



One Water and Stewardship Committee

Authorize Amendments to the Cyclic Cost-Offset Program Terms

Item 7-3

August 14, 2023

One Water and Stewardship Committee

Committee Feedback

- Changes to the credit amount
 - Consideration of larger evaporative and other losses
- Process for reporting to the Board
 - Once the Program is implemented
- DAC or equity-related access to the Program
- SWP Dependent area priority

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

CCOP Current Terms



- Member agency must:
 - Receive more water than originally projected
 - Purchase the delivered water on an agreed-upon schedule within 5 years



- Cost offset up to \$264 per acre-foot.
 - Includes evaporative loss credit of 5% for up to two years



- Water purchased at the full-service water rate in effect at time of purchase



- Deliveries at Metropolitan's discretion
 - No capacity charge

Increase Purchase Time

Proposed
Changes

Current

Proposed

5 Year Purchase
Schedule

10 Year Purchase
Schedule

Metropolitan and the agency would agree on the purchase schedule prior to making deliveries.

Increase Credit Amount

Proposed
Changes

Current	Proposed
\$264 / AF	\$354 / AF

The available credit amount will increase annually by CPI. The final credit will be based on performance.

Proposed Changes

Modify the Loss Credit

Current

Evaporative loss credit of 5% for up to 2 years of storage

Proposed

Loss credit available for cumulative evaporative and groundwater losses

- Agency must provide documentation of losses
- Limited by max credit in effect at time of delivery
- Applied each year a purchase is made

Change Initiation and Reporting Process

Proposed Changes

Current

- When available supplies are expected to exceed available management actions.
- Staff report to the Board following initiation.

Proposed

- As soon as staff project we will spill water.
- WRM Group Manager to report in their oral report on the CCOP initiation and seek feedback from Board on taking an action at the next Board meeting.

Cyclic Cost-Offset Program (CCOP)

Summary

- Proposed modifications formed from feedback received from member agency managers and the OWS Committee
- Member agencies help increase the amount of water brought to the region
 - **Supplies managed locally within ten years**
 - Dry-years
 - Emergencies
- Increased flexibility to administer the program further supports member agency participation

Board Options

Options

Option #1:

Authorize amendments to the Cyclic Cost-Offset Program terms.

Option #2:

Do not authorize amendments to the Cyclic Cost-Offset Program terms.

Board Options

Staff Recommendation

Option #1

