



Subcommittee on Demand Management and
Conservation Programs and Priorities

Update on Local Resources Program

Item 3a

June 12, 2023

Purpose

Provides incentives for Metropolitan's member agencies to develop new local projects to increase water supply reliability in the region



Recycled Water
(1982)



Groundwater Recovery
(1991)



Seawater Desalination
(2014)

LOCAL RESOURCES PROGRAM

Benefits



**Increases regional
water supply reliability**



**Reduces demand for
imported water supplies**



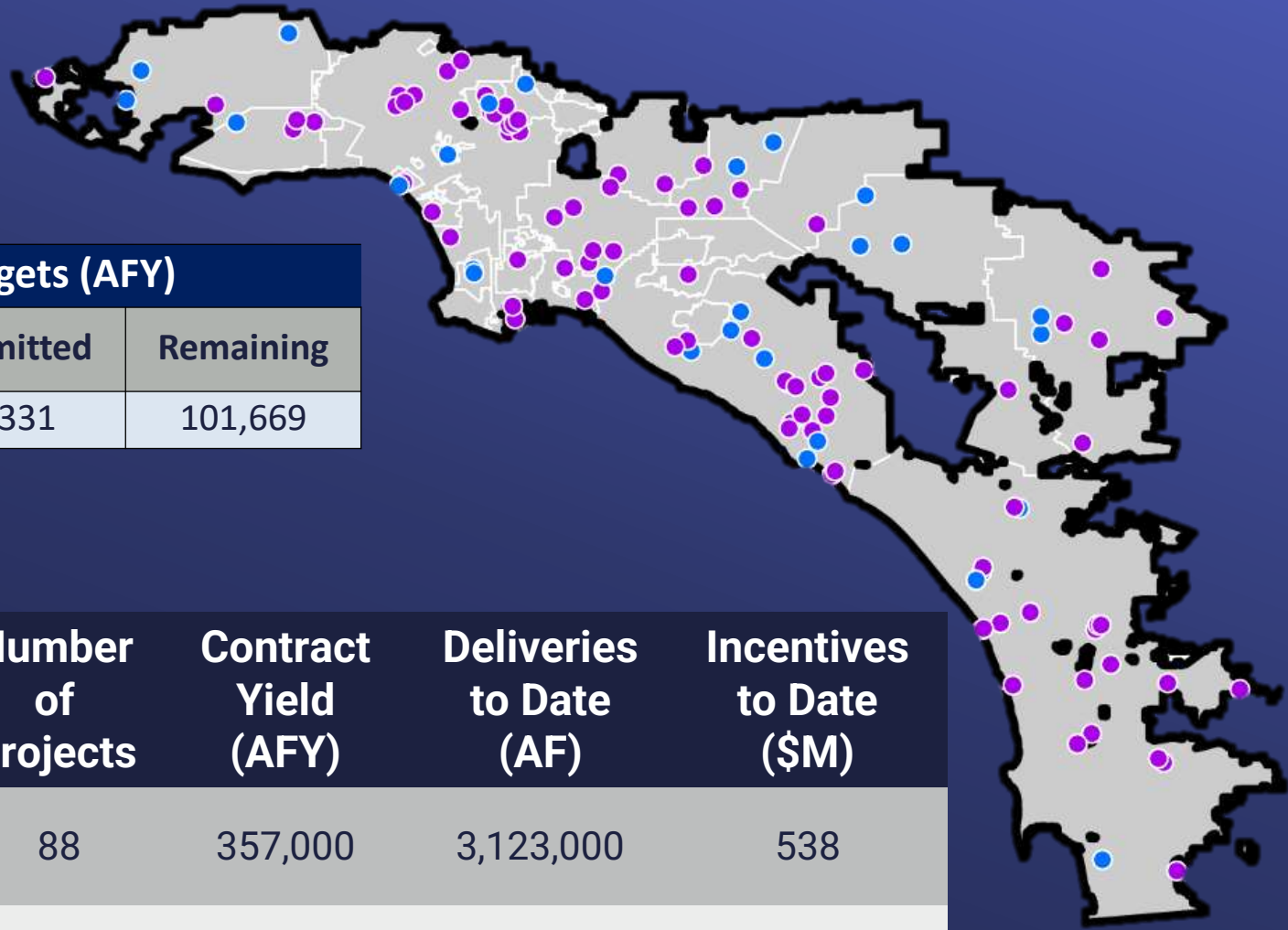
**Legislative Mandate
(SB 60 - 1999)**



**Decreases the burden on
Metropolitan's infrastructure**

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Summary To-Date

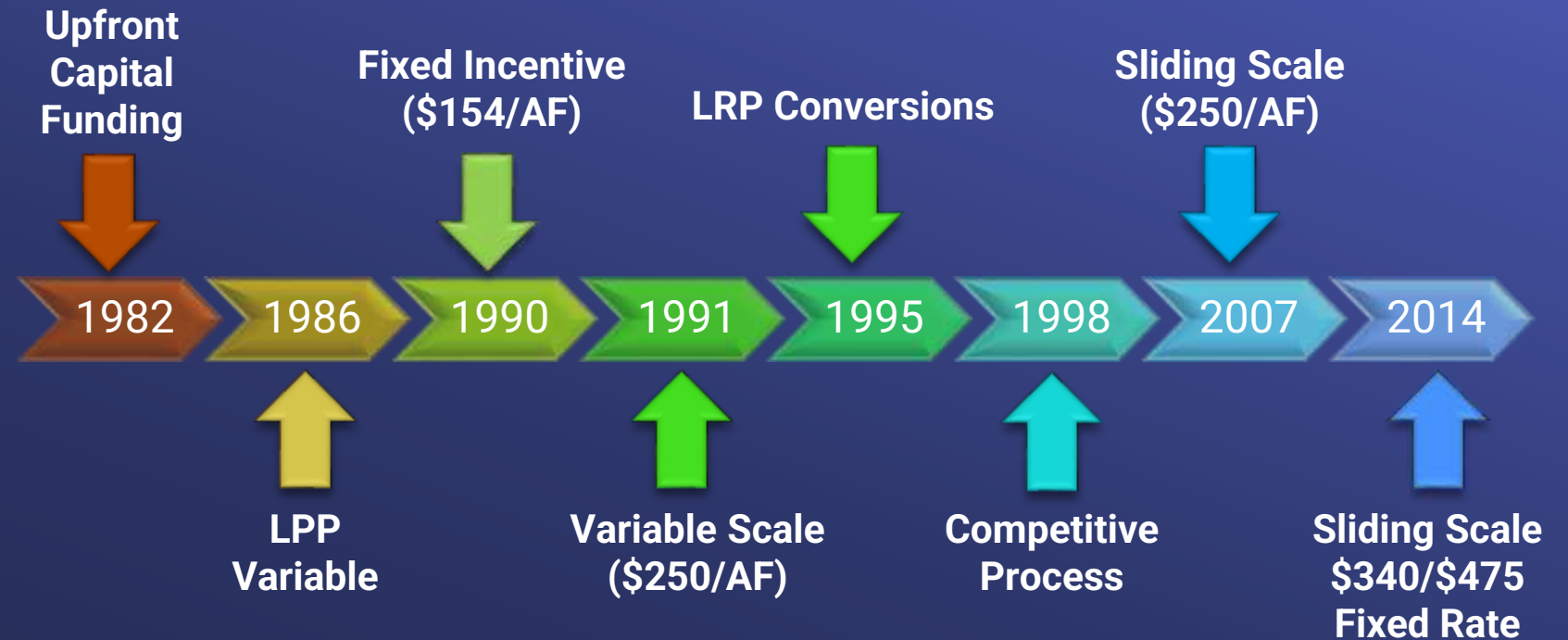


LRP Targets (AFY)		
Target	Committed	Remaining
170,000	68,331	101,669

Type	Number of Projects	Contract Yield (AFY)	Deliveries to Date (AF)	Incentives to Date (\$M)
Recycling ●	88	357,000	3,123,000	538
Groundwater Recovery ●	28	125,000	1,184,000	193
Total	116	482,000	4,307,000	731

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Evolution



- Add new resources and improve flexibility in response to feedback
- Program target helps meet long-term needs and signals continued commitment to local supply development

Refinements



- Allowed three incentive payment options
- Included on-site retrofit costs for recycled water projects
- Inclusion of Seawater Desalination
- Reimbursable Services
 - Expedites the development of ready-to-proceed local projects
 - Metropolitan participation considers
 - Urgency of the need to accelerate specific projects
 - Availability of Metropolitan staff to dedicate to project
 - No Metropolitan financing. All direct and indirect costs reimbursed to Metropolitan

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Refinements



Refinements



Framework for amending start of operation

- Approved by Board in June 2021
- Extension can be up to three years
- Agreement amendment requires Board approval

Framework for extending agreement date

- Approved by Board in October 2021
- Pause the agreement
- Extension can be up to three years
- Agreement amendment requires Board approval

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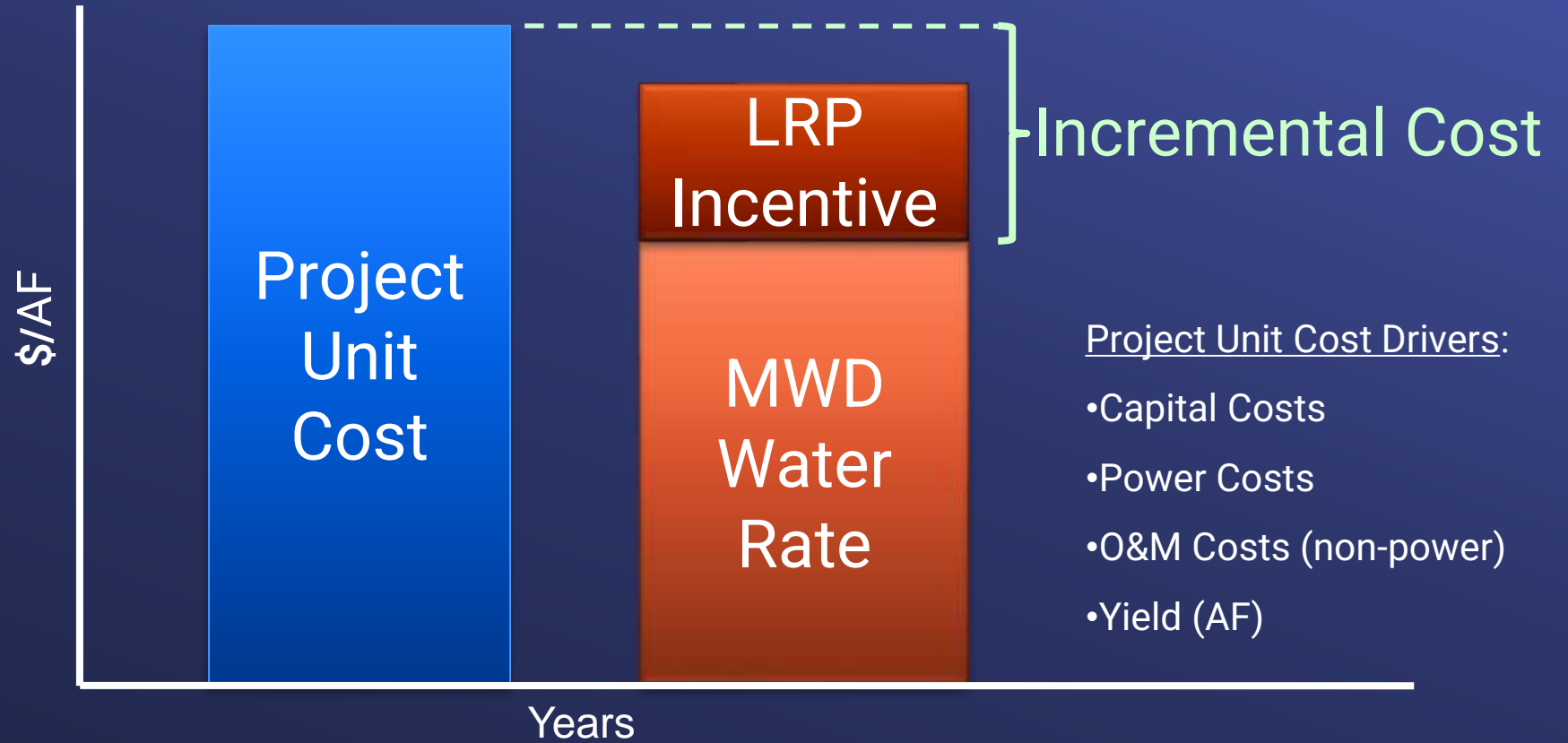
Incentive Payment Structure



Payment Structure Alternatives	Payment Period	Performance Period	Maximum Incentive Amount*
1 – Sliding Scale	25 years	25 years	\$340/AF
2 – Sliding Scale	15 years	25 years	\$475/AF
3 – Fixed Incentive Rate	25 years	25 years	\$305/AF

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Sliding Scale Incentive Payment Calculations



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The Life of LRP Projects



Pure Water Oceanside
(City of Oceanside)



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Project Eligibility Criteria



Groundwater Reliability Improvement Program (WRD)

Project must:

- Be supported by a Metropolitan member agency
- Replace demand on Metropolitan's imported water
- Not be existing or under construction
- Include construction of substantial new treatment or distribution facilities
- Be ready to proceed
 - Comply with CEQA and/or NEPA
 - Have obtained all required permits
 - Have interagency agreements, if applicable

Application Submittal



Irvine Desalter Project
(IRWD)

- Application is accepted on an open and continuous basis
 - Application is not a reservation of funds
- One application for each project
- Member agency must submit LRP application before start of construction (award of bids)
- Member Agency must submit:
 - Supporting Letter
 - California Environment Quality Act documentation
 - Project permits

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Agreement



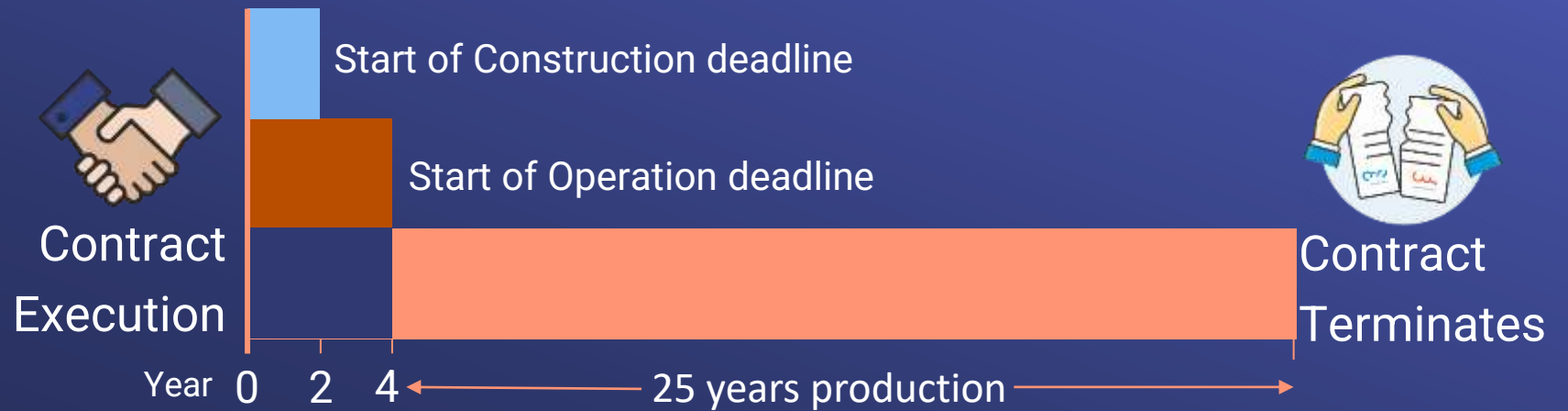
Chino Basin Desalination Program
(IEUA)

- Agreement Term : 25 years
- Allowable yield
 - Source water
 - Exclusions
 - Threshold
- Eligible facilities and costs
 - Treatment and/or Distribution
 - Shared facilities
- Annual production and/or cost reconciliation
- Performance provisions
- Audit

Performance Provisions



Perris II Ground Water Desalter (EMWD)



Project Target Yield:

- Year 1 – 4, 50% of ultimate yield
- Year 5 – 8, 75% of ultimate yield
- Every four-year period thereafter, 75% of ultimate yield

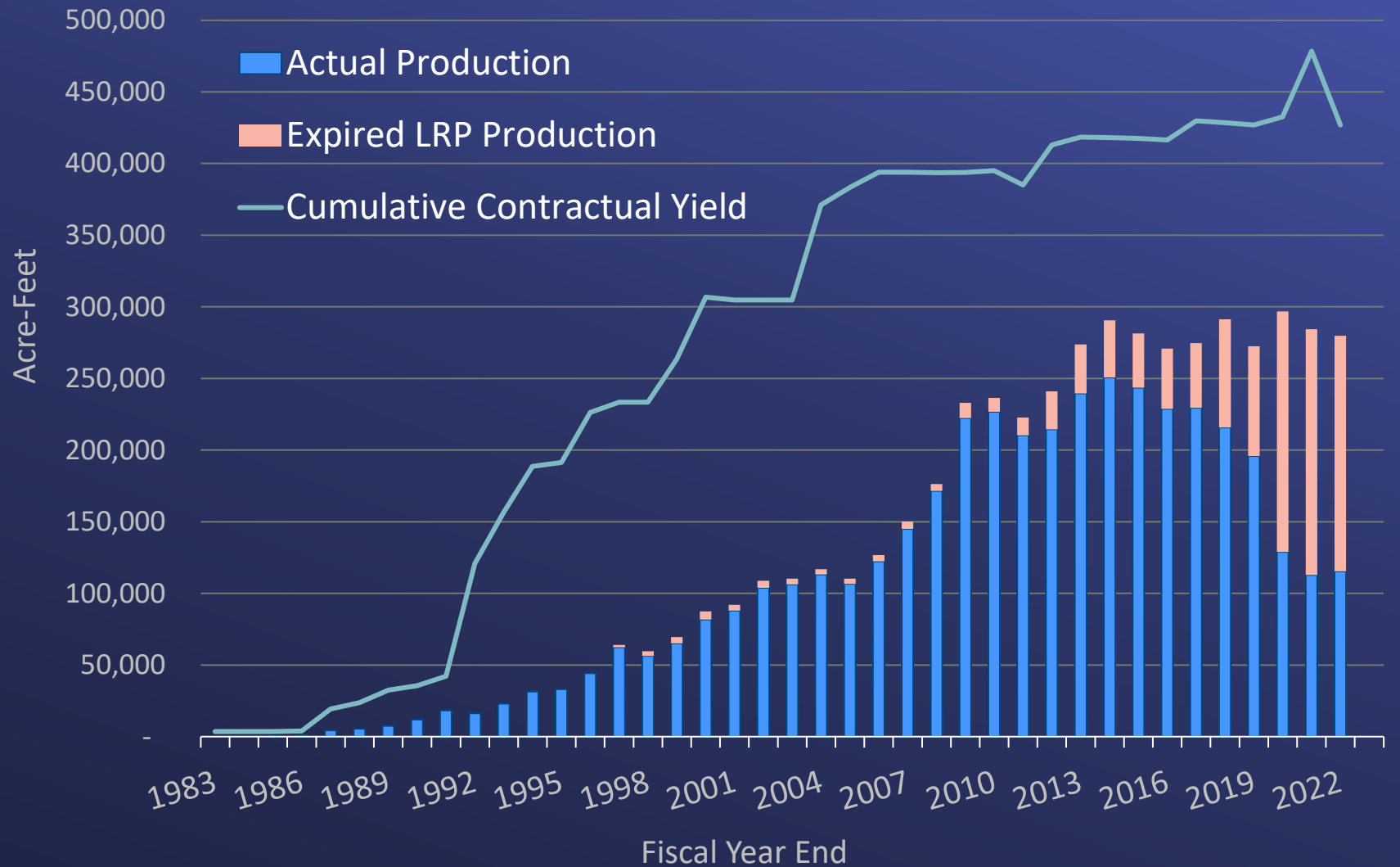
If project does not reach target yield, Metropolitan will reduce the ultimate yield

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How Projects Have Performed Over Time

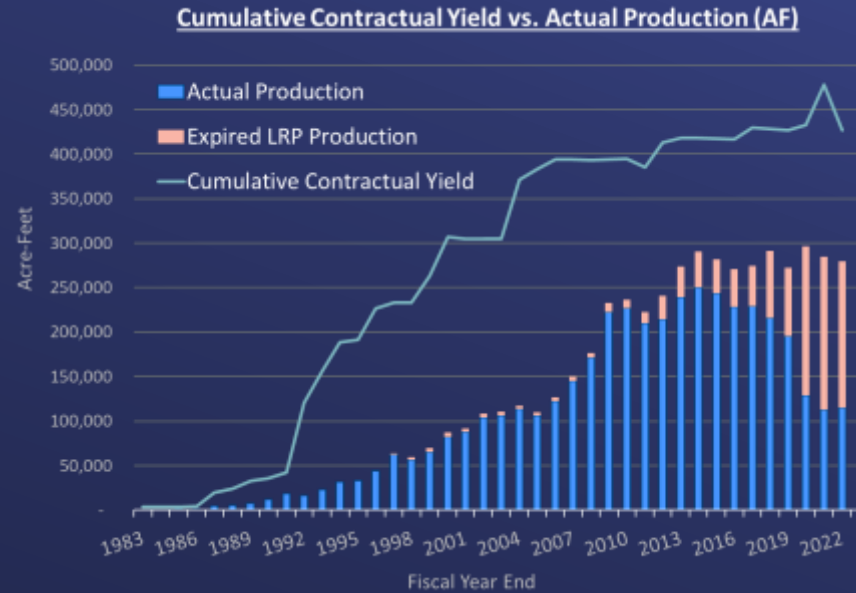


Cumulative Contractual Yield vs. Actual Production (AF)



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Challenges Identified by Member Agencies to Meet Contractual Yield



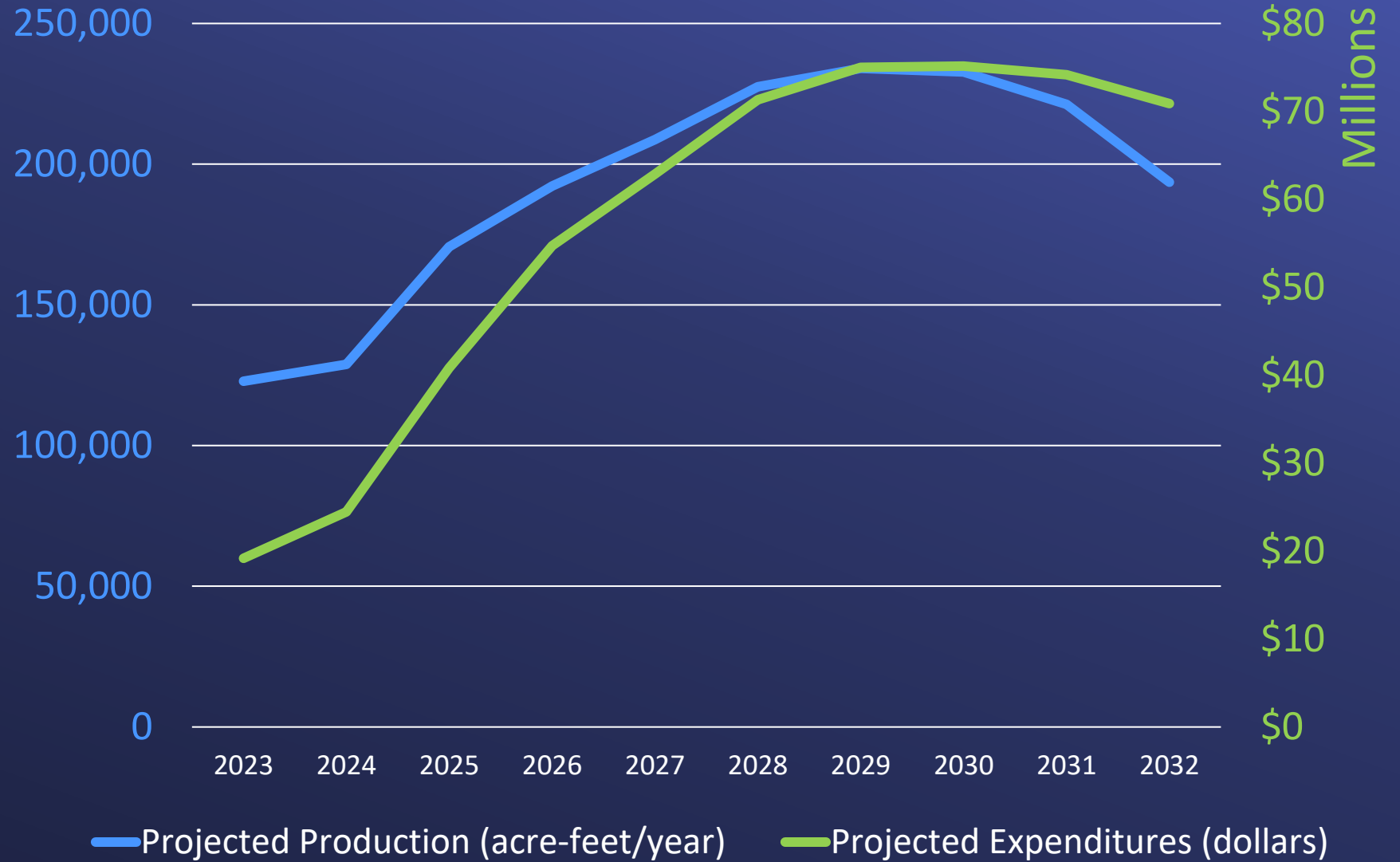
- Lower irrigation demands due to conservation
- Declining flows to wastewater treatment plants
- Restrictions on groundwater pumping
- Equipment failure and supply chain issue
- Reduced wet-year water production

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Budget



Projected Production & Expenditures

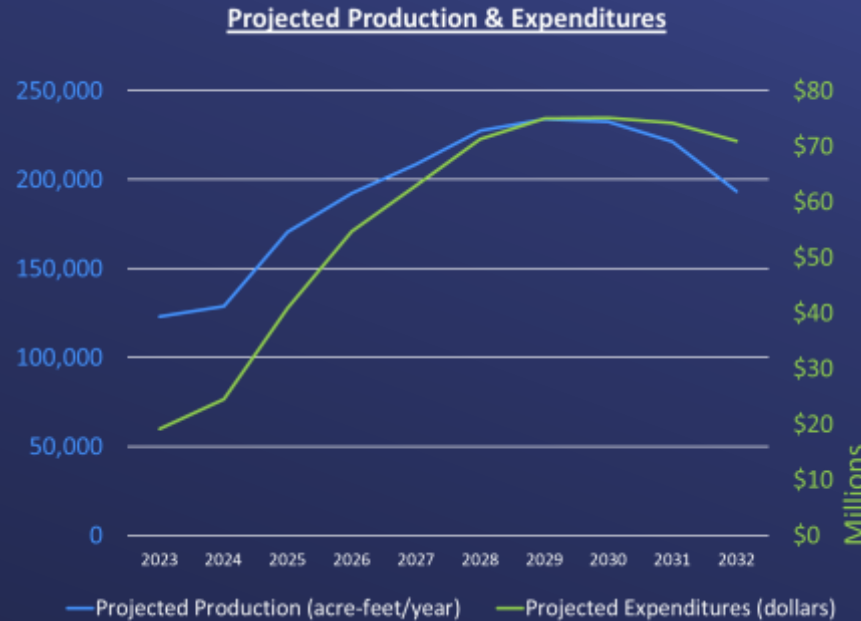


Budgeting Process



Aggregate Budget Estimate Includes:

1. Contractual yield (not max)
2. Actual production over previous four years
3. Estimates/adjustments provided by Member agencies
4. Current operational status
5. Estimate incentive rate
6. Includes additional (unknown) projects to meet 170 TAF target



LOCAL RESOURCES PROGRAM

What Has The Program Done?



Supports local resource development in the region



Accelerates project development among member agencies

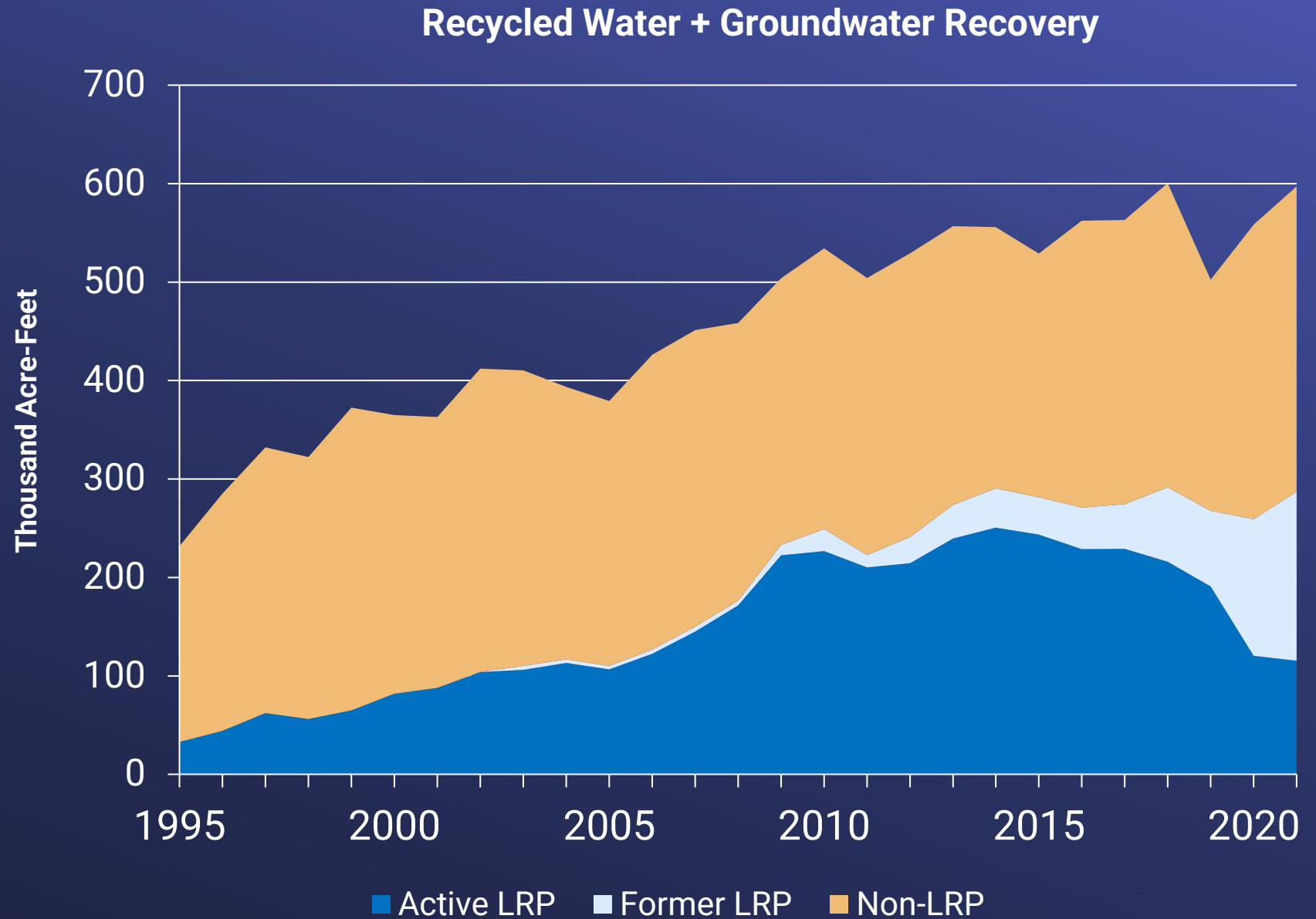


Helps improve regional reliability



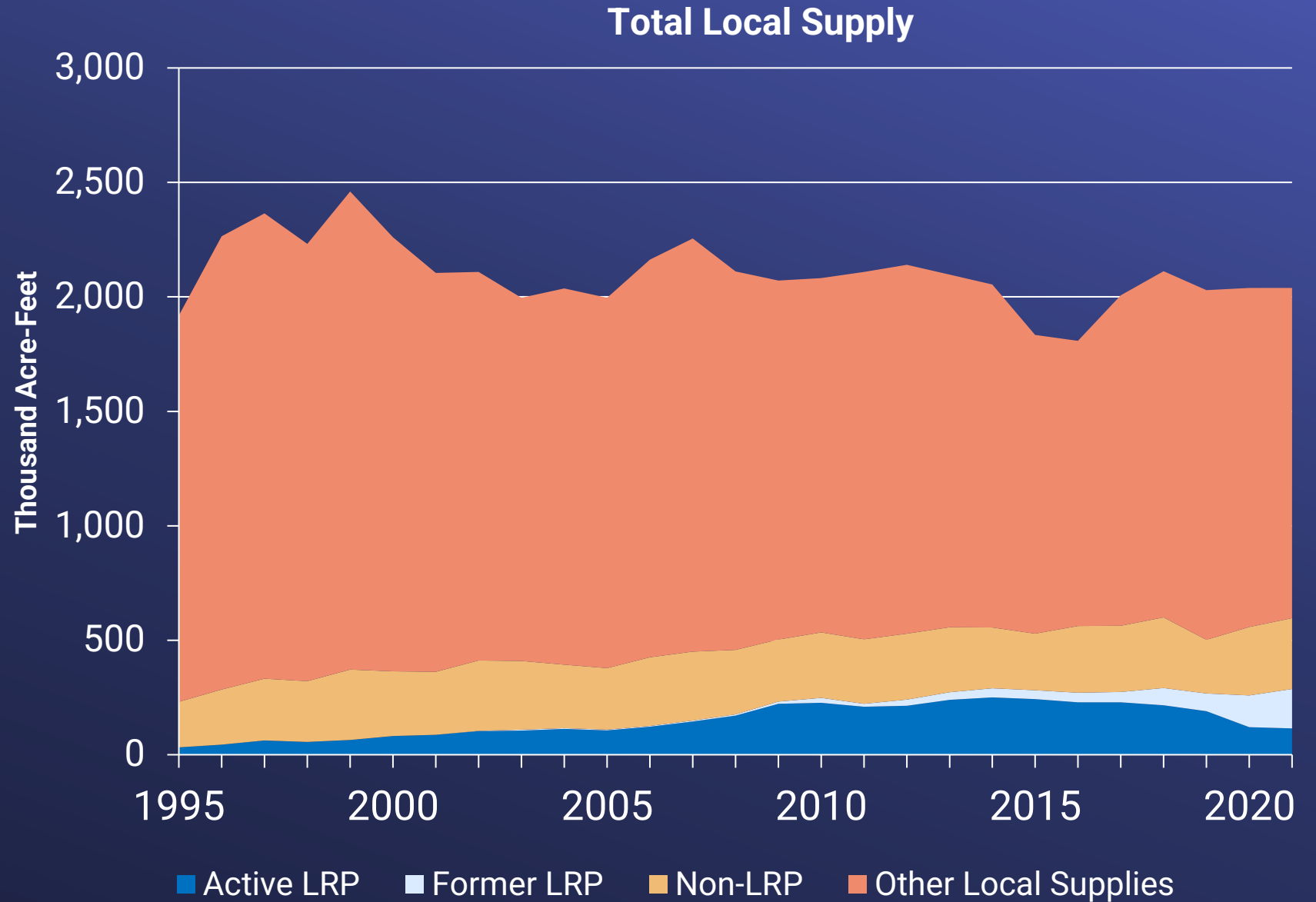
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Helps
Support
Local
Production
In The
Region



LOCAL RESOURCES PROGRAM

Total Local Supply In The Region





LOCAL RESOURCES PROGRAM
Moving Forward

Continue partnering with Member Agencies to bring planned local projects to fruition and to seek new opportunities to increase local supplies.

