Member Agency Administered Program	
Residential Irrigation Evaluation (without irrigation timer)	\$8
Residential Irrigation Evaluation (with irrigation timer)	\$18
Single-Family Indoor Survey	\$12.50
Commercial Landscape Survey ²	\$200 per acre
Water Use Accountability ³	\$3.50 per acre per month
Rotating Nozzles for pop-up spray head retrofits	\$4 ¹ Up to cost of device plus project administrative costs ⁴
Commercial, Industrial, Institutional, Large Landscape, and Agricultural Projects ⁵	\$150 per AF of Estimated water savings or \$195 per AF of Measured water savings
Customized Projects ⁵	\$195 per AF
Incentives Eligible in Pay for Performance Contracts	
Commercial, Industrial, Institutional, Large Landscape, and Agricultural Projects ⁵	\$150 per AF of Estimated water savings or \$195 per AF of Measured water savings
Grant Funding Program	
Turf Removal	\$1.00 per square foot
Rotating Nozzles for pop-up spray head retrofits	\$4
Residential High Efficiency Clothes Washer – (Water Factor ≤ 4.0)	\$110
Public Agency Landscape Program	
Weather-Based or Central Computer Irrigation Controller	\$40 per station*
Large Rotary Nozzles	\$13 per set Minimum 8 sets per application*
Rotating Nozzles for pop-up spray head retrofits	\$6 ¹ Minimum 15 per application*
Fitness Center Incentive Program⁶	
High Efficiency Toilet	\$300*
Urinals – WaterSense labeled	\$500*

* These items were changed or added in this board letter.

² Limited to the full cost of the survey

³ Limited to one-half of eligible project costs and a maximum of five years per project

⁴ Eligible project administrative costs include third party costs billed to the agency

⁵ Limited to one-half of eligible project costs and a maximum of ten years per project

⁶ Limited to cost of device plus installation