

Council Meeting of  
September 27, 2010

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

Members of the Council:

**SUBJECT: Public Works – Accept and file Water Commission 2010-2011 Annual Report.**

### **RECOMMENDATION**

Recommendation of the Water Commission and the Public Works Director that City Council accept and file the Water Commission 2010-2011 Annual Report.

### **BACKGROUND AND ANALYSIS**

The Water Commission Annual Report, for the period of July 1, 2010 through June 30, 2011, is attached for your information and review. The Water Commission approved the Annual Report with minor revisions at their regular meeting on September 18, 2011. They have approved its submittal to City Council for acceptance.

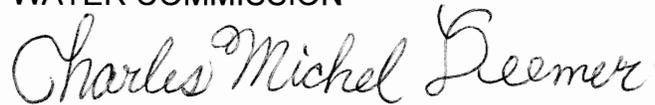
Some of the major highlights of the report include:

- Consideration of municipal water rates and related capital funding requirements. This resulted in the issuance of recommendations by the Commission that the City Council adopt a five-year rate plan, convert to a new conservation based tiered rate structure, and provide funding for local water supply development and infrastructure improvements.
- Consideration of and recommendation that the City Council rescind the City's Level 1 Emergency Water Shortage Stage and return to permanent, baseline conservation requirements under the City Water Conservation Ordinance. This change in conservation requirements was due to alleviation of drought conditions and deactivation of the Metropolitan Water District's (MWD) Water Supply Allocation Plan, which restricted deliveries of imported water deliveries during the drought.
- Consideration of water conservation strategies and programs to meet City needs and commitments incorporated in recently enacted State legislation, known as the 2020 Plan, which requires that urban water agencies reduce potable water usage by up to 20% during the next decade. The Commission also considered and recommended adoption of the City's 2010 Urban Water Management Plan (UWMP), which assesses the City's long term water supply reliability,

- Review of Torrance Municipal Water's (TMW) Water Capital Improvement (CIP) program and status of CIP projects.
- Consideration of the water resource situation and regional water management planning efforts to enhance local water supply reliability and sustainability including; ongoing negotiations and litigation regarding the implementation of a conjunctive use program in the local groundwater basin, and proposed local and regional water resource development efforts.
- Review of TMW's water quality activities and programs, including acceptance of the Annual Consumer Confidence Report (CCR) and adoption of the three-year Public Health Goal Report.
- Consideration of Metropolitan Water District, Water Replenishment District, West Basin Water Association and related regional and state-wide water policy matters.

Respectfully Submitted,

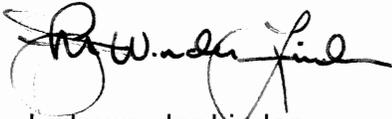
WATER COMMISSION



Charles Deemer (Chair 2010-11)

ROBERT J. BESTE  
Public Works Director

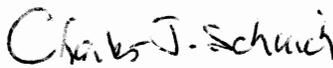
CONCUR:



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

Attachment: A. Fiscal 2010-2011 Water Commission Annual Report

**FISCAL 2010-11 WATER COMMISSION REPORT  
JULY 1, 2010 THROUGH JUNE 30, 2011**

**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 City Council regarding water rates, the provision of adequate water supplies, water resource and conservation issues, matters regarding water service, legislation and other water policy matters.

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 comprehensive multiyear water rate adjustment; capital funding and water resource investment program; the rescinding of Level 1 water shortage condition under the City's Water Conservation Ordinance due to alleviation of drought conditions; legislative matters; regional and local water issues; water resource, conservation and reliability matters; operations of the water system; and the development of a new five year Urban Water Management Plan (UWMP). The major policy areas addressed were as follows:

- Municipal Water Rates and Capital Funding – 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 culmination of this effort was the development of a focused business plan and water rate study. In the fall 2010, the Commission reviewed and considered a comprehensive five year water rate and capital funding study at several meetings. As a result, the Commission submitted a recommendation to City Council regarding the implementation of a five year rate plan in accordance with Proposition 218 requirements as follows: implementation of internal increases in municipal rates by 6.5% in 2011 and 2012, with subsequent internal increases based on the CIP index for 2013-2015; adoption a new method for calculating and implementing pass-through adjustments to compensate for higher wholesale water costs; adoption a conservation based tiered rate structure for regular water customers; and the implementation of water resource and capital projects recommended in the Business Plan and Rate Study. The City Council subsequently approved the plan and the new rate structure became effective in early 2011.
- Water Conservation and Resource Management – The Commission considered and supported a staff proposal to develop a Water Use Efficiency Plan (WUE) to identify the best and most cost effective water conservation strategies, programs

and measures to meet water conservation goals. In addition, the Commission reviewed the requirements imposed by the SBx-7x (2020 Plan) that requires all California urban retail water agencies to reduce baseline usage by up to 20% on a phased basis by the year 2020. The Commission also reviewed and conceptually approved a comprehensive 2010 Urban Water Management Plan (UWMP) that must be prepared and submitted to the State Department of Water Resources (DWR) for approval every five years. The purpose of the UWMP is to provide reliable long term resource planning to ensure that adequate water supplies are available to meet existing and future water demands in normal, dry and multiple dry years.

- Water Reliability, Supply and Shortage Conditions – 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. The Commission reviewed the City's compliance with MWD's Water Allocation Supply Program (WASP), which was implemented by MWD in 2009. The WASP required all member agencies cutback deliveries of MWD imported supplies by approximately 15% compared to baseline 2004-06 deliveries. During the two-year duration of the WASP, TMW achieved a net 17% savings below its allocation target, due to extraordinary conservation efforts by municipal customers. As a result of near recent snowpacks during the winter, MWD suspended the WASP program in April 2011. The Commission subsequently took action recommending that the City Council rescind the level 1 emergency water shortage condition requirements and return to baseline permanent water conservation requirements, due to the alleviation drought conditions. This change was authorized by City Council in May 2011.
- Water Quality Matters – The Commission considered Torrance Municipal Water's (TMW) Annual Consumer Confidence Report (CCR) for calendar 2010 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. In addition, the Commission approved and adopted a Public Health Goal Report (PHG), which is prepared every three years by California water agencies with more than 10,000 services to assess the relative risk of various constituents in the water supply.
- Water Capital Improvement Program (CIP) – The Commission is appraised monthly regarding the status of current major water capital projects including new Well Number 9, which was completed and placed in service in early 2011. The well is the first in a series of new groundwater wells to fully pump the City's annual groundwater entitlement. The Commission also considered and conceptually approved the implementation of a \$50 million 10-year capital improvement program to develop local water resources and provide for water system infrastructure improvements. A pre-design and preliminary engineering study is currently being conducted to implement this program.

- Metropolitan Water District Matters – The City’s MWD Director, Bill Wright, attends Water Commission meeting and apprises the Commission regarding important policy matters at the Metropolitan Water District 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 5 years and 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 deactivation of a two-year mandatory reduction in imported supply deliveries to its member agencies, known as the Water Supply Allocation Program (WASP), in April 2011 due to alleviation of drought conditions; the major improvement in water supply conditions on both the northern California and Colorado River watersheds due to near record snowpacks; MWD’s update of its Integrated Resource Plan (IRP); litigation with the San Diego Water Authority regarding the MWD rate structure; water banking and storage programs; the appointment of new MWD Chairman and his appointment as Vice Chair on MWD’s Water Planning and Resources Committee. Director Wright also sponsored inspection tours of Diamond Valley Reservoir in October 2010 and the Colorado River Project in April 2011, which was attended by a number of the Commissioners.
- West Basin Water Association 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 very active in formulating policy positions on water matters, developing a viable conjunctive use program plans 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 matters and issues including: the Phase V expansion of the West Basin Municipal Water District’s (WBMWD) Water Recycling facility in El Segundo to provide recycled supplies for protective seawater intrusion barriers; WBMWD’s Demonstration Seawater Desalination Pilot facility at Sea Lab in Redondo Beach; the activities of the WRD Technical Advisory Committee(TAC); a continuing decline in groundwater pumping in the local basin; an increase in groundwater pumping assessment levied by WRD for fiscal 2012; updates from the Watermaster regarding groundwater conditions in the West Basin; the status of the ongoing conjunctive use process and attendant legal matters; the initiation of a WRD study regarding saline groundwater remediation in the West Coast Basin and possible expansion of the Goldsworthy Groundwater Desalter; 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 sponsored events including quarterly meetings.

- Other – The Commission was apprised regarding the conversion of the City's utility billing system function and retention of a new service provider for the performance of utility billing and related customer service functions for the City's water, sewer and refuse collection operations. Various Commissioners attended various meeting and events including symposiums at MWD regarding the Integrated Water Resources and an Energy Water Forum. The Commission also reviewed status reports regarding water operations throughout the year.
- Commission Changes – In January 2011 Kay White retired after nearly 16 years of service as Water Commissioner. The Commission would like to thank Kay for her many contributions and dedication in her role as a Commission member. Paul McCabe was appointed in February 2011 to replace Ms. White. Commissioner John McGee was appointed as Commission Chair and Commissioner Russ Lefevre as Vice Chair for fiscal 2011-12.