



One Water and Adaptation Committee

# Update on Local Resources Program and Local Resources Development Workshop

Item 6a

January 12, 2026

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# Item 6a

## Update on Local Resources Program and Local Resources Development Workshop

### Subject

Update on the Local Resources Program and Local Resources Development Workshop

### Purpose

Provide information to the Board on the Local Resources Program and Local Resources Development Workshop

# Outline

- Update on Local Resources Program (LRP)
- LRP questions
- Update on local resources development workshop

# LOCAL RESOURCES PROGRAM (LRP)

*Incentivizes the development of local water supplies to reduce the reliance on imported water by reducing the barriers to the development of local water supplies.*

*The effect is to produce a local supply of water for local agencies, and as a result, Metropolitan avoids and defers the need to deliver more water, thereby also avoiding and deferring additional costs associated with delivery of that additional water.*



Recycled Water  
(1982)



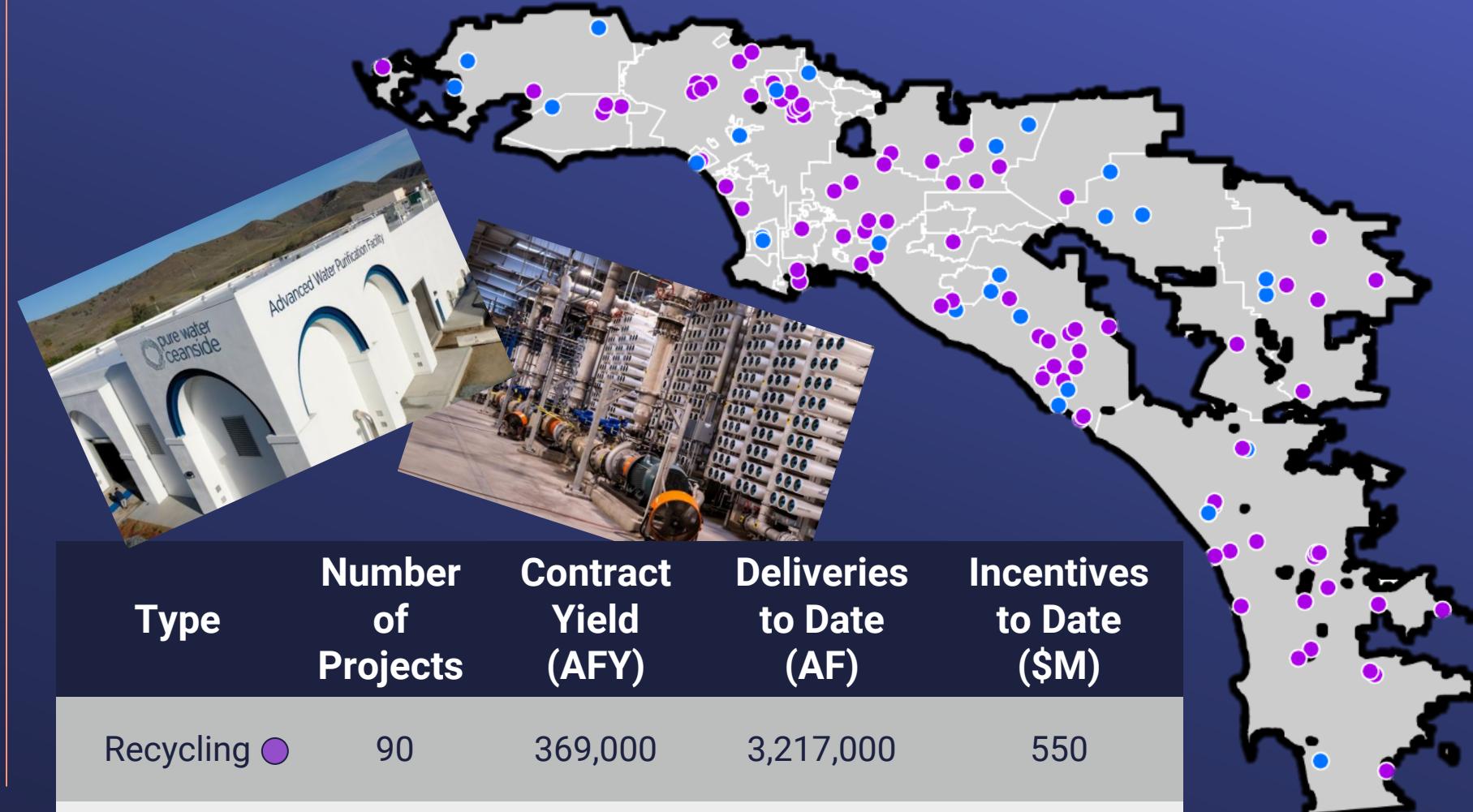
Groundwater Recovery  
(1991)



Seawater Desalination  
(2014)

# LOCAL RESOURCES PROGRAM

## Developing Local Supplies in the Region



Type	Number of Projects	Contract Yield (AFY)	Deliveries to Date (AF)	Incentives to Date (\$M)
Recycling	90	369,000	3,217,000	550
Groundwater Recovery	28	123,000	1,295,000	210
<b>Total</b>	<b>118</b>	<b>492,000</b>	<b>4,512,000</b>	<b>760</b>

As of August 2025



# Local Resources Program Questions

# Local Resources Program Questions

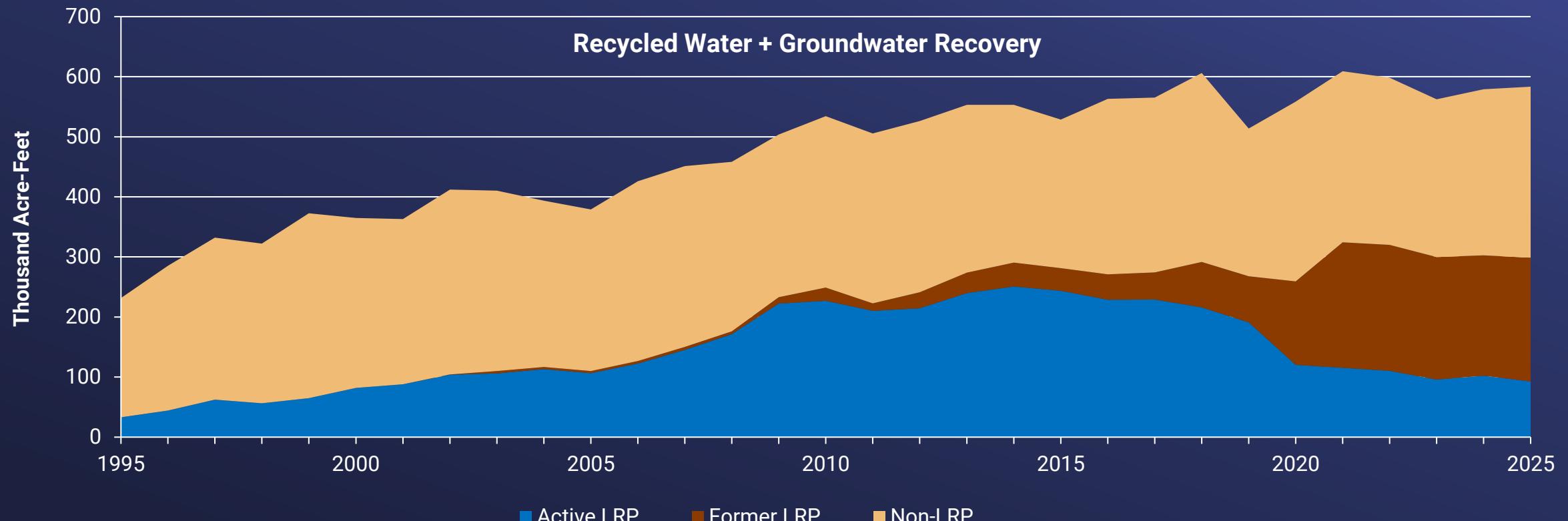
**Is the LRP effective?**

**Is the LRP under performing?**

**Are we over budgeting?**

# The LRP is effective

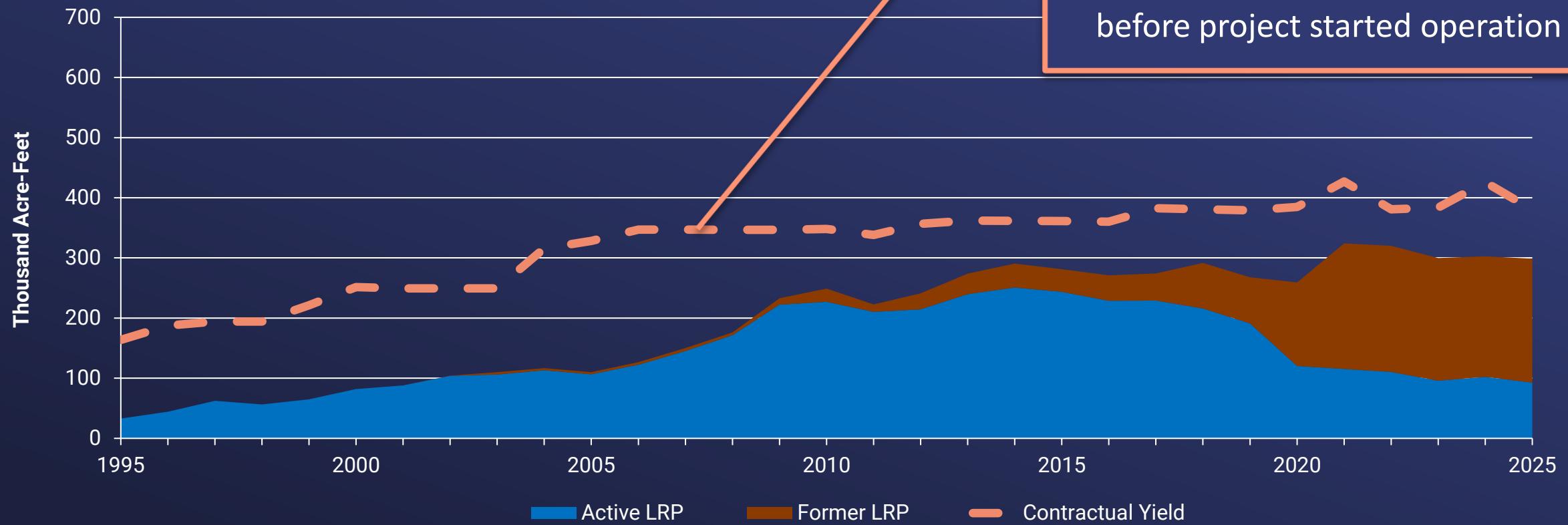
- Advances development of local supplies in the region
- Provides regional benefit regardless of location
- Doubled local supply (RW & GW) production



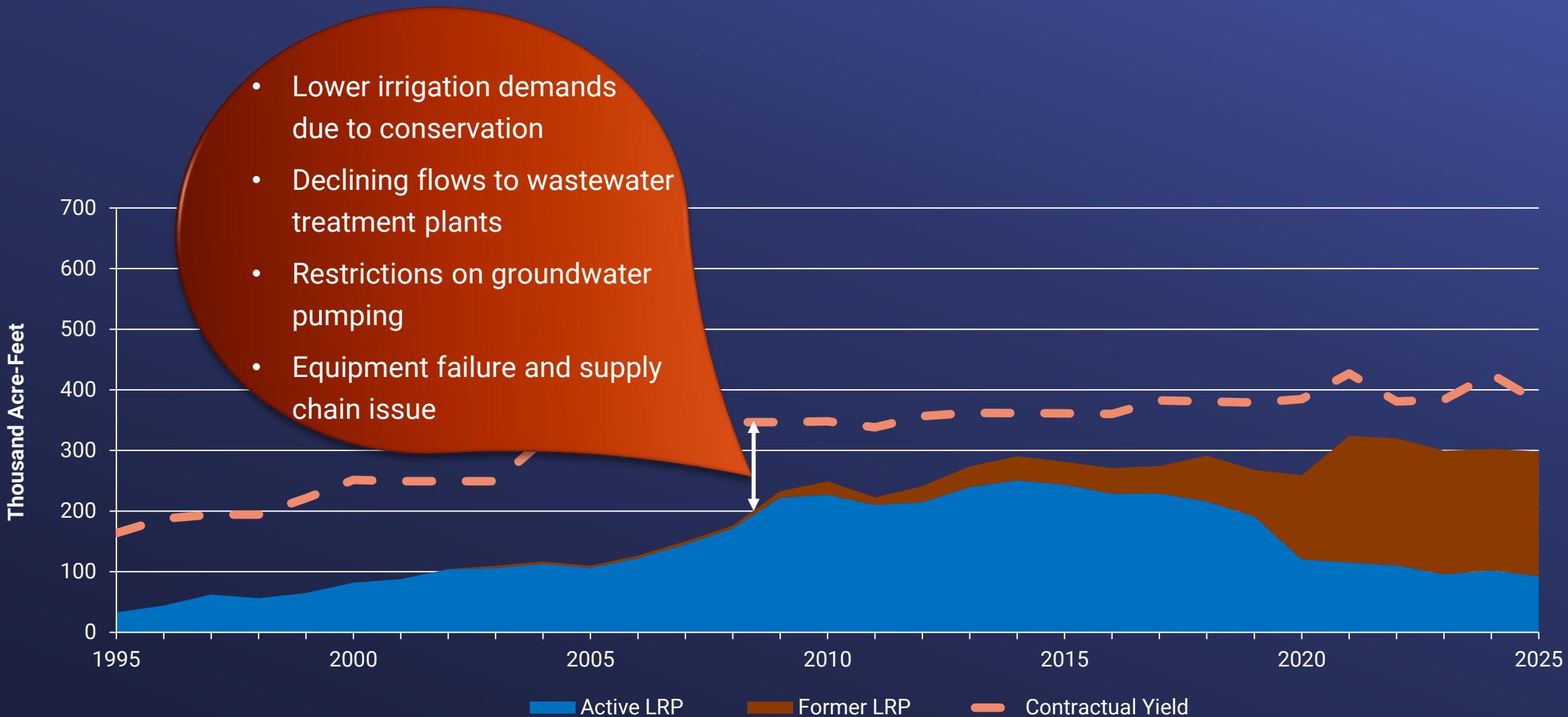
# The LRP is performing

- Contractual yield is not a measure of performance
- Contractual yield is provided by Member Agency
- Includes Board approved projects not yet operational

- Based on best information member agency had at the time of application
- Does not reflect modifications before project started operation

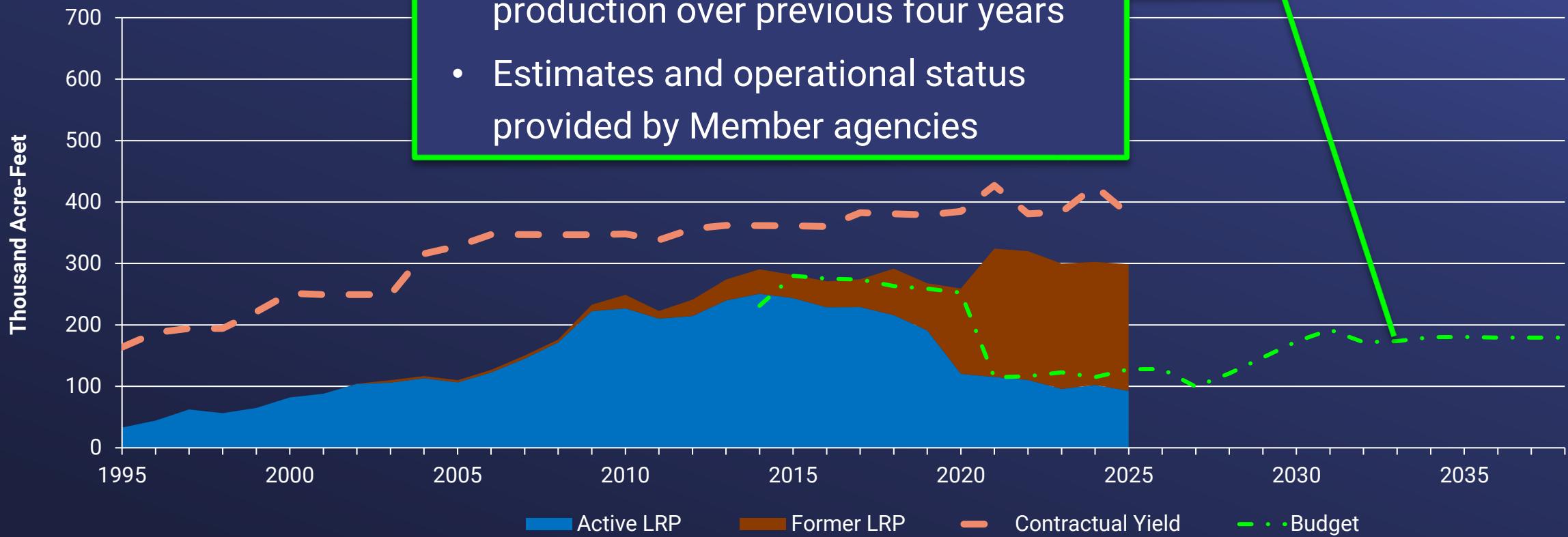


# Other factors that affect LRP production



# Are we over budgeting because of the maximum contract amount?

- Budget is not based on contractual obligation
- Budget is based on average historical production over previous four years
- Estimates and operational status provided by Member agencies





# Update on local resources development workshop

# Background

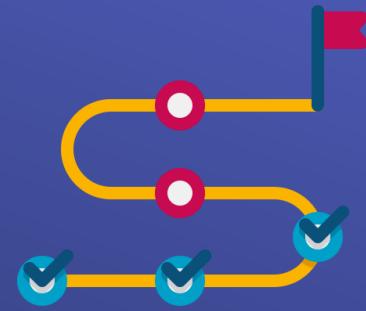
- In July 2024, CAMP4Water Board Leadership directed the Ad Hoc Working Group to ensure that Metropolitan's business model considers five factors and opportunities:
  - Treated water cost recovery
  - Metropolitan's role in Member Agency local supply development
  - Potential Member Agency supply exchange program
  - Proportion and components of fixed and volumetric charges
  - Conservation program and funding source(s)

# The Ad Hoc Working Group recommended nine areas important to Metropolitan's business model.

- Treated Water Surcharge
- Reserve Policy
- Water Sales Assumptions
- Voluntary Level Payment Plans
- Member Agency Exchange Programs
- Policy to Support Sales Outside of Service Area
- Conservation and Local Resource Planning
- Equitable Level of Service
- Wet-Year Water Acquisition Policy



# Process to Review the Local Resources Program and potential approaches



- Water resources business model support sub-working group for Local Resources and Conservation recommendation:

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

1. *Directing the Finance group to continue to develop an alternative method to fund these programs*
2. *Establishing a new working group to evaluate program design and develop structural refinements*

# Local Resources Development Workshop Objectives



- Discuss the effectiveness of the Local Resources Program, explore gaps and barriers, and facilitate dialogue to consider potential areas for program refinement
- Discuss the potential need for a new framework to develop new local supplies, informed by input from the business model discussions

# Local Resources Development Workshop Update



- The first workshop was held at MAMM on Friday, October 31, 2025
  - Local Resources Program overview
  - Member Agency managers feedback and discussion:
    - Strong regional success to support local supply development
    - Raised questions about long-term funding strategy
    - Discussion on integration of the local supply exchanges and the LRP
    - Explore a non-payment-based incentive approach
- The second workshop is tentatively set on February 23, 2026

# Summary

- The LRP has been effective in advancing local supply development in the region
- Contractual yield is not a measure of program performance
- LRP Budget is based on average historical project performance and not tied to contractual yield
- The workshops will:
  - explore gaps and barriers to local resource development
  - be a place to discuss potential need for a new framework based on the Business Model inputs

