



One Water and Stewardship Committee

Review and maintain the General Manager's implementation of the Cyclic Cost-Offset Program effective April 15, 2023 pursuant to the Program terms approved by the Board on April 9, 2019; the Program previously was determined to be exempt or otherwise not subject to CEQA

Item 8-5

May 8, 2023

Cyclic Cost-Offset Program (CCOP)

Background

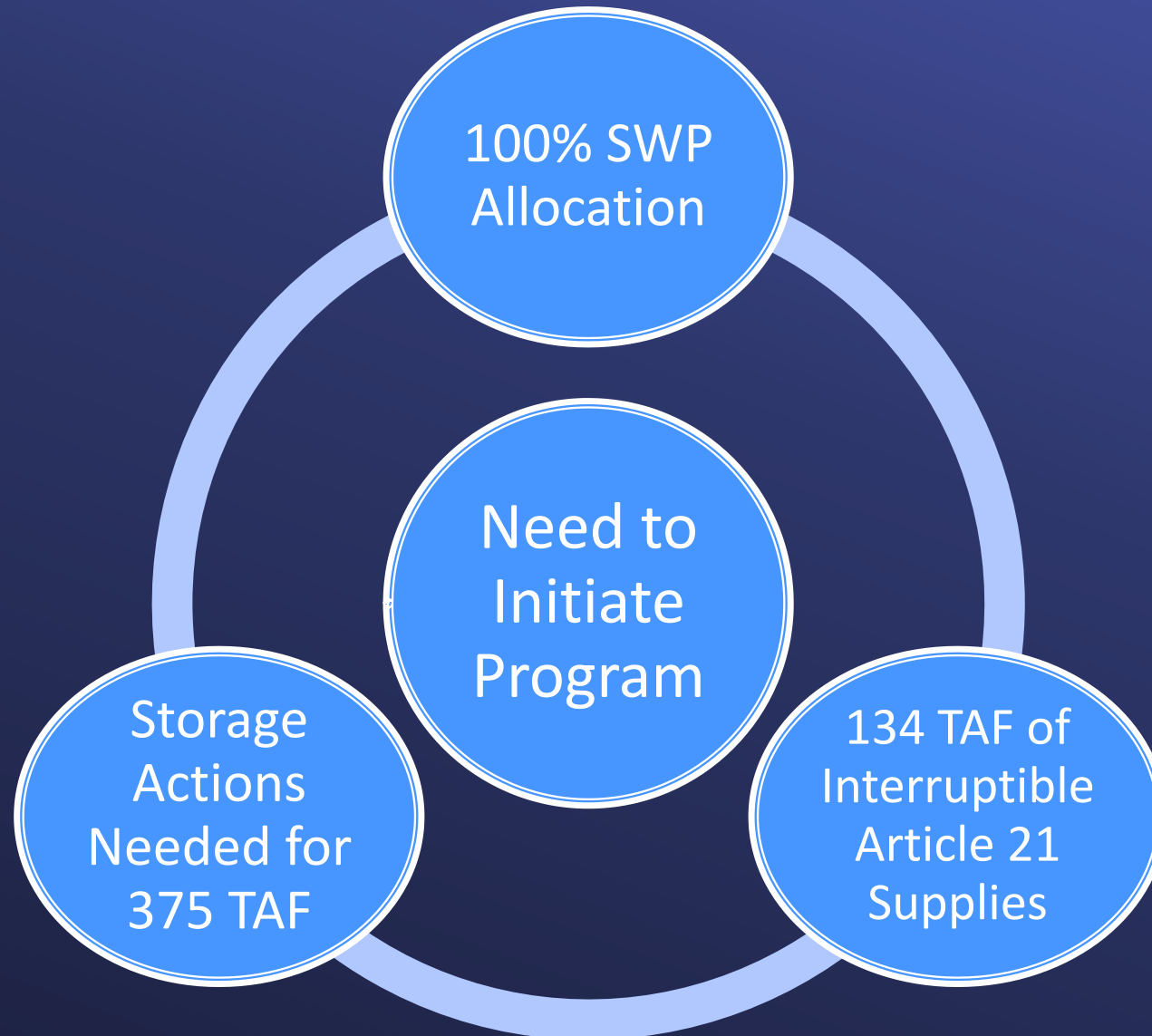
- Board Authorization April 2019
- General Manager authority to:
 - Issue cost offset in form of a credit to member agencies to capture additional water in cyclic accounts when
 - Risk of not capturing all available imported supplies
 - Member agency increases capture and incurs costs above normal supplies

Cyclic Cost-Offset Program (CCOP)

Terms

- Member agency must:
 - Receive more water than originally projected
 - Purchase the delivered water on an agreed-upon schedule within five years
- Deliveries at Metropolitan's discretion
 - No capacity charge
- Water purchased at full-service water rate in effect at time of purchase
- Cost offset up to \$264 per acre-foot

2023 Water Supply Conditions



Cyclic Program

Background

- Existing cyclic agreements
 - 24,000 acre-feet balance as of Jan. 2023
 - 545,000 acre-feet total capacity
- Metropolitan working to maximize puts to cyclic accounts
 - 144,000 acre-feet planned to deliver in 2023

Burbank	Pasadena
Calleguas MWD	Municipal Water District of OC
Three Valleys MWD	Upper San Gabriel Valley MWD
Eastern MWD	Western MWD
Rancho California Water District via EMWD and/or WMWD	San Diego County Water Authority

Cyclic Cost-Offset Program (CCOP)

Cyclic Cost-Offset Program

- Nine (9) agreements and drafting new agreements with three (3) member agencies
 - Establishing operating plans with member agencies
 - Deliver water when needed
 - Regularly report to OWS committee
- Coordinating pre-deliveries with member agencies
 - Plan to deliver 22,000 acre-feet
 - Additional deliveries expected

Cyclic Cost-Offset Program (CCOP)

Summary

- Water available in 2023 exceeds Metropolitan's capability to store
- Member agencies help increase the amount of water brought to the region
 - Supplies managed locally within five years
 - Dry-years
 - Emergencies
- Staff will monitor water supply conditions
 - Will stop when risk of exceeding storage ability greatly reduced

Board Options

Options

Option #1:

Review and maintain the General Manager's implementation of the Cyclic Cost-Offset Program effective April 15, 2023, pursuant to the Program terms approved by the Board on April 9, 2019 (No motion or vote is required for this option; the Report will be received and filed.)

Option #2:

Suspend the Cyclic Cost-Offset Credit Program implementation by the General Manager on April 15, 2023, effective no earlier than May 26, 2023.

Board Options

Staff Recommendation

- Review and maintain
- No motion or vote needed

