

Council Meeting of
November 6, 2007

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

Members of the Council:

**SUBJECT: Public Works and Water Commission – Fiscal 2006-2007 Water
Commission Annual Report**

RECOMMENDATION

The Public Works Director and the Water Commission recommend that the City Council accept and file the 2006-2007 Water Commission Annual Report.

BACKGROUND AND ANALYSIS

The Annual Report for the period of July 1, 2006 through June 30, 2007 is attached for your information and review. At the regular meeting of September 20, 2007, the Water Commission was presented with the Annual Report and approved its acceptance, with minor revisions, and its submittal to City Council for acceptance.

Some of the major highlights of the report include:

- Recommendation to oppose proposed AB 640 legislation, which would adversely impact the use of groundwater resources by Torrance and other agencies in the local groundwater basin.
- Review of municipal water rates and pass-through adjustments for Metropolitan Water District and Water Replenishment District rate increases.
- Review of Water Capital Improvement (CIP) program and status of CIP projects.
- Consideration of water conservation strategies and programs to meet commitments incorporated in the City's current Urban Water management Plan.
- Consideration of City's water resource situation, regional water management plans and preliminary Water System Infrastructure Capital Improvement program.

- Review of fluoridation treatment by the Metropolitan Water District (MWD) and support for pursuing outside funding to treat local potable water sources to match MWD optimized treatment levels.
- Consideration of water resource situation and regional water management plans.
- Review of City's Water Quality activities and programs.
- Consideration of Metropolitan Water District, West Basin Water Replenishment District and related regional water matters.

Respectfully Submitted,

WATER COMMISSION

Ken Lew, Chair

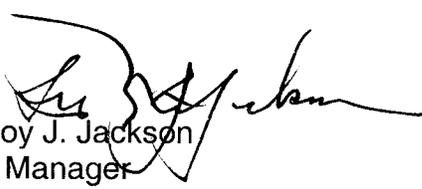
ROBERT J. BESTE
Public Works Director


By Charles J. Schaich
Senior Administrative Analyst

CONCUR:


Jack van der Linden
Deputy Public Works Director


Robert J. Beste
Public Works Director


LeRoy J. Jackson
City Manager

Attachment: A. Fiscal 2006-2007 Water Commission Annual Report

**2005-2006 WATER COMMISSION REPORT
JULY 1, 2006 THROUGH JUNE 30, 2007**

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 expansion 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. In addition, the Commission advises the Council regarding water rates, procurement of adequate water supplies, matters regarding water service and other water policy issues.

In its role as an advisory body to City Council the Water Commission focused on a number of policy areas during the past fiscal year including: water conservation; water system capital improvements; legislative matters, including AB 640; regional water issues, water resource and reliability matters, water rates, fluoridation and water quality issues. The major policy areas addressed were as follows:

- **Municipal Water Rates** – The Commission reviewed the automatic pass-through rate increase of approximately 3%, which became effective the beginning of 2007 to compensate for higher water costs. There have been no rate increases beyond these pass-through adjustments in the last 11 years, and Municipal rates have only increased by approximately 9% during this period. The Commission reviewed staff presentations regarding water rates and will be working with staff regarding future rate policies, including the development of a conservation based rate structure to promote water use efficiency.
- **Fluoridation Treatment**– The Commission considered this issue at several meetings and received presentations from staff, representatives of the Metropolitan Water District (MWD) and State and Los Angeles County Health Department officials. The Commission was advised regarding State legislation requiring fluoridation when funding became available, and MWD's pending conversion to fluoridation for all treated water supplies beginning in the fall of 2007. After careful consideration, the Commission supported fluoridation measures and pursuing outside funding opportunities to offset capital costs for converting local Torrance Municipal Water (TMW) sources to an optimized fluoridated treatment level matching MWD's parameters to ensure uniformity of water supplies in the Municipal system.

- Water Conservation – The Commission considered water conservation strategies and measures at several meeting. The Commission supported entering into a joint partnership between the City, the West Basin Water District and the South Bay Cities Council of Governments (SBCCOG) to develop, implement and market various enhanced water conservation programs targeted primarily to the business and multi-family residential sector. The Commission also supported the implementation of the “Living Wise” in-school education program in the Torrance Middle Schools. In addition, several Commissioners attended “California Friendly “Landscape classes sponsored by the TMW, MWD and West Basin.
- AB 640 Proposed Legislation – The Commission was appraised at several Commission meetings regarding proposed State legislation initiated by certain members within the Central Basin that would split the current uniform groundwater pumping assessment (RA) into separate RA’s for the Central and West Basin. The proposed legislation was prompted by a study commissioned by the Southeast Water Coalition (SEWC) that recommended that RA rate in West Basin be increased by over 160%. This proposal would make it economically infeasible to continue groundwater pumping in the West Basin and, thus, increase reliance on scarce imported water sources. This measure was strongly opposed by the Commission .As a result of unified opposition by various cities, water agencies and other interests in the West Basin, the bill was subsequently modified to remove its most onerous provisions and is currently held over until the next legislative session.
- Water Commission Purview – An ad hoc committee of the Water Commission was formed to study possible expansion of the Commission’s purview to include oversight over other enterprise functions including wastewater and refuse/ recycling services. The full Commission subsequently supported ad hoc committee recommendations to pursue this matter. As a result, the ad hoc committee held a meeting with the Mayor to discuss this proposal. This matter is still under consideration.
- Conjunctive Use Program – Conjunctive Use is a water resource program to improve reliability that involves the storage of surplus imported water supplies into the groundwater basins for future extraction during a water shortage condition. This program could be extremely beneficial to TMW and fund certain infrastructure costs related to the development of new local water sources, such as new groundwater wells. The Commission was advised that although a new facilitator had been retained by WRD to restart negotiations to resolve outstanding conjunctive use matters, in the Central and West Basins the process was still in abeyance due to issues related proposed AB 640 legislation.

- Water Capital Improvement Program (CIP) -The Commission is apprised monthly regarding the status of major water capital projects and the TMW's major CIP program. The Commission will be considering with staff alternative means of funding future CIP requirements including bonds, grants, and MWD local project programs, contributions from other agencies, state loans and private financing options.
- Proposed Water System Infrastructure Capital Improvement Program/Business Plan – The Commission received a Summary Report and provided initial consideration regarding TMW's proposed CIP and local water resource plans over the next five years. This preliminary plan provides preliminary information regarding a proposed level of investment in water infrastructure and new groundwater resources to enhance reliability ensure sustainability and lower long term costs. The Commission was apprised that a full scale business plan is being developed, which will considered by the Commission in the fall.
- Metropolitan Water District Matters –The City's MWD Director, Bill Wright, attends Water Commission meeting and apprises the Commission important policy matters at MWD that could impact the City. Issues addressed by Mr. Wright during the past year included: MWD's conversion of its treatment plants to ozone and fluoridation treatment, projected MWD rate increases of 6-7% annually over the next 10 years; the selection Tim Brick as the new chairman of MWD; the new Center for Water Education in Hemet by Diamond Valley lake; the Bay- Delta issues affecting the State Water Project; the potential for requiring mandatory conservation due to the current drought; for pending development of a new MWD peaking charge and other possible changes in MWD water rates; Colorado River Basin water allocation plans, and various MWD water transfer and conservation programs. Director Wright will be sponsoring an inspection tour of the Diamond Valley in early September.
- West Basin Water Association and Related Water Management Issues – Deputy Public Works Director serves as the City's representative on the West Basin Water Association and is currently the president of the Association. The Association has been very active in opposing AB 640 and instrumental in modifying its most onerous provisions that would negatively impact all parties in the West Basin.

The Commission received reports from the City's West Basin representative of a number of regional water policy issues including: the expansion of the West Basin Municipal Water District's Water Recycling plant, the development of a pilot seawater desalination facility in the West Basin, the status of the conjunctive use process, The West Basin Conservation Master Plan, the Integrated Regional Water Plan (IRWP),

the declining level of groundwater pumping in the West Basin, The status of the Goldsworthy Desalter, future increases in groundwater pumping assessments and recycled water rates, possible modifications to the current groundwater adjudication to permit more flexibility in carrying over unused groundwater pumping right; and the Governor's Water Infrastructure proposals. Various Commissioners attended West Basin sponsored events including quarterly meetings.

- Water Resource and Related Matters – The Commission was apprised regarding the restoration Well Number 6 located at McMaster Park to active service in early 2007 after extensive rehabilitation to restore capacity. In addition, the Commission supported an interim agreement with WRD to keep the Goldsworthy Desalter operational temporarily using TMW groundwater pumping rights