



2014 Local Resources Program Refinements

Inland Empire Chapter of WaterReuse Association
November 18, 2014

Local Resources Program

- Established in 1982
- LRP provides incentives for new local projects
 - Recycled water and groundwater recovery projects to reduce demand on imported water deliveries
- Need to accelerate project production
 - Meet IRP and 20x2020 goals
 - Current drought conditions



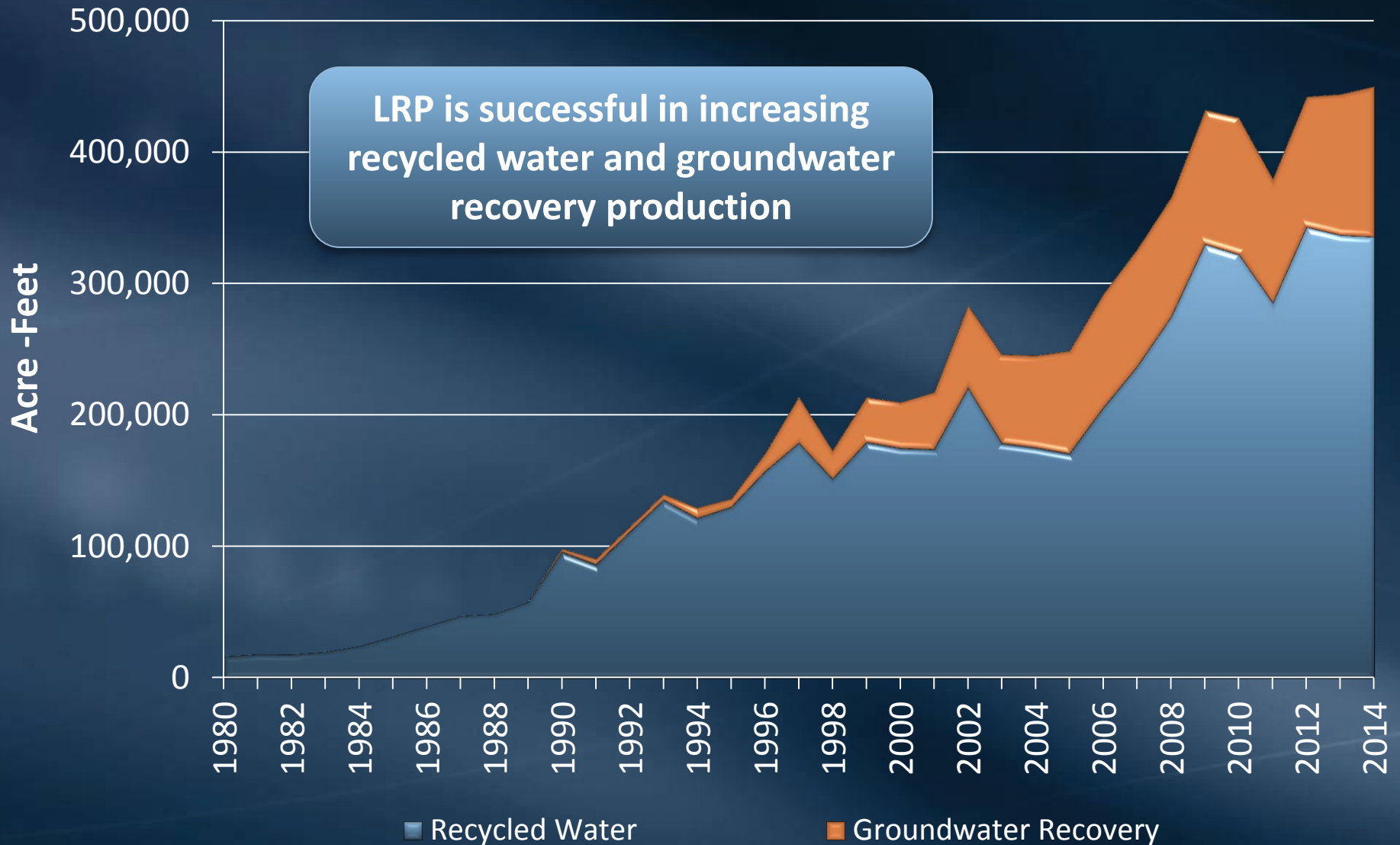
Metropolitan Water District of Southern California

Local Resources Program

| | Program | Number of Projects | Contract Yield (AFY) | Deliveries to Date (AF) | Incentives to Date (\$M) |
|---|----------------------|--------------------|----------------------|-------------------------|--------------------------|
| ● | Recycling | 75 | 306,000 | 2,077,000 | 365 |
| ■ | Groundwater Recovery | 24 | 113,000 | 735,000 | 125 |
| | Total | 99 | 419,000 | 2,812,000 | 490 |

Program Impacts on Local Supplies

Recycled Water and GW Recovery



Current Program Status

| | |
|--|--------------------|
| 2007 LRP target | 174,000 AFY |
| 23 projects approved | <u>111,000 AFY</u> |
| Remaining target | 63,000 AFY |
| No new project applications under review | |



Observations

- Cost remains a predominant constraint
 - Data shows most local projects cost more than MWD rate
 - Financial assistance needed, especially in early years
- LRP project production is not at capacity
 - Developmental and technical issues
 - Projects not built as originally designed
- No new project applications



LRP Review Process

- What can be done to encourage more Local supply development?
- Recognize that not all agencies have the same financial condition
- Program must still have performance protections for Metropolitan
- A review process was established that led to Board approval of a new program in October

2014 LRP Refinements

Increase Incentive
amount to \$340/AF

Incentive Payment
Alternatives

Sliding scale up to \$340/AF
over 25 years

Sliding scale up to \$475/AF
over 15 years

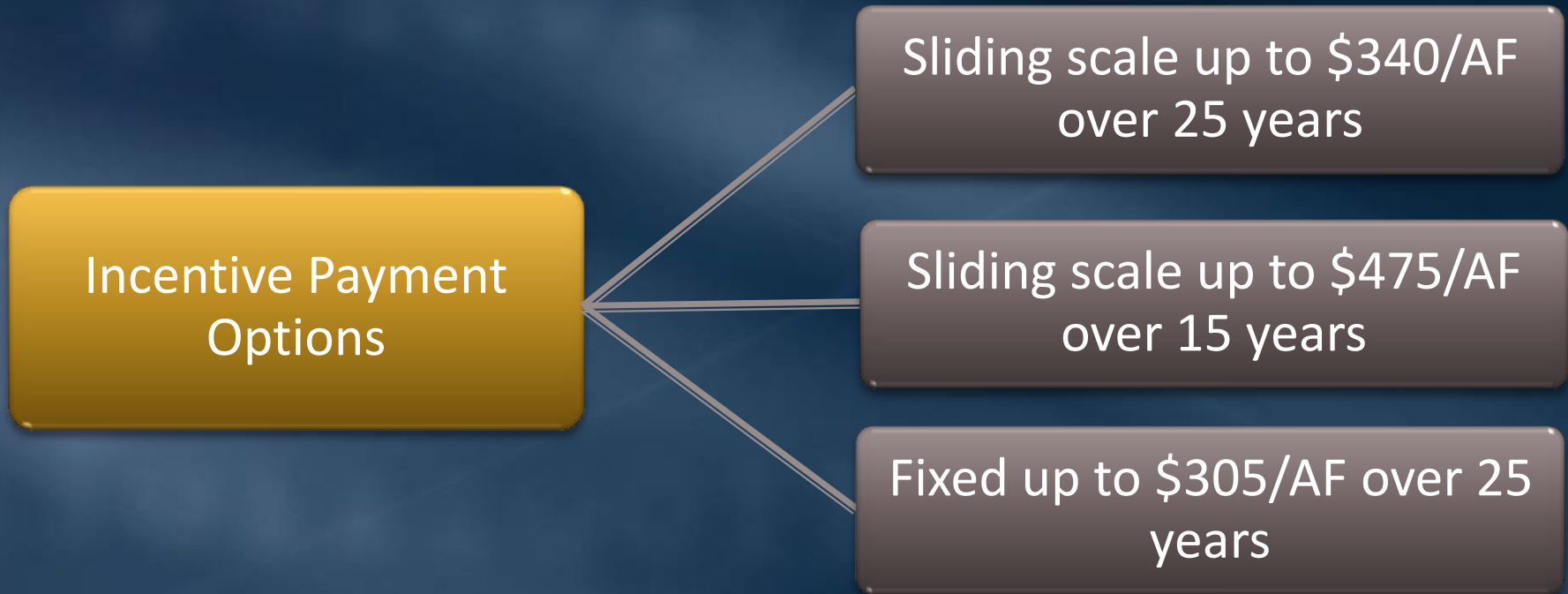
Fixed up to \$305/AF
over 25 years

Include on-site retrofit costs

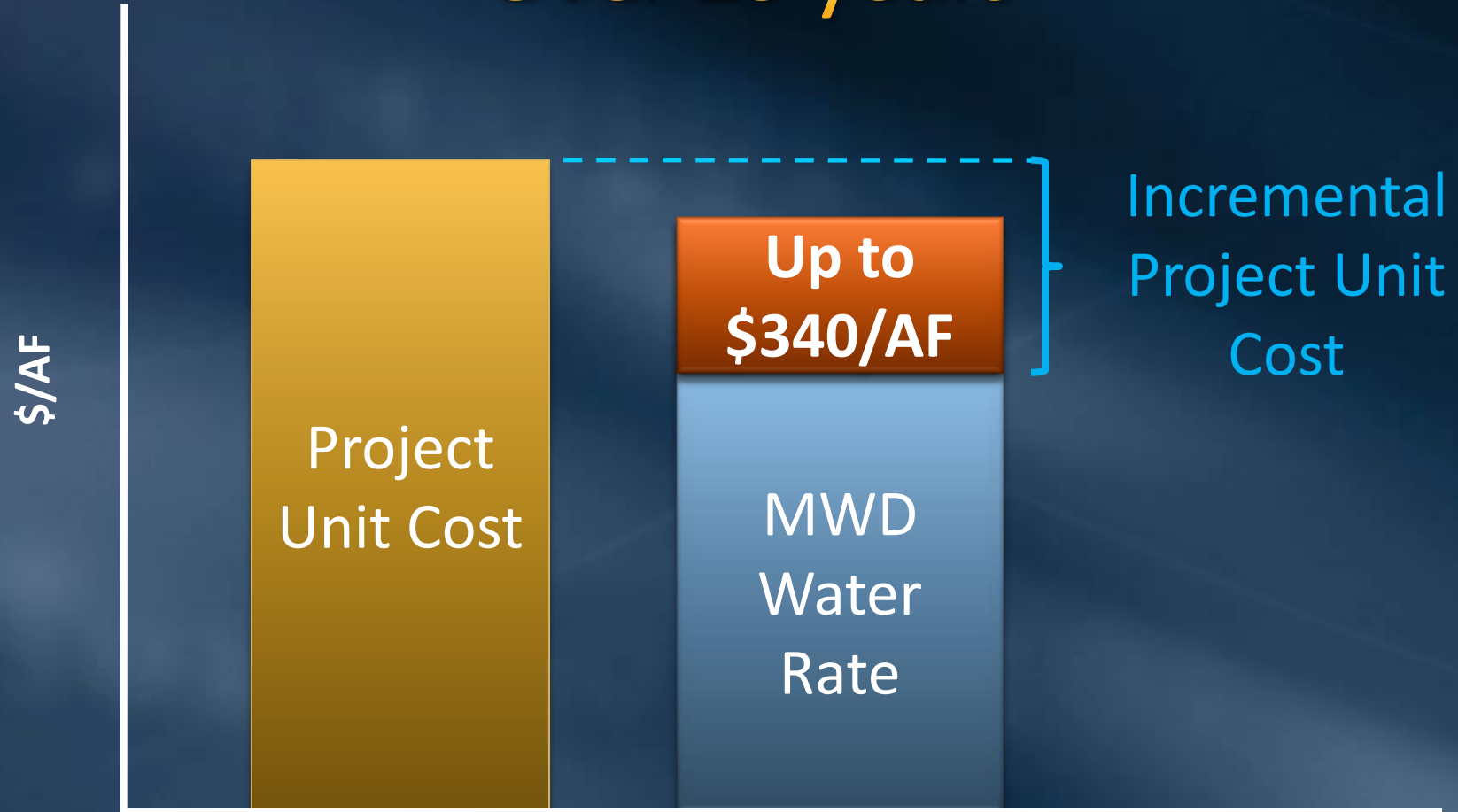
Include Seawater
Desalination

Reimbursable services for ready to proceed projects

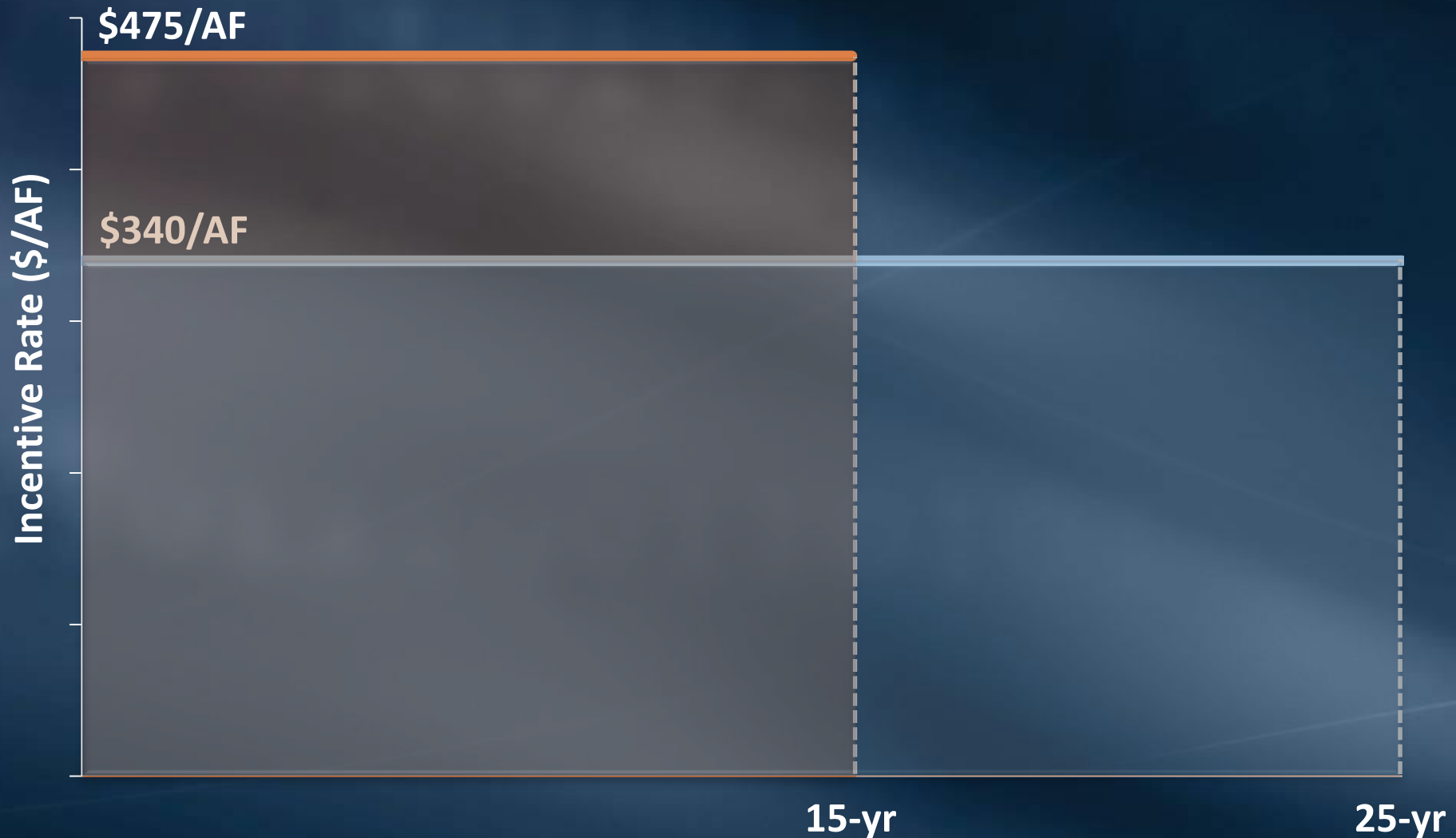
2014 LRP Refinements



Alternative 1: Sliding Scale Incentive Over 25 years

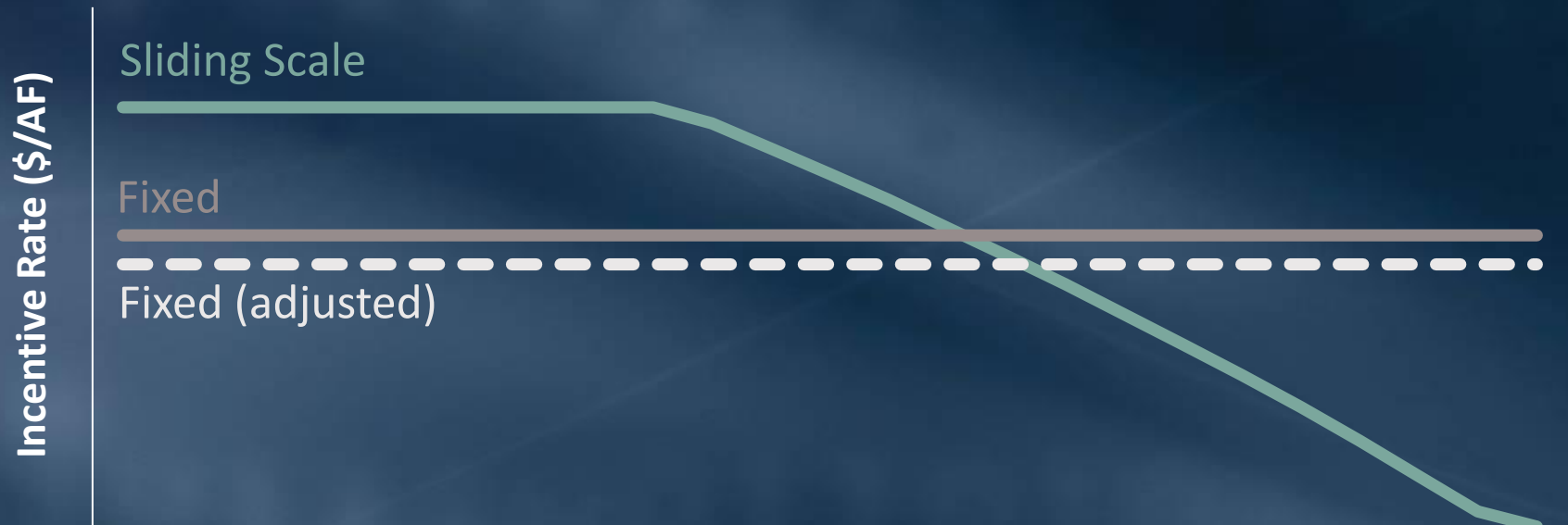


Alternative 2: Sliding Scale Incentive Over 15 Years



Alternative 3: Fixed Incentive Over 25 Years

Conversion to Fixed Incentive Rate



- Adjusted fixed incentive rate varies per project based on project unit cost

Other LRP Refinements

- Include recycled water on-site retrofit costs
 - Site conversions can be a key impediment to achieving full project capacity
 - Design, permit, construction
- Include seawater desalination in LRP
- Conduct a study on stormwater regional benefits
- Reimbursable services
 - Example services: design, permit, construction, operation, pursue Federal and State grants
 - To expedite development of ready-to-proceed projects to help alleviate current drought conditions
 - Member agency will reimburse Metropolitan

Moving Forward

- Update on-line application
 - Incentive options
- New project applications will be eligible for new terms
 - Performance provisions
 - CEQA and permits
- December 10 Webinar
 - Open to member and retail agencies
 - Program details

