



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Committee Item INFORMATION

One Water and Adaptation Committee

1/12/2026 One Water and Adaptation Committee Meeting

6a

Subject

Update on the Local Resources Program and Local Resources Development Workshop

Executive Summary

This item provides information to the Board on the Local Resources Program (LRP) and Local Resources Development Workshop. The first Local Resources Development Workshop was held on October 31, 2025, during the Member Agency Managers Meeting. The session provided a detailed review of the LRP and gathered direct feedback from general managers. Member agencies affirmed the LRP's longstanding regional value while also raising key considerations, including: long-term program funding strategies; Metropolitan's potential future role in owning local facilities; the relationship between the LRP and local supply exchange framework; and how to balance the dual objectives of incentivizing local production while protecting Metropolitan's capital investments. Agencies also encouraged exploration of potential non-payment-based incentives to further advance local supply development.

The second Local Resources Development Workshop is tentatively planned for January 2026 and will continue evaluating approaches to strengthen the program and support regional reliability.

Background

Established in 1982, Metropolitan's LRP provides financial incentives for member agencies to support the development of recycled water and groundwater recovery projects across the region. Since its inception, Metropolitan has invested approximately \$761 million to help develop more than 3.2 million acre-feet (AF) of recycled water and 1.3 million AF of recovered groundwater. Today, 118 projects have been approved under the program, with 111 currently in operation. The LRP continues to accelerate local resource development, reduce reliance on imported supplies, and support compliance with Senate Bill 60 by expanding water conservation, recycling, and groundwater storage and replenishment measures. Overall, the LRP provides regional benefits to all member agencies.

The LRP has undergone several refinements since 1982, with the most recent occurring in 2014. That refinement updated performance provisions, increased the maximum incentive to \$340/AF, added three optional payment structures, and included seawater desalination as an eligible resource category. Following these changes, Metropolitan accepted 17 additional local projects, now in various stages of design, construction, and operation.

As groundwater production continues to decline across the region, Metropolitan and its member agencies have expressed strong interest in developing new local supplies. In response, on October 9, 2018, the Board approved an interim LRP target aimed at achieving up to 170,000 acre-feet per year of new local resource production. This remains the current LRP target.

On July 22, 2024, the Chair of the Board, the Vice Chair for Finance and Planning, and the Chair of the CAMP4Water Task Force commissioned an Ad Hoc Working Group of all 26 member-agency general managers to evaluate Metropolitan's business model and recommend improvements. The CAMP4Water Board Leadership directed the group to consider five critical areas: (1) treated water cost recovery; (2) Metropolitan's role in

supporting local supply development; (3) potential for a member agency supply exchange program; (4) balance of fixed and volumetric charges; and (5) conservation program funding.

After several months of collaboration, the Ad Hoc Working Group submitted recommendations in nine key areas: (1) Treated Water Surcharge; (2) Reserve Policy; (3) Water Sales Assumptions; (4) Voluntary Level Payment Plans; (5) Member Agency Exchange Programs; (6) Sales Outside of Service Area Policy; (7) Conservation and Local Resource Planning; (8) Equitable Level of Service (Board Resolution No. 9318); and (9) Wet-Year Water Acquisition Policy.

Following this effort, Water Resources Management held a series of workshops. The Business Model Support Sub-Working Group identified two initial actions: (1) directing the Finance Group to develop an alternative method to fund local resource and conservation programs; and (2) establishing a new working group to evaluate LRP program design and recommend structural refinements.

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