

Council Meeting of
December 16, 2008

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

Members of the Council:

SUBJECT: Public Works – Fiscal 2007-2008 Water Commission Annual Report

RECOMMENDATION

Recommendation of the Water Commission and Public Works Director that the City Council accept and file the 2007-2008 Water Commission Annual Report.

BACKGROUND AND ANALYSIS

The Annual Report for the period of July 1, 2007 through June 30, 2008 is attached for your information and review. At the regular meeting of November 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 actively oppose proposed AB 640 legislation, which would adversely impact the use of groundwater resources by Torrance and other agencies in the local groundwater basin. This matter was tabled in the State legislature in late 2007.
- Review of municipal water rates and pass-through adjustments for Metropolitan Water District and Water Replenishment District wholesale rate increases.
- Review of Torrance Municipal Water's (TMW) 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, and re-formation of a Conservation Committee to address major priorities in conjunction with staff including: development of a Conservation Ordinance; a contingency plan in the event of rationing; a conservation based rate structure; and development of a State mandated Landscape Ordinance in 2009.
- Consideration of water resource situation and regional water management planning efforts to enhance local water supply reliability and sustainability

including implementation of a viable Conjunctive Use storage and exchange program.

- Review of TMW's Water Quality activities and programs, and recommendations supporting the fluoridation of local water sources to optimized levels to match Metropolitan Water District supplies furnished to the City.
- Consideration of various elements of TMW's Water Resources and Infrastructure Business Plan to enhance water supply reliability, lower long term costs and provide for infrastructure improvement needs.
- Consideration of Metropolitan Water District, West Basin Water Replenishment District and related regional water matters.

Respectfully Submitted,

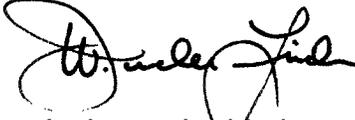
WATER COMMISSION



Ken Lew, Chair

ROBERT J. BESTE
Public Works Director

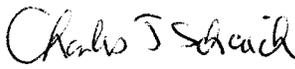
CONCUR:



Jack van der Linden
Deputy Public Works Director



Robert J. Beste
Public Works Director


By Charles J. Schaich
Senior Administrative Analyst

NOTED:



LeRoy J. Jackson
City Manager

WATER COMMISSION SUMMARY REPORT

JULY 1, 2007 THROUGH JUNE 30, 2008

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 and improvement of the City's water service facilities, as well the capital improvement programs for both the Torrance Municipal water system (TMW) and long term water management programs of Metropolitan Water District of Southern California (MWD). In addition, the Commission advises the Council regarding water rates, the provision of adequate water supplies, water resource and conservation issues, 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 treatment and other 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 3.6%, 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 13 years, and Municipal rates have only increased by approximately 13% during this period. The Commission reviewed a number of items related to projected higher Metropolitan Water District (MWD) wholesale rates beginning in 2009, and the potential impacts on municipal water rates. The Commission will be working with staff regarding future rate policies and studies, including the development of conservation based rate structure to promote water use efficiency.
- **Fluoridation Treatment** – The Commission considered this issue at several meetings and reviewed presentations from staff. The Commission was advised regarding State legislation mandating fluoridation treatment of water supplies when funding became available, and MWD's conversion to fluoridation for all treated water supplies beginning in late November of 2007. Subsequently, the Commission reviewed Torrance Municipal Water's (TMW's) public notification plan. The Commission also supported fluoridation measures and pursuing grant funding from the First Five LA organization to offset capital costs for converting (TMW) sources to an optimized fluoridated treatment level, which would match MWD's treatment parameters to ensure uniformity of water supplies throughout the Municipal system.
- **Water Conservation** – The Commission considered water conservation strategies, measures and initiatives at several meeting with an emphasis on addressing the

seriousness of the water shortage situation, including the Governor's declaration of an emergency drought alert in May 2008. The Commission reviewed both MWD's regional and TMW's local conservation programs, and supported expanding the scope of the local conservation programs and community outreach efforts. The Commission reactivated its Conservation Committee in June 2008. The Committee will meet with staff to address major conservation priorities including: development of a new permanent Water Conservation Ordinance; development of a contingency plan for allocation in the event that rationing is imposed in mid 2009; development of a landscape ordinance in 2009 in accordance with State legislation; and consideration of enhanced conservation efforts, including a conservation based rate structure.

- **Water Shortage and Drought Management Strategies**– The Commission reviewed a number of presentations and reports from staff and representatives from the Metropolitan Water District regarding the severe water shortage situation in Southern California due to reductions in imported water from the Colorado River Aqueduct (CRA) and the State Water Project (SWP), as result of diminished snow pack, pumping restrictions on the SWP and drawdown of storage reserves. The Commission considered the Governor's emergency declaration of a drought and MWD's subsequent drought alert and call for additional conservation. The Commission also reviewed a number of Metropolitan Water District member agency initiatives to increase regional water supply reliability including: a Five Year Plan to meet Southern California water requirements through 2012; revisions to MWD's Integrated Resource Plan (IRP) to more proactively address the prospect of long term imported water shortfalls; enhanced regional conservation programs to obtain permanent water conservation savings; and an allocation contingency plan to ration water in the MWD service area if the drought continues into 2009.
- **Water Quality Matters** – The Commission considered TMW's Annual Consumer Confidence Report (CCR) to inform customers regarding the quality of TMW's water supply for the prior year, and presentations regarding TMW's water quality assurance and monitoring programs. The Commission also presided over a mandated public meeting regarding the issuance of a Public Health Goal Report (PHG). The PHG covers a three year period and delineates the level of constituents in a drinking water supply that has no known health risks.
- **AB 640 Proposed Legislation** – The Commission was appraised at several Commission meetings regarding proposed State legislation initiated by certain members within the Central Groundwater Basin (southeast LA county area) 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%. The Commission took action recommending opposition to this measure, and the City the Council subsequently took action to oppose this bill. As a result of unified opposition by

various agencies in the West Basin, the bill failed to get out of the State Senate committee and was not reintroduced in the 2008 legislative session.

- **Conjunctive Use Program – Conjunctive Use (CU)** 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. The Commission received a number of interim reports regarding progress on the CU program development. This program could be extremely beneficial to TMW and all agencies in both the Central and West Basin groundwater basins by augmenting storage reserves in the local basins, enhancing local water supply reliability, facilitating more flexibility for using and transferring groundwater, and in lowering long term water costs. The Conjunctive Use process was reactivated in late 2007, and considerable progress was made in developing a framework that would be acceptable to a super majority of stakeholders in both basins.
- **Water Capital Improvement Program (CIP)** – The Commission was appraised monthly regarding the status of current major water capital projects and the TMW's proposed Five Year CIP program, which has been incorporated into a Water Resources and Infrastructure Business Plan.
- **Metropolitan Water District Matters** – The City's MWD Director, Bill Wright, attends Water Commission meetings 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: MWD's conversion of its treatment plants to ozone and fluoridation treatment; MWD's projected annual double digit increases in wholesale water rates over the next 5-6 years; Bay-Delta issues and court mandated pumping restrictions affecting State Water Project deliveries; the potential for requiring mandatory allocation (rationing) due to the lingering drought; potential long term imported water shortages due to climate change; various MWD water transfer and new conservation programs; control of quagga mussels in the Colorado River system; the Governor's proposals for construction of additional reservoirs on the SWP and interim Bay-Delta fixes; a comprehensive presentation to the Commission on the short and long term status of imported water supplies; and a new agreement which would entitle MWD to "bank" Colorado river supplies in Lake Mead. Director Wright also sponsored an inspection tour of the Diamond Valley Lake in September 2007 and planned a tour of the State Water Project facilities in July 2008
- **West Basin Water Association and Related Water Management Issues** – The Deputy Public Works Director serves as the City's representative for the West Basin Water Association and is currently the president of the Association. The Association has been very active in opposing AB 640, developing a viable conjunctive use program and in developing initiatives to improve the reliability of the region's water supply.

The Commission received reports from the City's West Basin representative on a number of regional water policy issues including: the expansion of the West Basin

Municipal Water District's Water Recycling facilities; the development of a pilot seawater desalination facility; a decline in groundwater pumping in the local basin; updates from the Watermaster regarding groundwater conditions in the West Basin; the status of converting protective barrier seawater intrusion wells to 100% recycled water; the status of the conjunctive use process; progress in negotiations with local refineries to make additional conversions to recycled water; and the levying of a special assessment to pay for legal services related to the conjunctive use process and proposed future increases in groundwater pumping assessments. Various Commissioners attended West Basin sponsored events including quarterly meetings.

- Water Resources and Infrastructure Business Plan – The Commission reviewed and provided input on several of the elements of the draft Business plan, which is designed to provide a plan for diversification of water resources to increase water supply reliability and sustainability, lower long term costs, stabilize rates in the future, and provide for critical infrastructure development and replacement. The Business Plan is expected to be finalized in the fall 2008.
- Local Water Resource and Related Matters – The Commission was apprised regarding the development of new Well No. 9 located at McMaster Park, which will replace 45 year old Well No. 6. The new well will nearly double TMW's groundwater production capacity and is expected to be in service by mid 2009. The Commission was apprised of and supported the purchase of a vacant parcel of property adjacent to the Yukon Elementary school to serve as the central production, pumping and treatment site for planned additional groundwater wells. The Commission also reviewed reports and received presentations regarding the planned expansion of the recycled water system in the City.
- Commission Appointments – In July 2007 Commissioner Ken Lew was appointed as Commission Chair and Commissioner Charles Deemer was appointed as Vice Chair for fiscal 2007-08.