



One Water and Adaptation Committee

Update on Local Resources Program and Local Resources Development Workshop

Item 6a

January 12, 2026

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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)



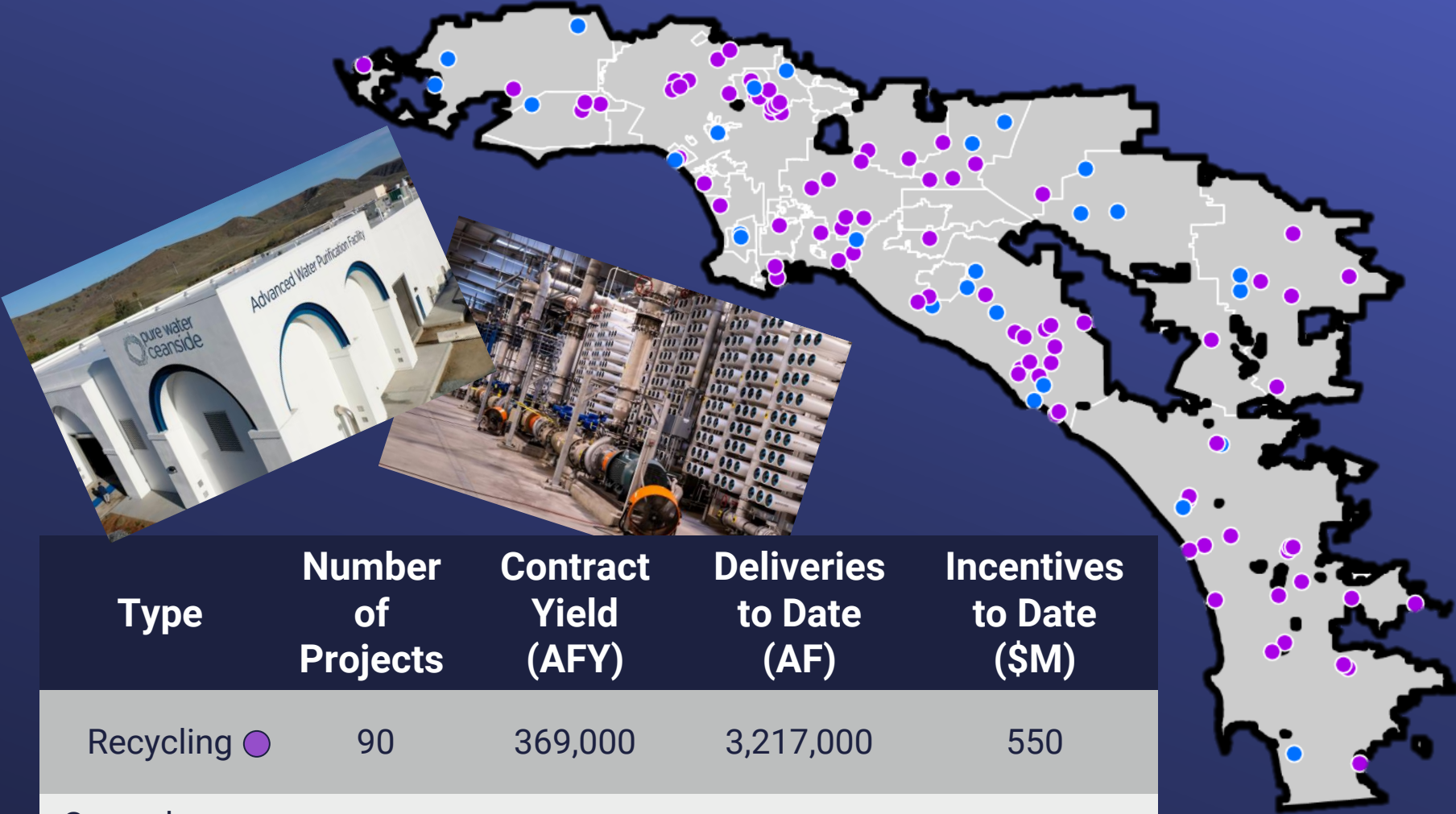
Groundwater Recovery
(1991)





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
Total	118	492,000	4,512,000	760

As of August 2025



Local Resources Program Questions

Local Resources Program Questions

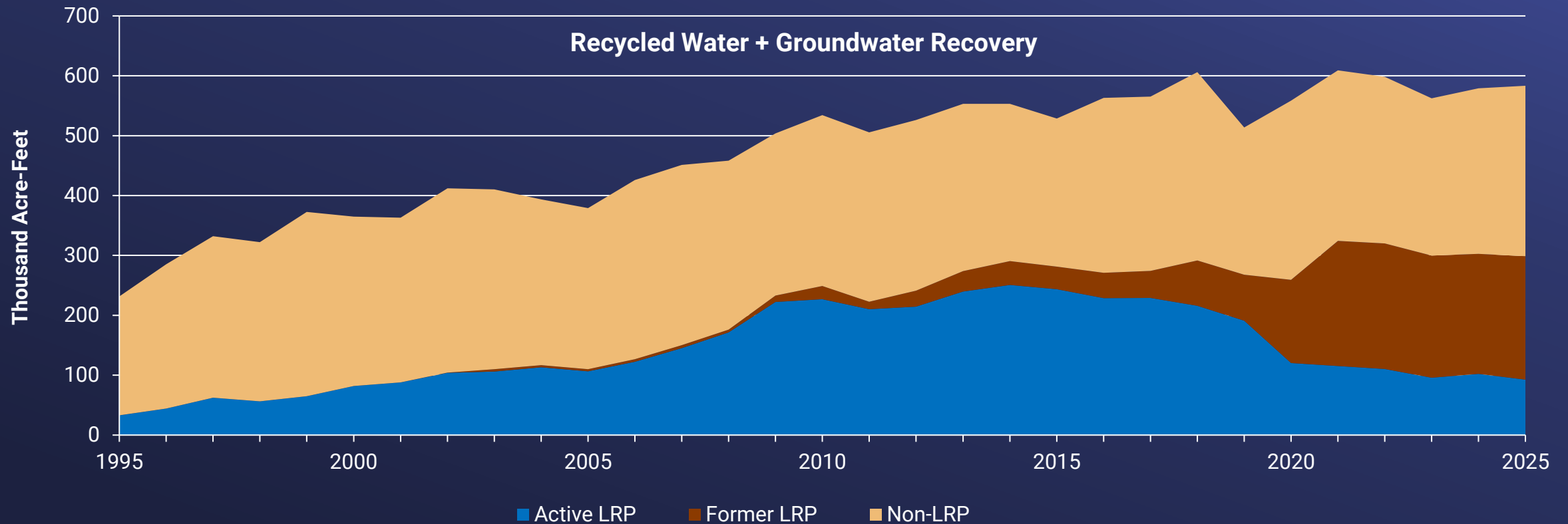
Is the LRP effective?

Is the LRP under performing?

Are we over budgeting?

The LRP is effective

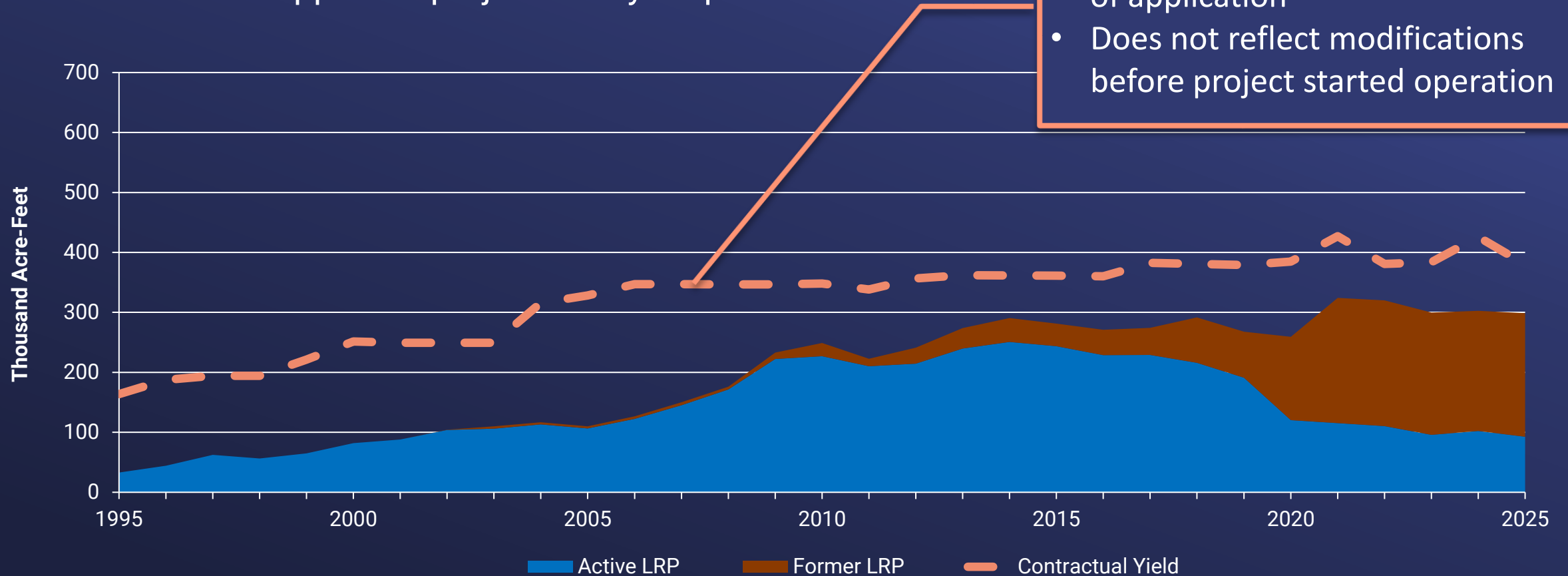
- Advances development of local supplies in the region
- Provides regional benefit regardless of location
- Doubled local supply (RW & GW) production



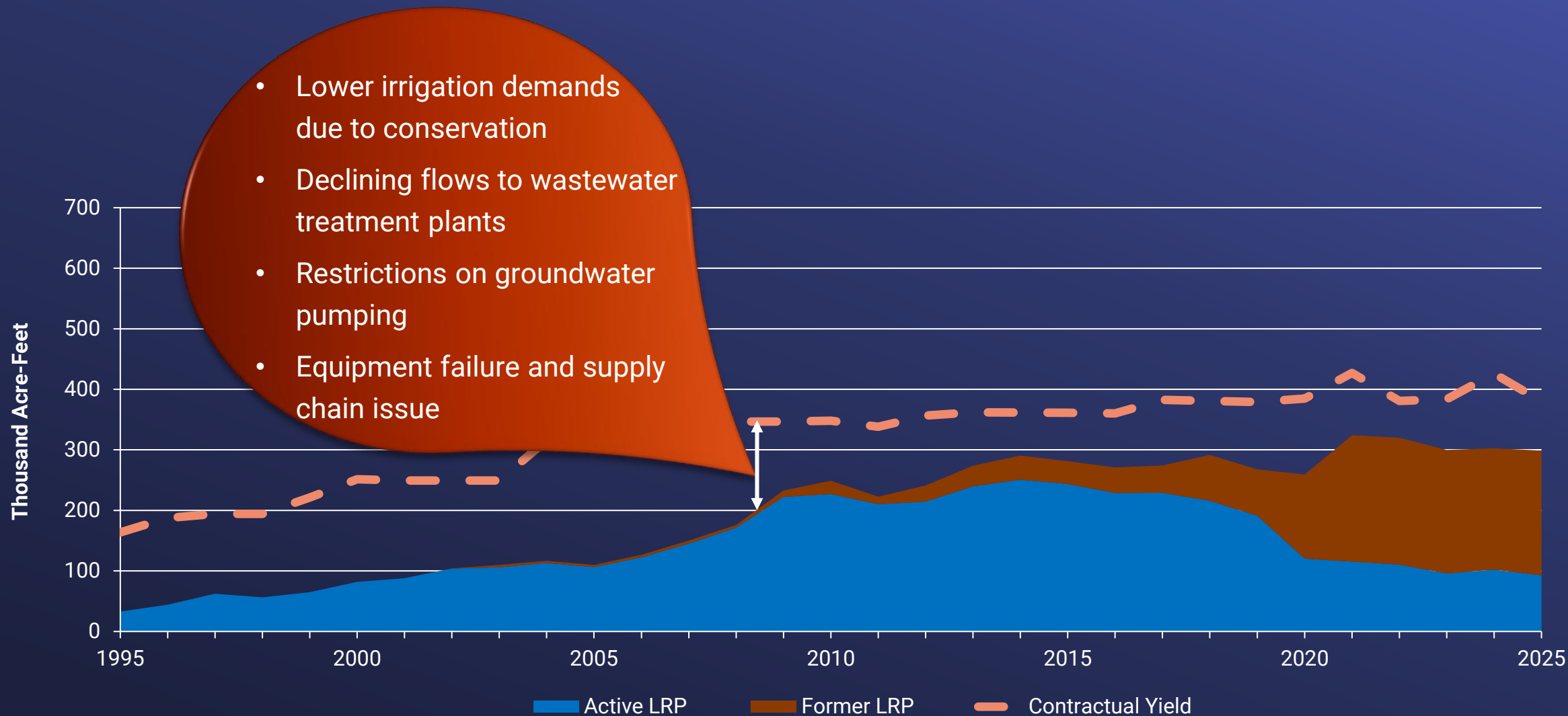
The LRP is performing

- 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

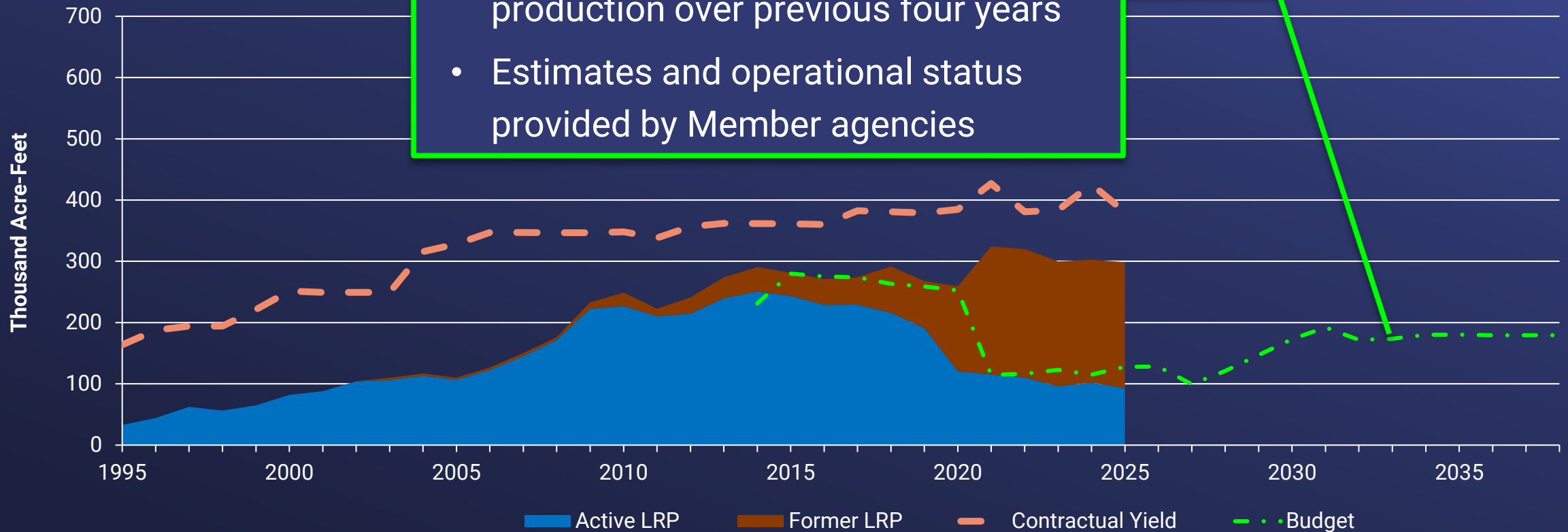


Other factors that affect LRP production



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

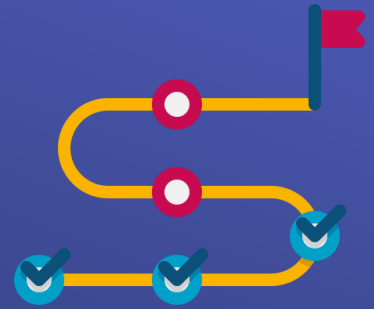
Background

- 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

