2014 Local Resources Program Refinements

Inland Empire Chapter of WateReuse Association
November 18, 2014
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
<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Projects</th>
<th>Contract Yield (AFY)</th>
<th>Deliveries to Date (AF)</th>
<th>Incentives to Date ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>75</td>
<td>306,000</td>
<td>2,077,000</td>
<td>365</td>
</tr>
<tr>
<td>Groundwater Recovery</td>
<td>24</td>
<td>113,000</td>
<td>735,000</td>
<td>125</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
<td>419,000</td>
<td>2,812,000</td>
<td>490</td>
</tr>
</tbody>
</table>
LRP is successful in increasing recycled water and groundwater recovery production.
Current Program Status

2007 LRP target: 174,000 AFY
23 projects approved: 111,000 AFY
Remaining target: 63,000 AFY
No new project applications under review
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
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

Incentive Payment Alternatives

- Increase Incentive amount to $340/AF
- 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

Incentive Payment Options

- 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
Alternative 1: Sliding Scale Incentive Over 25 years

- **Project Unit Cost**
- **MWD Water Rate**
- **Up to $340/AF**

Incremental Project Unit Cost

Project Unit Cost vs. Incremental Project Unit Cost
Alternative 2: Sliding Scale Incentive Over 15 Years

Incentive Rate ($/AF)

- $475/AF
- $340/AF

15-yr
25-yr
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