

Council Meeting of  
December 4, 2012

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

Members of the Council:

**SUBJECT: Public Works - Accept and File the 2011-12 Water Commission Annual Report**

**RECOMMENDATION**

Recommendation of the Water Commission and the Public Works Director that the City Council accept and file the Water Commission Annual Report for the period July 2011 through June 2012.

**BACKGROPUIND AND ANALYSIS**

The Annual Report for the period of July 2011 through June 2012 (Fiscal 2011-12) is attached for your information and review. The Water Commission approved this report, with minor revisions, at their regular meeting held on November 15, 2012, and moved that it be submitted to City Council for acceptance.

Respectfully Submitted,

WATER COMMISSION



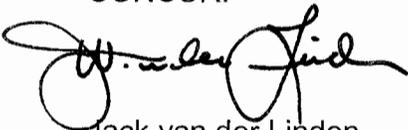
John McGee (Chair 2011-12)

ROBERT J. BESTE  
Public Works Director

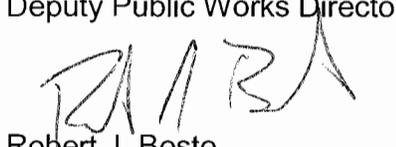


By Charles J. Schaich  
Senior Administrative Analyst

CONCUR:



Jack van der Linden  
Deputy Public Works Director



Robert J. Beste  
Public Works Director

NOTED:



LeRoy J. Jackson  
City Manager

Attachment: A. Fiscal 2011-2012 Water Commission Annual Report



**FISCAL 2011-12 WATER COMMISSION REPORT  
JULY 1, 2011 THROUGH JUNE 30, 2012**

**SUMMARY REPORT: PURPOSE AND GOALS OF THE WATER COMMISSION**

The Water Commission is an advisory board to the City Council on water policy matters. The Commission makes recommendations regarding plans for development of the City's water service facilities, as well the capital improvement programs of both the Torrance Municipal Water system (TMW) and the Metropolitan Water District of Southern California (MWD). In addition, the Commission advises the Council on various policy matters regarding water rates, water resource and conservation issues, adequacy of water supplies, infrastructure investment, legislation, matters regarding water service, and other related issues.

The major issues addressed during fiscal 2011-12 were as follows:

- **Municipal Water Rates and Funding Requirements (CPI)** - The Commission has been working with staff regarding rate policies, capital funding requirements and the need for water supply diversification by development of additional local groundwater wells and other local supply sources for the last several years. The Commission supported the Five Year Rate Plan for the period 2011 through 2015, adopted by the City Council in February 2011. The Commission reviewed the 2012 municipal rate adjustment, which consisted of a 6.5% internal increase and a 5.5% pass-through for higher water cost. In 2013 through 2015 the rates will be adjusted by the annual change in the consumer price index. The Commission was also briefed regarding funding options for major capital improvement projects, including possible issuance of revenue bonds for new groundwater wells.
- **Water Capital Improvement Program (CIP)** - The Commission was briefed on the status of the proposed \$40 million Water Capital Improvement Program by the Engineering Manager, who indicated that the pre-engineering phase was nearly complete for the new groundwater supply, treatment, pumping and storage project located adjacent to Yukon Elementary School. Major focal points of the CIP program are: the development of new local water sources, primarily additional groundwater wells; the replacement of 3-5 miles of old or deteriorated water mains annually; and, the upgrading and modernization of various facilities. The benefits of the CIP program were delineated and discussed by the Commission including: substantially lower water costs; long term rate stability; enhanced system and supply reliability; improved water quality; and system efficiency improvements. The target date for the completion of the new groundwater well and water treatment site has a target completion date by the end of 2014. It was indicated that these local water supply projects would likely be constructed on a design-build basis to reduce overall costs and expedite construction. The Commission had previously taken a

position supporting the implementation of the CIP and water supply diversification program.

- Water Policy Matters – The Commission considered, and was briefed on by the Public Works Director regarding several major regional policy issues that could have significant impacts on TMW in the future, including: conjunctive use proceedings; San Diego Water Authority (SDWA) litigation against the Metropolitan Water District; and the actions by the Central Basin Municipal Water District (CBMWD) to usurp authority already vested in the Water Replenishment District of Southern California (WRD) for groundwater management functions.

Conjunctive use is a water resource program to improve water reliability and water resource utilization in the West Basin (South Bay) and adjacent Central Basin that involves amending the respective Basin adjudications to permit storage of surplus and carryover water, when these supplies are available. Although this program has multiple operational and financial benefits for almost all local water agencies and groundwater pumpers, legal challenges filed by a few parties have delayed its implementation, and the matter is currently being considered in the Superior Court.

The SDWA has filed several lawsuits that seek to overturn a MWD rate structure that was approved by the Metropolitan Board and has been in place for over 10 years. San Diego Water Authority seeks to redefine and reallocate water transport costs, and shift this cost burden to other MWD member agencies, including Torrance. The case is currently being considered in Superior Court.

The CBMWD, whose primary function is to wholesale MWD supplies to retail water agencies in southeast LA County, had sought by legislation and legal actions to expand its mission by undertaking various groundwater management functions currently performed successfully by the Water Replenishment District. Concerted efforts and opposition by parties in both the West and Central Basin, including Torrance, thwarted these efforts and prevented CBMWD from undermining WRD's primacy role in groundwater management of both basins. With the support of the vast majority of cities and water agencies in both Basins, State legislation (SB 1386) was subsequently enacted which reaffirmed WRD's primacy role as the groundwater management agency for the local West Coast and Central groundwater basins.

- Water Commission Work Plan – The Commission and staff jointly reviewed a Work Plan (originally developed by the Water Commission in 2005), and the role and responsibilities of the Commission. After discussion and consideration, the Commission reaffirmed its primary role as an advisory body to the City Council on water policy matters. In addition, the consensus of the Commission was that the 2005 Work Plan was still appropriate, but should put additional emphasis on the City's Strategic Plan and explore ways to encourage greater public involvement in water matters.

- Water Conservation and Resource Management - The Commission reviewed and considered a Water Conservation Scorecard developed by the Los Angeles Chapter of the Sierra Club, which ranked the conservation programs of 122 cities in both Los Angeles and Orange County based on various criteria. The Commission later received a PowerPoint presentation by a representative of the LA Sierra Club Chapter who outlined the methodology employed, which ranked cities based on various measures that were incorporated into their respective water conservation ordinances including: appropriate water uses; avoidance of water waste; enhanced building standards; prescribed water efficient business practices; and retrofit of water fixtures upon resale. Although Torrance received a rating that was considered good, a number of conservation programs being implemented by the City were not taken into consideration by the Sierra Club in their ranking.

Staff reviewed Torrance Municipal Water's conservation program with the Commission, and compliance status with SBx-7x, which requires urban water agencies to reduce baseline potable water consumption by up to 20% by 2020. It was indicated that TMW is on track to meet this target, and the City's Urban Water Management Plan indicates that TMW may reach this goal prior to 2020.

- Regional Water Supply and Reliability Issues - The Commission reviewed staff reports and presentations from staff and the City's MWD Director regarding water reliability issues and changing water supply conditions impacting Southern California. In addition, the Commission received presentations from outside agencies including the Metropolitan Water District and the Water Replenishment District regarding programs and plans to enhance regional water supplies. MWD provided a presentation on the State Water Project (SWP) and a preliminary plan for the development of a tunnel conveyance facility to transport SWP. The Water Replenishment District reported on its Master Plan to optimize the utilization of both local groundwater basins, including a pending study to address the saline plume in the West Coast Basin and a grant funded study to assess the expansion of the Goldsworthy Groundwater Desalter in Torrance.
- Water Quality Matters – The Commission considered TMW's Annual Consumer Confidence Report (CCR) for calendar 2010 to inform customers regarding the quality of TMW's water supply for the prior calendar year, and, a presentation regarding TMW's water quality assurance and monitoring programs. The PowerPoint presentation highlighted major sections of the CCR including: a Source Assessment that determines a water system's potential vulnerability to possible sources of contamination; substances that could be in the water, which reports on approximately 90 primary regulated constituents; the testing for lead in copper in both the public water distribution system and inside the homes of over 100 customers; and the collection and testing over 7,000 water quality samples annually. All water quality parameters and regulations were met in calendar 2010, and there were very few customer calls/complaints regarding aesthetic water conditions, including taste, color and odor, due in part to a systemic water flushing program.

The Commission also reviewed the City's Cross Connection program, which is designed to prevent possible backflow of contaminated on-site water sources into the public water system. The City's current Backflow Ordinance is in the process of being revised and updated and will be brought to the Commission for consideration next year.

- Metropolitan Water District Matters (MWD) - The City's MWD Director, Bill Wright, attends Water Commission meeting and apprises the Commission regarding important policy matters at MWD that could impact the City. Issues addressed by Mr. Wright during the past year included: the improved water supply situations on MWD's major sources of the supply including the Colorado River and State Water Project watersheds and reservoirs; a possible international water resource program with Mexico to store surplus water in Lake Mead; projected increases in MWD wholesale water rates of 5-7% over the next 5 years; MWD's cost reduction initiatives to mitigate future rate increases; possible alternatives for dealing with lower revenues due to declining MWD sales; ongoing Bay-Delta issues and their impact on the State Water Project (SWP); MWD's capital improvement programs and continued investment in conservation; MWD's update of its Integrated Resource Plan (IRP) program to encourage the development of local water resources; ongoing litigation with the San Diego Water Authority regarding MWD's rate structure; and water banking and storage programs. Director Wright also sponsored an inspection tour of the State Water Project in April 2011. The Commission wishes to thank Mr. Wright for all his hard work and dedication in his role as the City's MWD Director.
- West Basin Water Association (WBWA) and Related Water Management Issues – Deputy Public Works Director, Jack van der Linden, serves as the City's representative on the West Basin Water Association. The Association has been active in formulating policy positions on water matters, developing a viable conjunctive use plan, and in supporting various initiatives to improve the reliability of the region's water supply.

The Commission received reports from the City's West Basin Association representative of a number of regional water policy matters and issues including: the Phase V \$65 million expansion of the West Basin Municipal Water District's (WBMWD) Edward Little Water Recycling facility in El Segundo to provide recycled supplies for protective seawater intrusion barriers; ongoing testing and progress on WBMWD's Demonstration Seawater Desalination Pilot facility at Sea Lab in Redondo Beach; WBMWD's pending agreement with Los Angeles Department of Water and Power (LADWP) to supply recycled water to refineries in the City of Los Angeles harbor area. He reported on the WBWA's opposition to attempts by Cerritos, Signal Hill and Downey to resurrect the issue of a split pumping assessment (RA) between Central and West Basins.

In addition he reported on the Department of Water Resources (DWR) Water master updates regarding pumping in the West Coast Basin, which has stabilized

after several years of decline and the Watermaster's decision to grant a non-consumptive permit to Shell Oil for groundwater remediation.

With regard to the Water Replenishment District (WRD) activities, he reported on activities of the WRD Technical Advisory Committee (TAC); an increase in groundwater pumping replenishment assessments (RA) levied by WRD for fiscal 2011-12 and the adoption of a budget that froze the RA for 2012-13; the completion of the Van der Lans Recycling Facility in Long Beach; the success of replenishing both local groundwater basins over the last two years; designation of WRD as lead agency for performing groundwater surveys in local basins; the passage of AB 1386 (Lowenthal) that reaffirmed WRD's primacy role as groundwater management agency for both local groundwater basins; the status of the ongoing conjunctive use process and related legal matters; the initiation of a study, funded by the U.S. Bureau of Reclamation (USBR), regarding the possible expansion of the Goldsworthy Groundwater Desalter; the status of WRD's Water Independence Now (WIN) program to reduce or eliminate the need for imported MWD supplies for groundwater replenishment; and progress in establishing an audit committee to review WRD finances; the ongoing challenges of Central Basin Municipal Water District, cities of Downey, Cerritos, Signal Hill and the Tesoro Refinery regarding WRD's authority to raise rates without going through the Proposition 218 process; and the West Basin Water Association's recommendation to designate WRD as the appropriate agency to perform mandated groundwater monitoring surveys in the local groundwater basins. Various Commissioners attended West Basin Association sponsored events, including quarterly meetings.

- Other – The Commission was apprised regarding the performance of the City's new utility billing service provider retained in early 2011 to provide utility billing and related customer service functions for the City's water, sewer and refuse collection operations. In addition, the Commission was provided monthly status reports regarding the status of water operations.
- Commission Changes – In January 2012 Commissioner Ken Lew retired after 8 years of service on the Water Commission. The Commission would like to thank Mr. Lew for his insight, contributions and dedication in his role as a Commission member. Linden Nishinaga was appointed in January 2012 to replace Mr. Lew. In June 2012, Commissioner Russ Lefevre was appointed as Commission Chair and Commissioner Paul McCabe as Vice Chair for fiscal 2012-13.

