



Metropolitan's Water Stewardship Rate: Funding Regional Projects and Conservation

Senate Natural Resources and Water Committee
March 8, 2016

Metropolitan Water District



- Regional Wholesaler
- 26 Members Agencies
- 5,200 square miles
- 19 million people
- \$1 trillion regional economy
- 4 million acre-foot average water demand



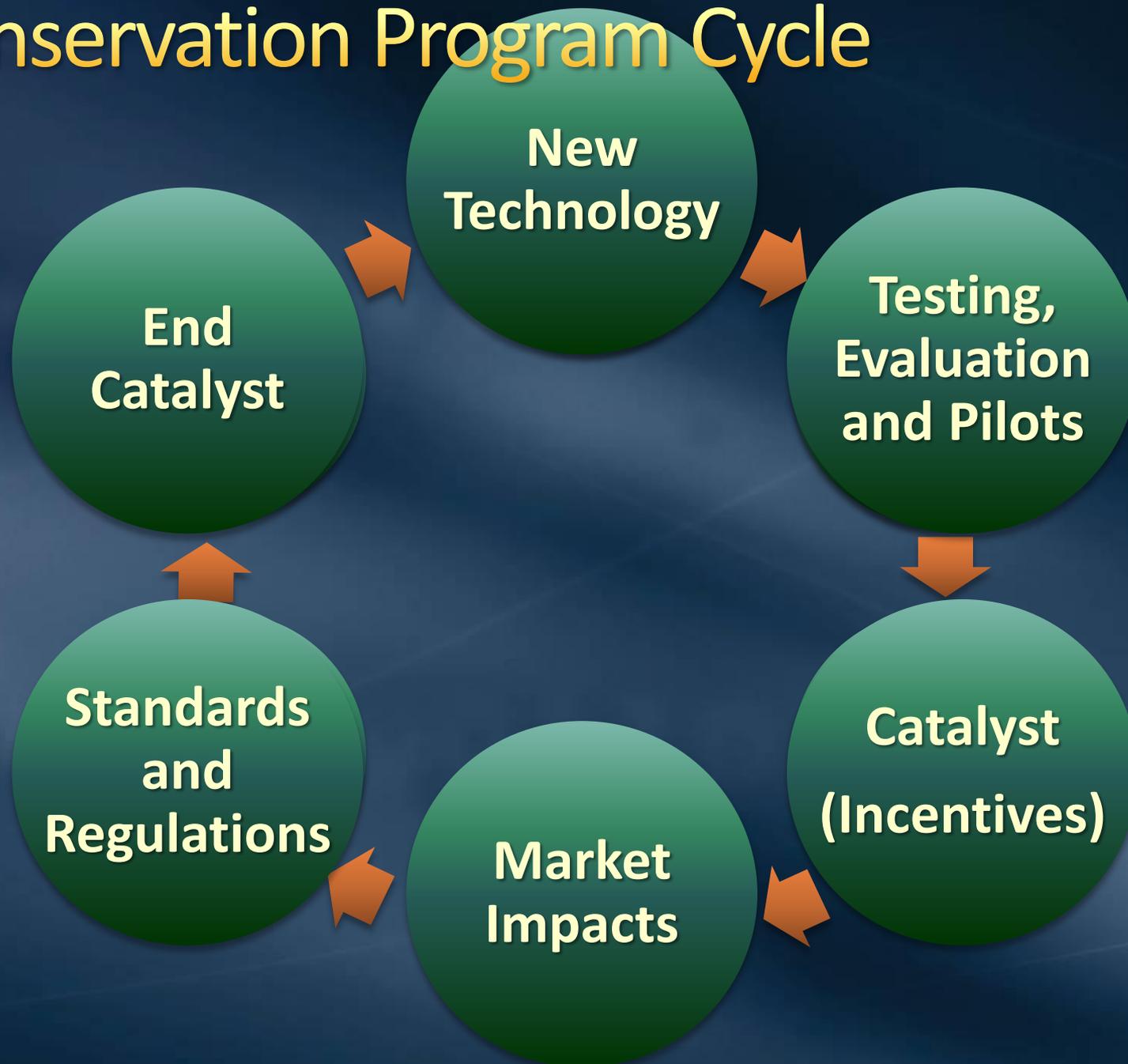
Demand Management Efforts Started in 1980s

- Upfront capital investment was provided for two wastewater recycling facilities
 - Test case to see if Metropolitan could help encourage development of local supplies
 - Evolved to providing financial incentives
- New planning philosophy was developing
 - Region needed diversified portfolio of supplies to improve reliability and reduce demands on imported system

In 1991 Metropolitan Started Conservation Incentive Program

- Provided rebate to customers that pulled out old toilets and installed Ultra-Low Flush Toilets
 - Program started small and was funded through general budget
- Vision of providing incentives for consumers throughout region to move towards more efficient practices
 - Available to all retail consumers, even though Metropolitan is wholesale provider

Conservation Program Cycle



Promoting Conservation and Recycling is in Metropolitan's Act

- SB 60 (Hayden, 1999) amended Metropolitan Water District Act to require that Metropolitan:
 - Show progress in increased emphasis on water conservation, recycling and groundwater storage and replenishment measures
 - Conduct annual public hearing and invite knowledgeable individuals
 - Submit report to CA Legislature by February 1 each year
- Copies of latest report have been provided

Metropolitan Adopted Principles for New Rate Structure

- Principles adopted in 1999
- Included concepts of Public Stewardship and Local Resource Development
- “Metropolitan supports local resources development in partnership with its member agencies and by providing its member agencies with financial incentives for conservation and local projects”

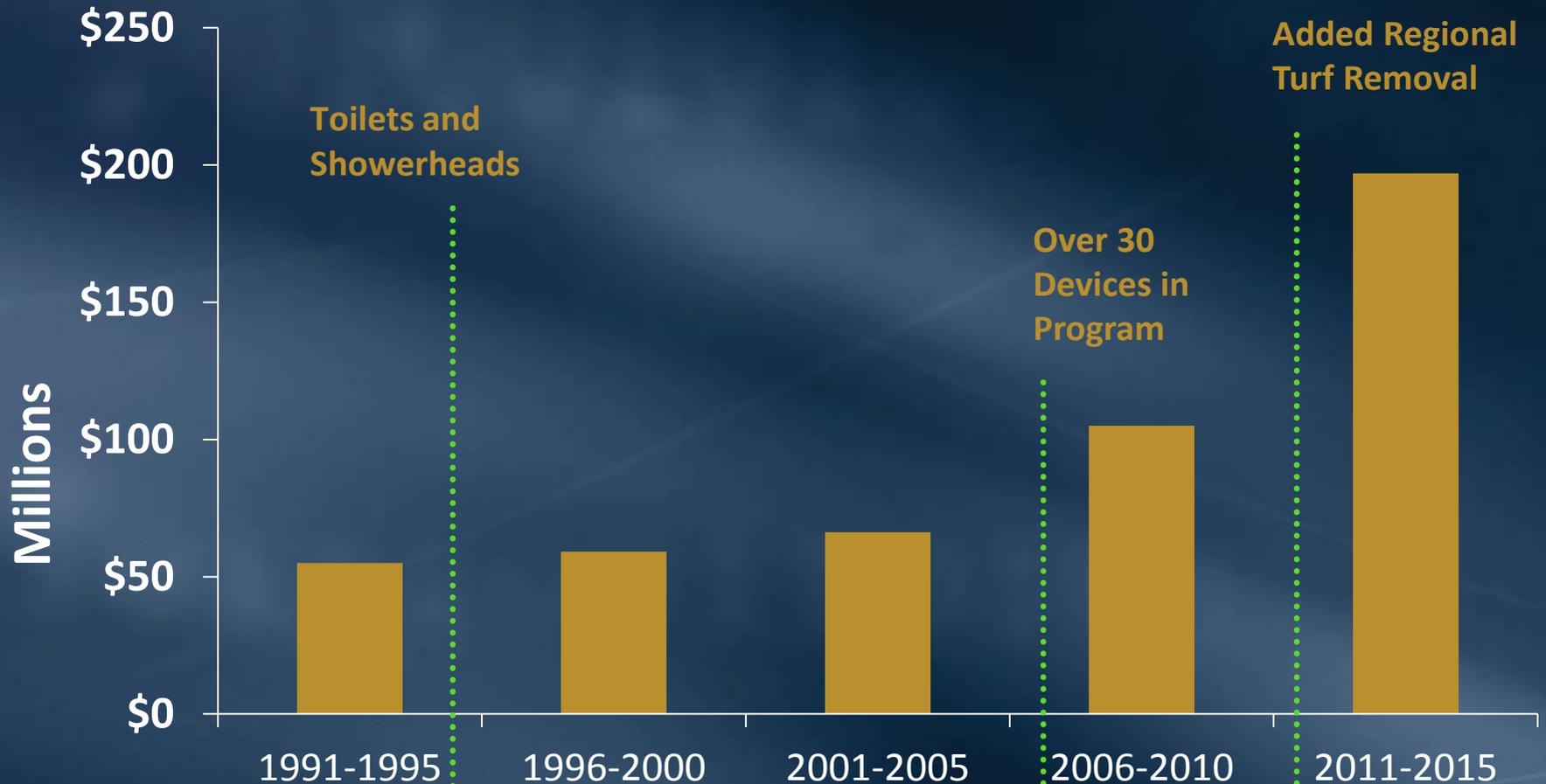
Revised Rate Structure Includes Water Stewardship Rate (WSR)

- Effective in 2003
- WSR is volumetric rate that applies to every acre-foot of water delivered by Metropolitan
- Allows funding for:
 - Local projects – recycling, groundwater recovery and seawater desalination
 - Conservation programs
- Board can adjust rate with each budget cycle based on need

Metropolitan's Agencies Pay and Receive Benefits from WSR

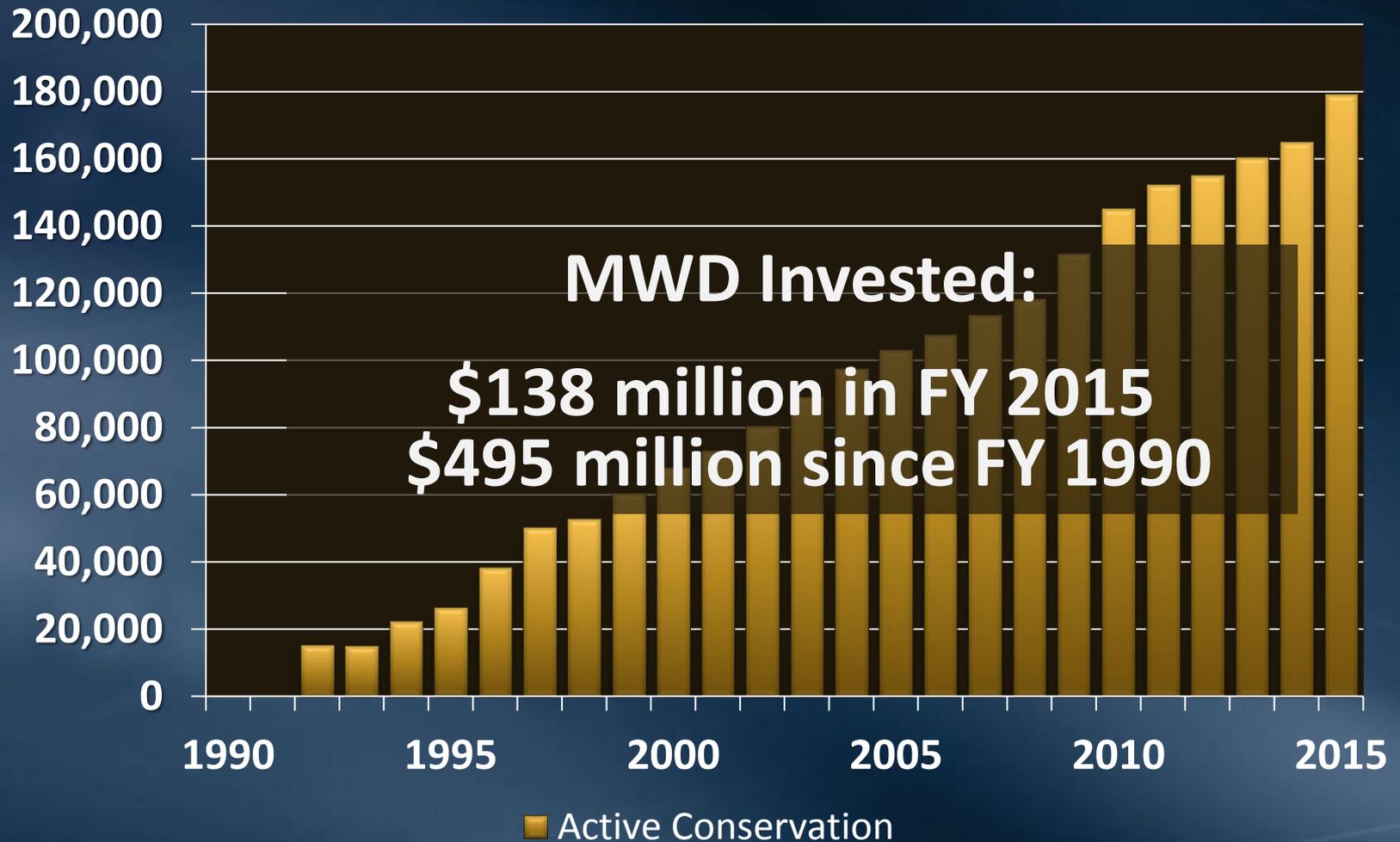
- Retail consumers within Metropolitan service area receive conservation rebates
 - Consumers benefit from reduced cost and reduced water needs
- Agency can receive funding for local projects that produce new local water
- Other member agencies benefit because lowering demands frees up access to imported water through Metropolitan's system

Metropolitan Conservation Spending 1991 – Present



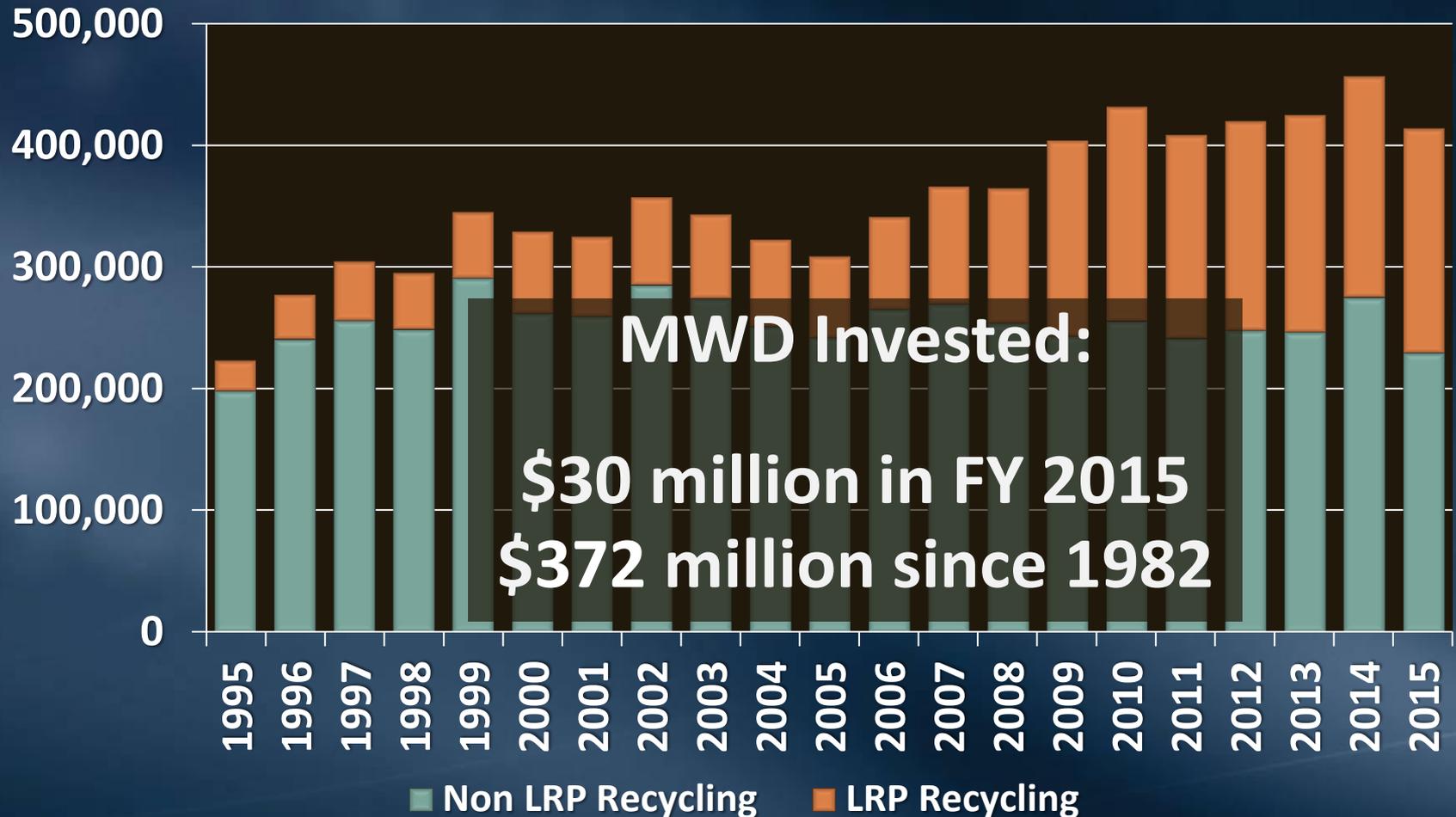
Conservation Credits Program

Over 2.2 MAF Savings Since FY 1990



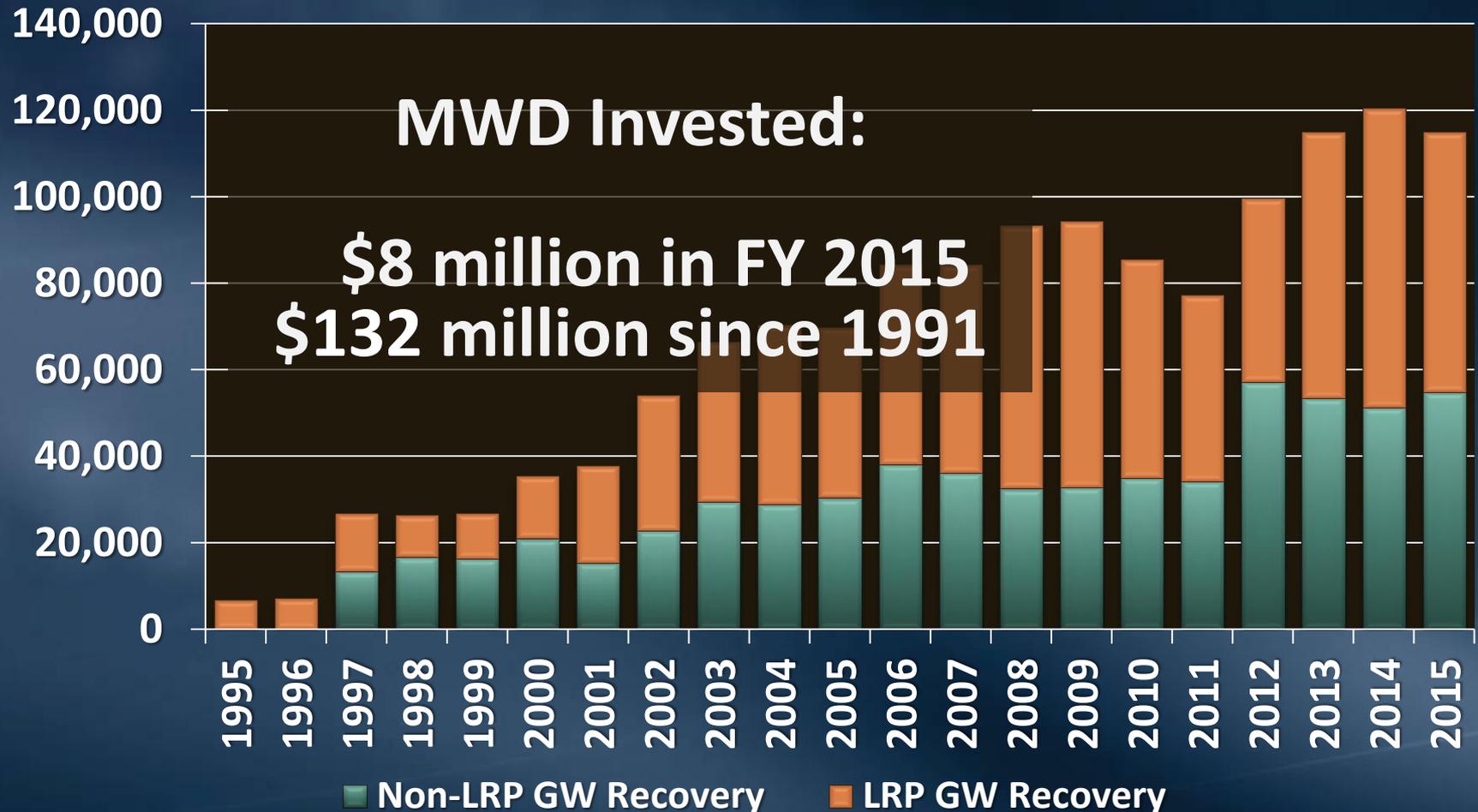
Water Recycling

Over 2.2 MAF Local Water Produced with MWD Incentives

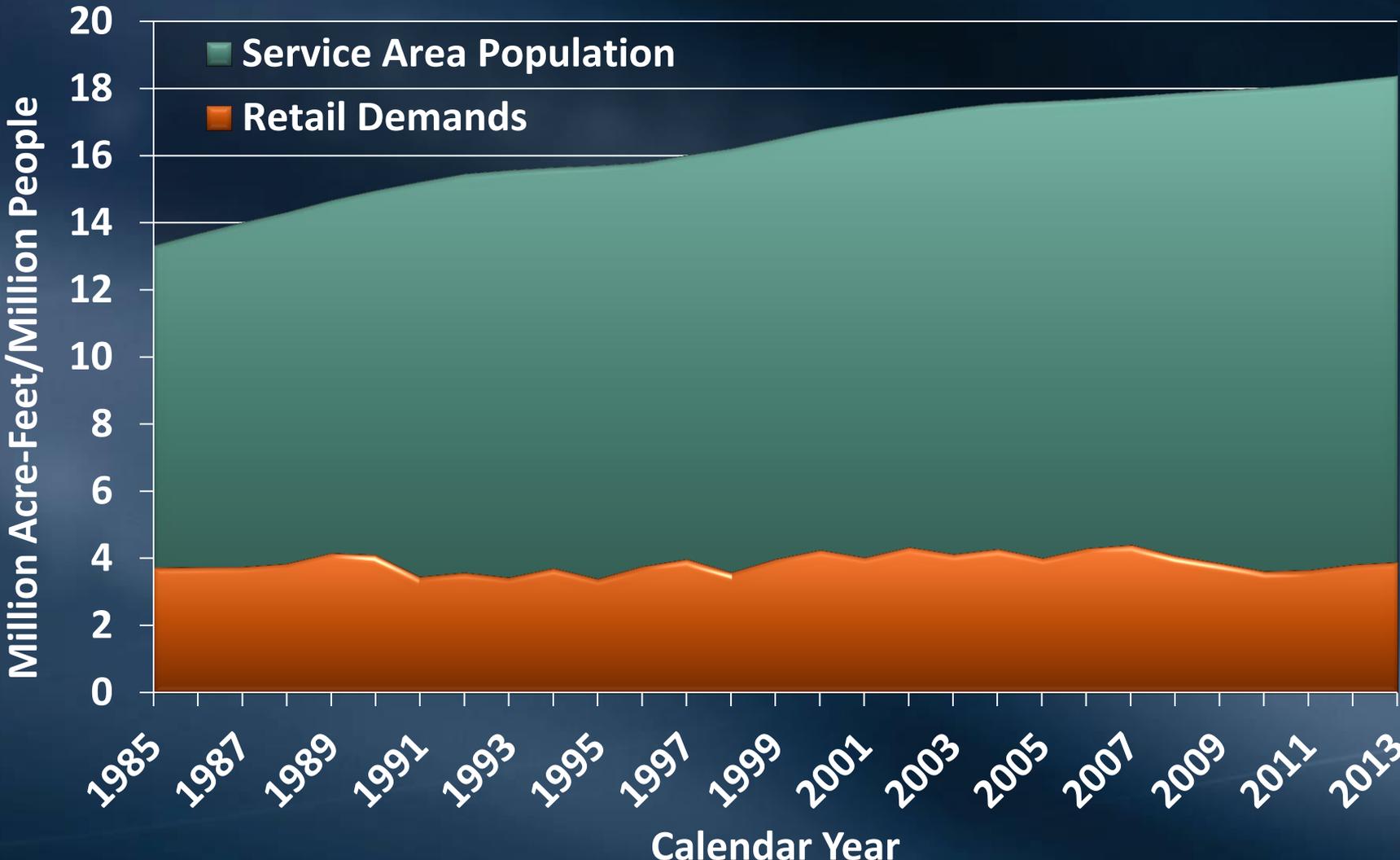


Groundwater Recovery

About 791 TAF Local Water Produced in Service Area



Demands Remain Flat Even As Population Grew By 5 Million



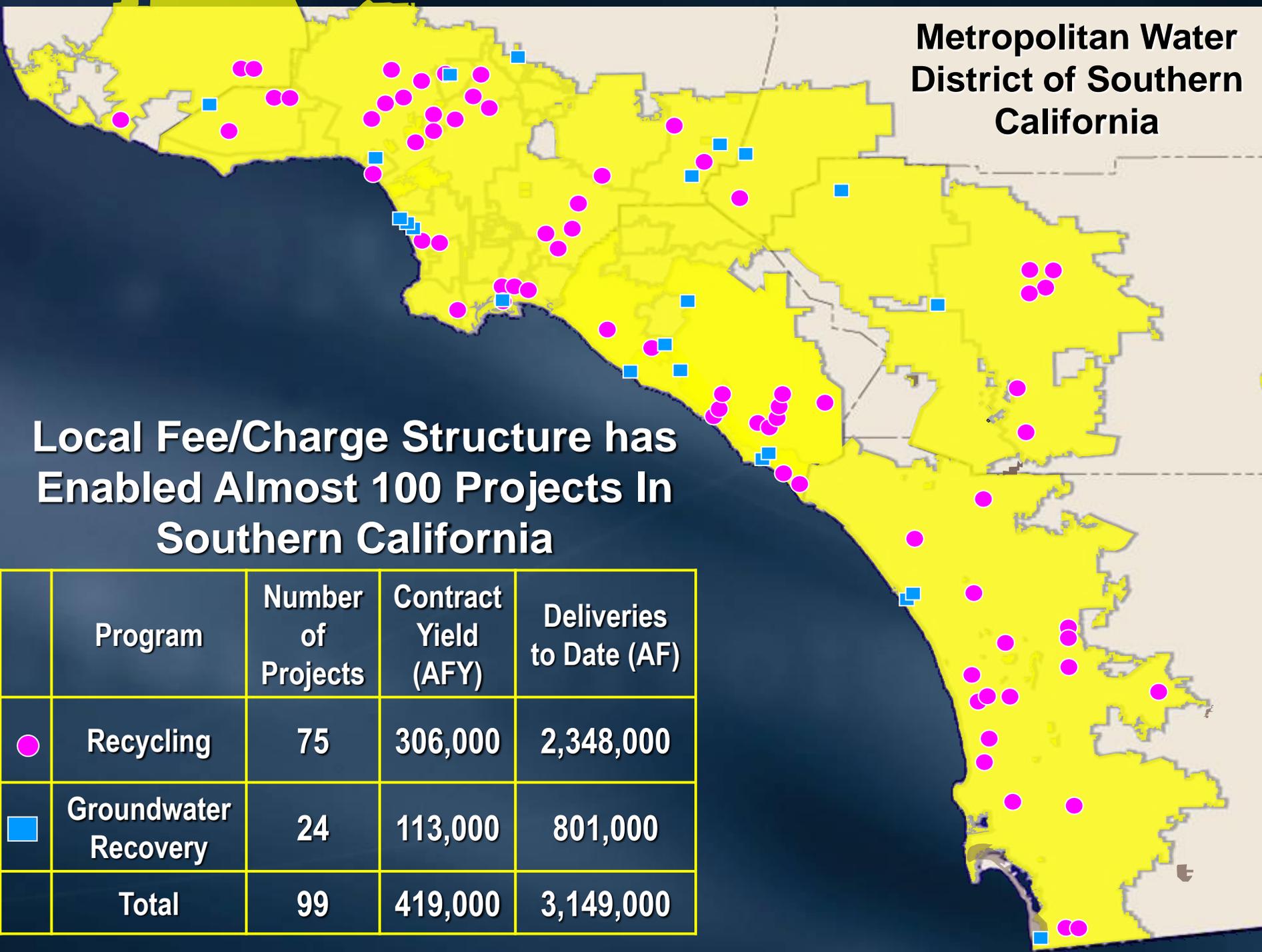
WSR has Increased Over Time to Fund Greater Demand Management Efforts



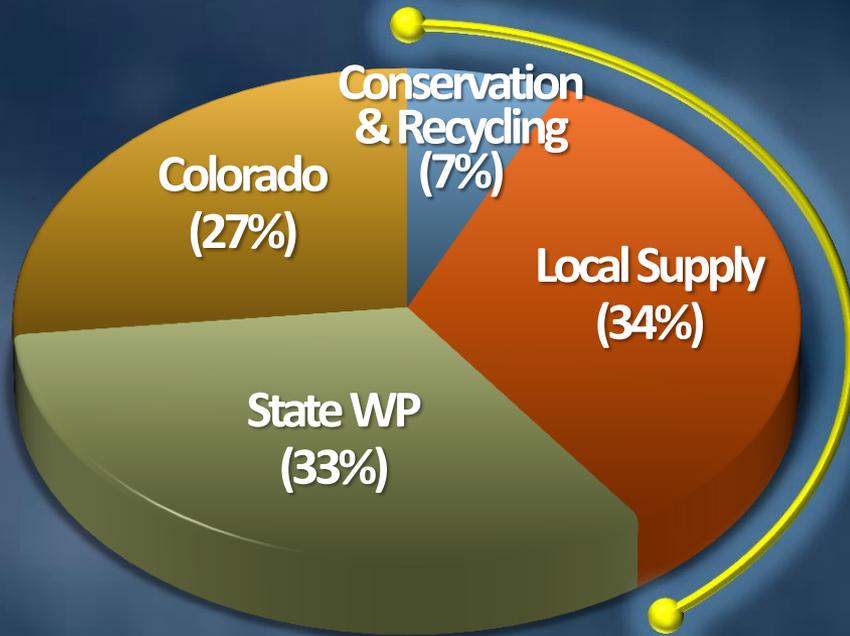
Metropolitan Water District of Southern California

Local Fee/Charge Structure has Enabled Almost 100 Projects In Southern California

	Program	Number of Projects	Contract Yield (AFY)	Deliveries to Date (AF)
●	Recycling	75	306,000	2,348,000
■	Groundwater Recovery	24	113,000	801,000
	Total	99	419,000	3,149,000

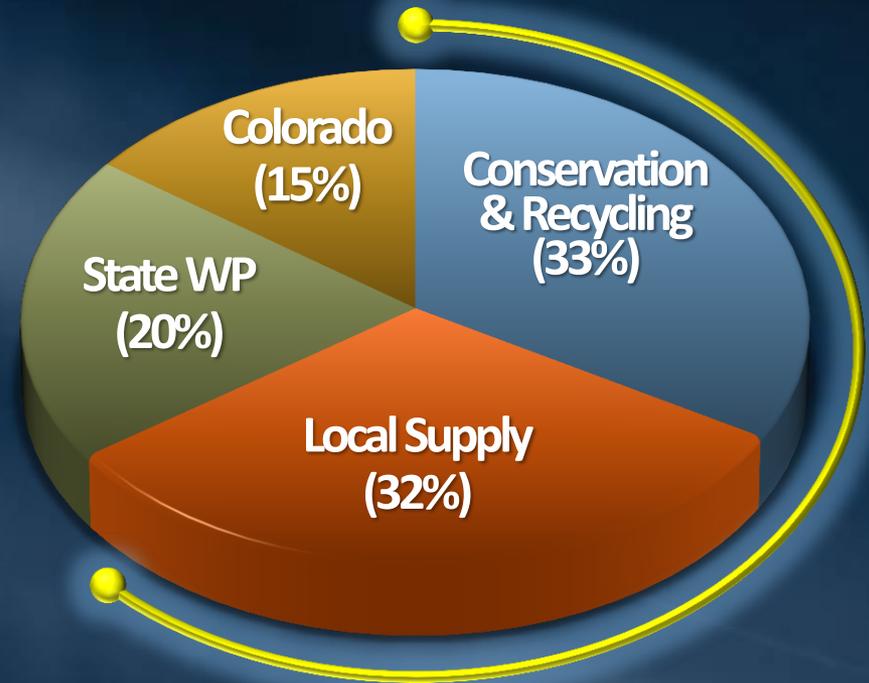


Future Reliability Requires Diverse Approach



1990 – 41% Local

Heavy dependence on imported supply and SWP Diversions



2040 – 65% Local

Emphasis on Conservation and Local Supplies



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