

Water Planning and Stewardship Committee

Item 6c

Subject: Local Resources Program Update

Purpose: Provide an overview of Local Projects Program status and new initiative to improve program performance.

Water Planning and Stewardship Committee

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Oral Report on Local Projects Program



Local Resources Program Update

Water Planning and Stewardship Committee

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August 18, 2014

Local Resources Program Purpose

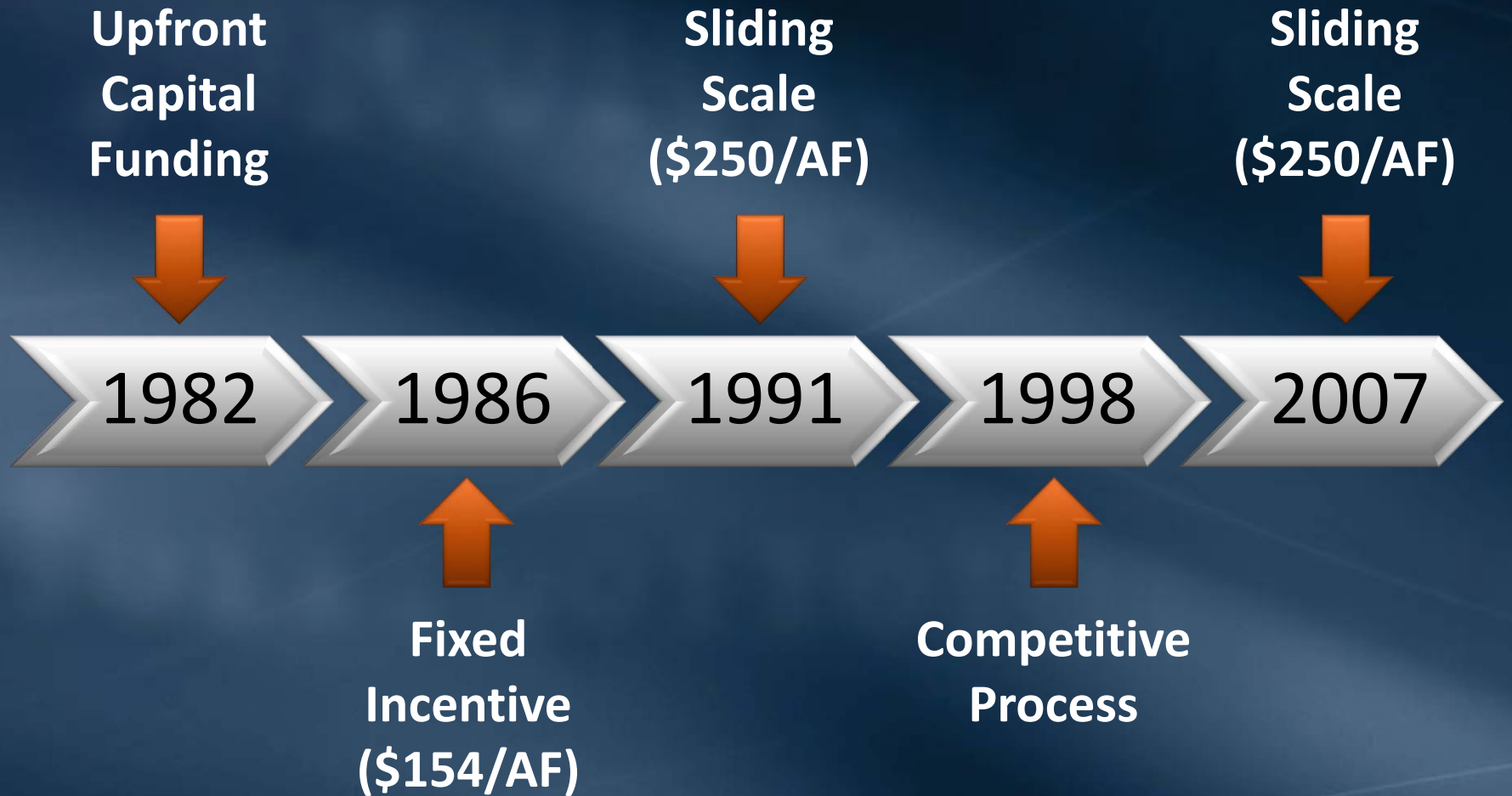
- LRP provides incentives for development of new local projects
 - Recycled water to reduce imported water demand
 - Recovered groundwater to increase regional groundwater production and sustain yield during drought without imported water replenishment
- LRP expedites local project development
 - Increased use of recycled water and recovered groundwater in the region
 - Meet IRP and 20x2020 goals
 - Drought response

Local Resources Program Background

- 1980 – Orange and Los Angeles Counties Reuse Study
 - Recycled water potential
 - Regional benefits/Imported demand reduction
- 1982 – Program for recycled water
- 1991 – Program for recovered groundwater



Program Incentive Over Time



Current Program Status

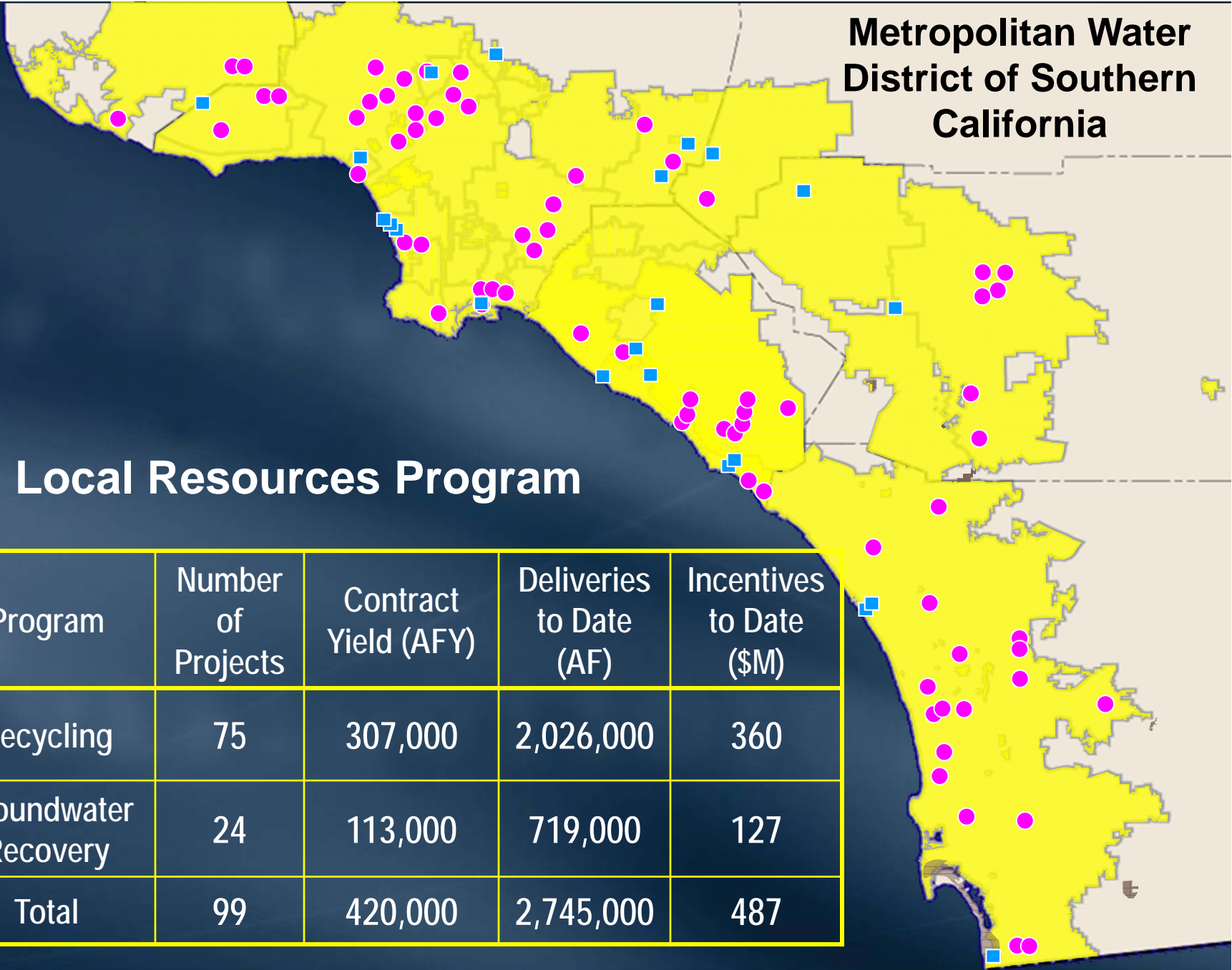
2007 LRP target	174,000 AFY
23 projects approved	<u>111,000 AFY</u>
Remaining target	63,000 AFY



Metropolitan Water District of Southern California

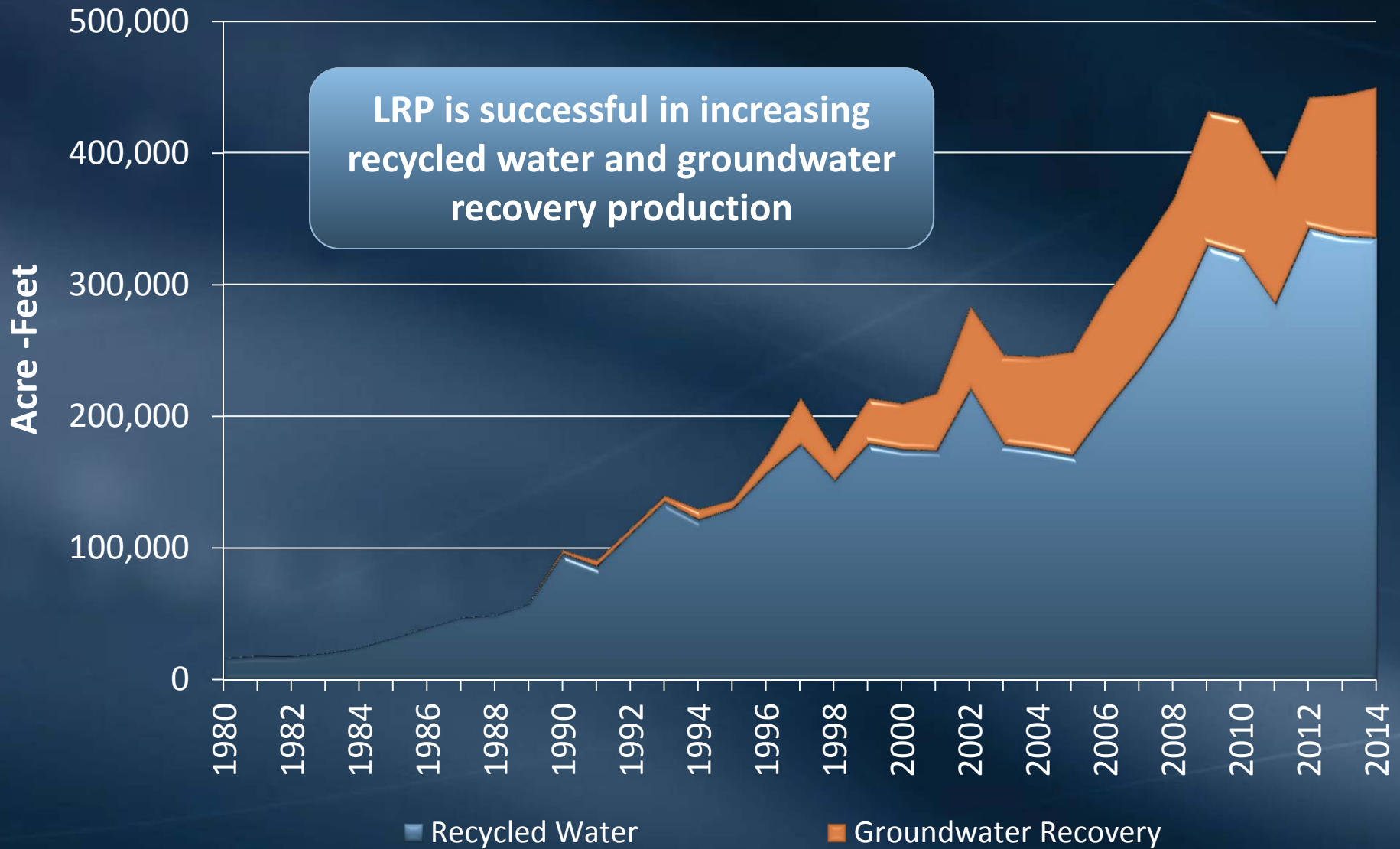
Local Resources Program

	Program	Number of Projects	Contract Yield (AFY)	Deliveries to Date (AF)	Incentives to Date (\$M)
●	Recycling	75	307,000	2,026,000	360
■	Groundwater Recovery	24	113,000	719,000	127
	Total	99	420,000	2,745,000	487



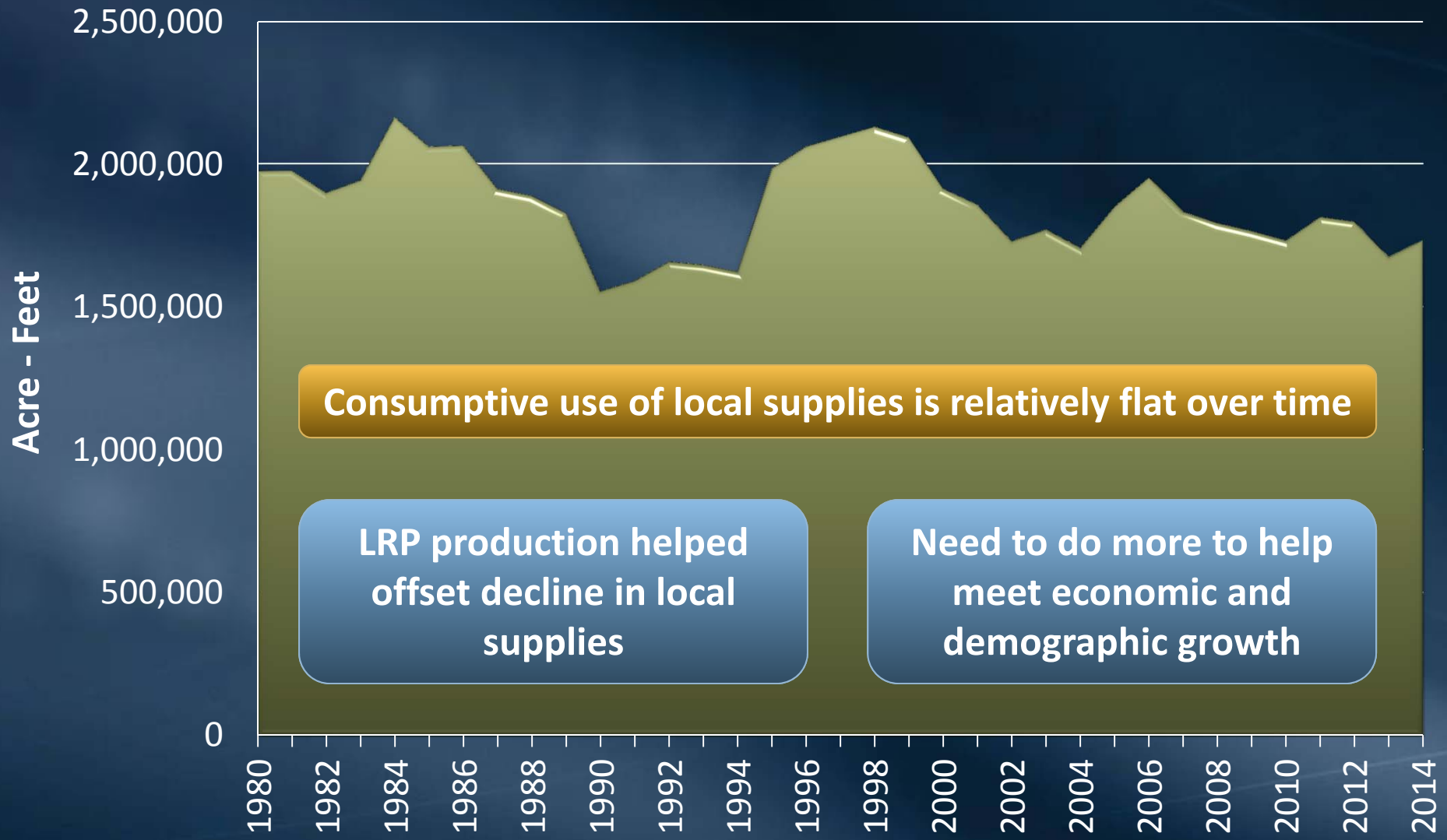
Program Impacts on Local Supplies

Recycled Water and GW Recovery



Total Consumptive Use of Local Supplies

Groundwater, Surface Water, LAA, Recycled Water for Direct Use

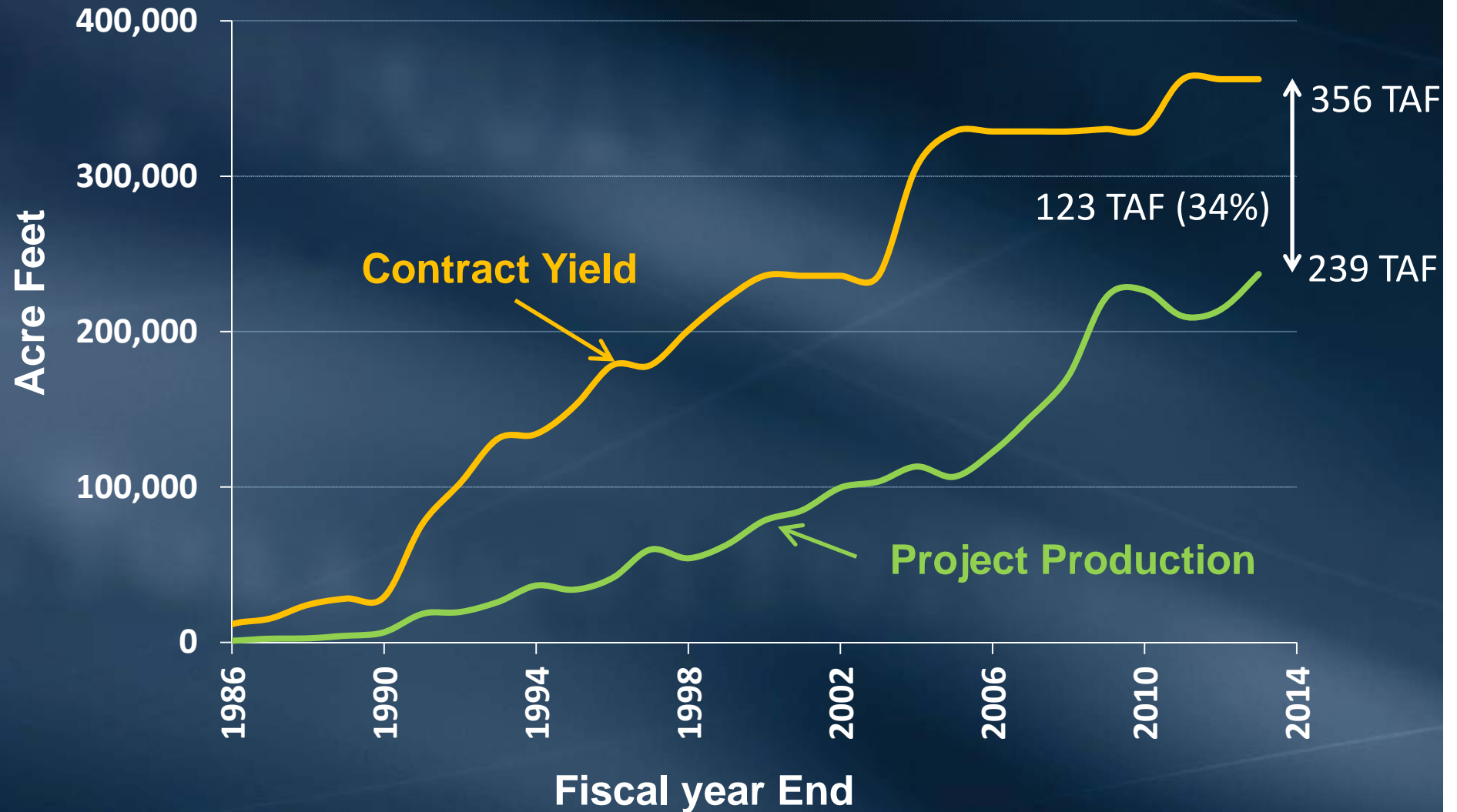


(Excludes GW Replenishment)

Observations

- LRP production is not at capacity
- Cost remains a predominant constraint
 - Data shows most local projects cost more than MWD rate
 - Financial assistance needed, especially in early years

Actual Yield is Less than Contract Maximum



Narrowing the Gap

- 2007 Public sector program
 - 85 sites
 - 3,300 AFY
- 2013 Foundational Actions Funding Program
 - \$3 million for 13 projects
 - Technical studies and pilot projects
- 2014 On-site retrofit Pilot Program
 - \$7.5 million over three years
 - 14 applications to date (\$1 million for 1,100 AFY)

Time for LRP Refinement

- Meet 20x2020 (recycled water)
 - Bring new projects online faster
 - Motivate increased production from existing projects (faster ramp-up, expansions)
- Meet IRP resource needs
- Enhance storage opportunities
- Improve groundwater management and sustainability

LRP Refinements – Approach

1. Update incentive amount and payment structure
2. Consider recycled water on-site retrofit costs
3. Review eligibility for other water resources
4. Evaluate opportunities to provide reimbursable services

Update Incentive Amount and Payment Structure

- Review Incentive amount (currently up to \$250/AF)
- Maintain current sliding scale approach
- Consider payments early in contract
 - Would help with high cost in early years
 - Need to ensure that Metropolitan gets value
- Consider a fixed incentive rate
 - Provides stable funding opportunity
 - Need to ensure Metropolitan is paying the appropriate amount

Other LRP Refinements

- Recycled water on-site retrofits
 - Include as LRP eligible costs
- Other water resources
 - Consider seawater desalination
 - Conduct a study on stormwater regional benefits
- Reimbursable services
 - Example services: design, construction, operation
 - Member agencies reimburse Metropolitan
 - To expedite project development by 2020
 - Pursue Federal and State grants

Next Steps

August-September 2014

Continue Discussions with Member Agencies



September 2014

Board Information Item



October 2014

Board Action

