

Council Meeting of
September 21, 2010

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

Members of the Council:

SUBJECT: Public Works – Accept and file fiscal 2009-2010 Water Commission Annual Report

RECOMMENDATION

Recommendation of the Water Commission and Public Works Director that the City Council accept and file the 2009-2010 Water Commission Annual Report.

BACKGROUND AND ANALYSIS

The Annual Report for the period of July 1, 2009 through June 30, 2010 is attached for your information and review. At the regular meeting of August 19, 2010, the Water Commission was presented with the Annual Report and approved the report with minor revisions, and the submittal to City Council for acceptance.

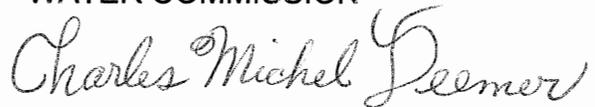
Some of the major highlights of the report include:

- Consideration of Metropolitan Water District's (MWD) Water Supply Allocation Program (WASP) initiated to meet ongoing water shortage conditions. The WASP required all member agencies to reduce their imported water deliveries from MWD by 10-15% in fiscal 2009-10, compared to a defined baseline period.
- Consideration of activation of a Level 1 water shortage condition under the City's Water Conservation Ordinance, and urging all customers to reduce water usage a minimum of 10%. Subsequently, the City Council approved this recommendation and declared a Level 1 water shortage condition.
- Review of municipal water rates and pass-through adjustments for MWD and Water Replenishment District (WRD) wholesale rate increases, and consideration of projected future wholesale water costs. In addition, the Commission reviewed the draft finding of a comprehensive water rate and capital funding study.
- 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 City needs and commitments incorporated in the City's current Urban Water Management Plan, and, in conjunction, with Community Development Department considered options for development of a landscape ordinance in the near future.
- Consideration of water resource situation and regional water management planning efforts to enhance local water supply reliability and sustainability including implementation of a negotiated conjunctive use storage and exchange program, enhanced local water resource development and regional conservation efforts.
- Review of TMW's water quality activities and programs, including acceptance of the Annual Consumer Confidence Report and second year of agreement with First 5 LA to provide capital funding for fluoridation treatment.
- Consideration of MWD, West Basin, WRD and related regional and state wide water policy matters.

Respectfully Submitted,

WATER COMMISSION



Charles Deemer, Chair

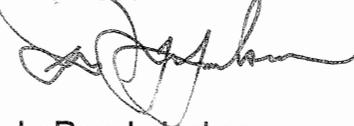
ROBERT J. BESTE
Public Works Director

By 
Charles J. Schaich
Senior Administrative Analyst

CONCUR:


Robert J. Beste
Public Works Director

NOTED:


LeRoy J. Jackson
City Manager

**Fiscal 2009-10 WATER COMMISSION REPORT
JULY 1, 2009 THROUGH JUNE 30, 2010**

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 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: a water conservation program. The enacted of level 1 water shortage condition under the City's Water Conservation Ordinance; a water supply allocation (WASP) program; a comprehensive water rate and capital funding study; water system capital improvements; legislative matters; regional and local water issues; water resource and reliability matters; operation of the groundwater desalter project water rate and funding matters; a landscape ordinance and water quality issues. The major policy areas addressed were as follows:

- **Municipal and Wholesale Water Rates** – The Commission reviewed the automatic pass-through rate increase of approximately 17%, which became effective the beginning of 2010 to compensate for higher MWD wholesale water costs. There have been no rate increases beyond these pass-through adjustments in the last 15 years, and Municipal rates have only increased by less than 3% annually during this period, to offset higher water costs. The Commission reviewed a number of items related to projected substantially higher Metropolitan Water District (MWD) wholesale rates over the next five years, and the potential impacts on municipal water rates. The Commission was advised a potential higher MWD wholesale rate increase to become effective in September 2011 and subsequent years.

The Commission has been working with staff regarding future rate policies and studies; including the development of a comprehensive water rate and capital funding study. The initial draft of the Rate Report was presented to the Commission in the fall 2009 and the Commission The study will develop alternative water rate recommendations, rate structure modifications, capital improvement funding options and conservation pricing alternatives. The initial draft of the Rate and Capital Funding Study

was presented to the Commission in the fall 2009, and the Commission expressed support for multi-year rate increase sufficient a local water resource program, capital infrastructure needs and adequate financial reserves; a tiered conservation rate structure; a plan to issue bonds to fund local water resources.

- **Fluoridation Treatment**– The Commission considered a second year renewal of the City’s reimbursement agreement with the First 5 LA foundation, to provide capital funding for the installation of fluoridation treatment facilities at the groundwater site in north Torrance and at the groundwater desalter. The facilities will be installed and deliver optimized fluoridated water to the entire TMW system by early 2011.
- **Water Conservation and Conservation Ordinance** - 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 2020 plan to reduce urban water by the year 2020, which was subsequently enacted into law by the state legislature in late 2009. The Commission activated its Conservation Committee to consider development of citywide landscape ordinance, that was mandated under state legislation passed in 2008, and to address the activation of Level 1 condition of the City’s Water Conservation Ordinance which prescribed additional mandatory conservation measures , and urging all customers to reduce their water usage by least 10%
- **Water Shortage and Drought Management Strategies**– The Commission reviewed a number of presentations and reports from staff, the West Basin Municipal Water District, and the Water Replenishment District regarding the ongoing water reliability and long term the shortage situation in Southern California, due to reductions in imported water from the Colorado River Aqueduct and the State Water Project, as result of diminished snow packs, pumping restrictions on the SWP and draw down of storage reserves. The Commission reviewed the MWD’s Water Allocation Supply Program (WASP) implemented in the beginning of fiscal 2009-10. The WASP required all member agencies to cutback their deliveries of imported MWD supplies by approximately 15% compared to baseline 200406 deliveries. The Commission reviewed TMW’s WASP performance throughout the year, which resulted in a net 17% reduction below the City’s conservation target.
- **Water Quality Matters** – The Commission considered TMW’s Annual Consumer Confidence Report (CCR) for calendar 2008 to inform customers regarding the quality of TMW’s water supply for the prior year,

and a presentation regarding TMW's water quality assurance and monitoring programs.

- **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 the status negotiations and the preliminary court judgments and the re-submittals before the court. This program could be extremely beneficial to TMW and I water agencies in both the local 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. Currently, the process is in abeyance pending appellate court ruling on amendments to basin judgments.
- **Water Capital Improvement Program (CIP)** -The Commission is appraised monthly regarding the status of current major water capital projects and including the new Well Number 9, which is the final stage of completion. This well is first in planned series of new wells to fully pump the City groundwater entitlement. To achieve this goal, The Commission supported TMW's recommendation to implement a pre design plan for the north Torrance well field, which is currently being implemented.
- **Metropolitan Water District Matters –**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: MWD's projected major increases in wholesale water rates over the next 10 years; a partial reenactment of MWD sponsored conservation programs; ongoing Bay- Delta issues and their impact on pumping State Water Project (SWP); the mandatory reduction, known as the Water Allocation Supply Program, in imported MWD deliveries to member agencies beginning in July 2009 due to the lingering water shortage conditions; MWD's possible involvement in ocean desalination projects; various MWD water transfer and new water management programs to enhance reliability; control of quagga mussels in the Colorado River system; the governor's interim Bay-Delta plan that was enacted into law in late 2009; the progress of an MWD sponsored program to "bank" Colorado river supplies in Lake Mead. Director Wright also sponsored inspection tours of State Water Project facilities in April 2009.
- **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 was the president of the Association.

The Association has been very active in formulating policy positions on water matters, developing a viable conjunctive use program and in formulating various initiatives to improve the reliability of the region's water supply.

The Commission received reports from the City's West Basin representative of a number of regional water policy issues including: the potential expansion of the West Basin Municipal Water District's Water Recycling facilities; the development of a pilot seawater desalination facility by the WBMWD; a modest increase 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 results of the Water Replenishment's District's (WRD) recent groundwater assessment study and ongoing optimization study to maximize the use groundwater resources in the of West Basin; the status of the ongoing conjunctive use process including preliminary court judgments regarding amendments on certain restrictive conditions in the current groundwater judgment conditions and the appeal process; . Various Commissioners attended West Basin sponsored events including quarterly meetings.

- Commission Appointments – Beginning in July 2009 Commissioner Alex See Lew was appointed as Commission Chair and Commissioner Charles Deemer as appointed as Vice Chair for fiscal 2009-10. In January 2010, new Commissioner Russ Lefevre was appointed, and former commissioner Kay White was re-appointed to fill an un-expired commission term.