



Subcommittee on Long-Term Regional Planning Processes and Business Modeling

Ad Hoc Working Group Recommendations from the Water Resources Sub-Working Group

Item 3b
April 22, 2025

Water Resources Sub-Working Group Objectives

- Develop recommendations for the Ad Hoc Workgroup regarding Metropolitan's role in supporting the following:



Member agency local supply exchanges



Sales of water outside of the service area



Development of Local Resources and
Conservation



Member Agency Local Supply Exchange

Recommendations

Metropolitan should support local supply exchanges between member agencies

- Direct staff to develop a local supply exchange framework that incorporates the considerations identified by the sub-working group
- Direct staff to recommend needed policy changes to implement the framework
- Approval of framework and policy changes should go through One Water and Adaptation Committee



Member Agency Local Supply Exchange

Considerations

Key considerations that should be examined when developing the Local Supply Exchanges Framework

- Identify and implement policy changes needed to support local supply exchanges
- For indirect exchanges, Seller must have the ability to consume the local supply being sold and exchanged
- Metropolitan should only deliver to participating agencies when adequate supplies and system capacity are available for exchange
- Exchanges should not result in an additional cost to the region and should recover cost/full service rate



Sales Outside of the Service Area

Recommendations

Metropolitan should support water sales outside of the service area

- Direct staff to develop a framework that incorporates the considerations identified by the sub-working group
- Approval of framework should go through the One Water and Adaptation Committee



Sales Outside of the Service Area

Considerations

Metropolitan should support water sales outside of the service area

- Existing policy currently supports outside water sales – no changes to policy needed
- The existing Water Surplus and Drought Management planning process should identify conditions under which surplus supplies could be sold and sales should not impact future regional reliability
- Metropolitan should continue to invest in new storage and exchange opportunities for managing surplus supplies for the benefit of the region



Sales Outside of the Service Area

Considerations (continued)

Metropolitan should support water sales outside of the service area by:

- Water sales revenues should recover at minimum Metropolitan's overall water supply costs
- Metropolitan should not include anticipated revenues from the sale of water outside of the service area to unidentified parties, or from unidentified transactions in its budget, revenue requirements, or rate-setting processes



Local Resources and Conservation

Recommendations

Metropolitan should continue to support the development of local supplies through the Local Resources Program (LRP) and Conservation

- Direct the Finance Group to continue to develop an alternative method to fund these programs
- Direct staff to establish a new working group to evaluate program design and develop structural refinements to these programs



Local Resources and Conservation

Considerations

The Sub-Working Group is supportive of Metropolitan continuing to support the development of local supplies and conservation programs through incentives

- Conservation and LRP are important programs that play a significant role in managing demands
- A new funding mechanism needs to be established to fund Conservation and LRP that recognizes reduced revenues from water sales
- Conservation and LRP should be evaluated to determine if the incentive amounts are appropriate and if program structure continues to meet regional needs

