

CENTRAL BASIN MUNICIPAL WATER DISTRICT**AUGUST 9, 2004 - Water Resource**
Morse, Cole**AUGUST 23, 2004 – Board Meeting**

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Approved by: Richard Nagel

INFORMATION CALENDAR

METROPOLITAN WATER DISTRICT'S (MWD) REPLENISHMENT WATER POLICYSUMMARY:

In 2002, MWD restructured its water rates by unbundling its commodity rate, developing a tiered supply rate, and requesting voluntary purchase orders with its member agencies. However, the restructuring process did not address MWD's replenishment water program. This was one of several issues, including an infrastructure growth charge, deferred for future deliberation.

In May 2004, MWD initiated discussions with member agencies at the staff level by releasing a draft white paper entitled "Water Replenishment Program: Alternative Rate Setting Methods". The intent of the white paper is to set the stage for a review of the Replenishment Program by presenting alternative methodologies for determining the appropriate water rate for replenishment service. It also shows how changing the price of replenishment water can impact the full service rate; it does not recommend a particular method.

In late June, staff attended the kick-off meeting of the Replenishment Policy Workgroup with fellow member agencies to discuss MWD's white paper, and define boundaries for the workgroup's effort. Although the white paper has served as a good starting point for discussion, member agency comments seem to point towards the need to expand the debate beyond merely the issue of price of replenishment water. Member agency comments can be summarized by the following questions:

- How should member agencies be held accountable for producing regional benefits for the discounted water received, so that other member agencies that cannot participate see a benefit?;
- Given that all groundwater basins are different, how can the program be administered simply yet equitably?; and
- What water resource management goals is MWD pursuing with the replenishment program?

Since fiscal year 1997, Central Basin has been the second largest purchaser of replenishment water (roughly 25% of total), and therefore is considered a key player in the debate over the Program's future. As the surface water supplier for the Central Groundwater Basin, however, the District must balance its MWD member agency role with the "local interests" within the Basin. Central Basin will work primarily with the Water Replenishment District to better understand how proposed changes in the Program might affect groundwater interests, but the Central Basin Water Association will also provide a forum for discussion of issues. WRD has been invited to attend the workgroup meetings with District staff.

Staff will keep the Board apprised of the progress of the workgroup including analysis of proposed changes to the Replenishment Program.

FISCAL IMPACTS:

Not yet determined.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resource Committee on August 9, 2004 and agendaized to the August 23, 2004 Board meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.

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