



# Allocating MWD Untreated Full Service Water

Water Issues Committee  
August 12, 2015



# MWD Water Supply Allocation Plan

- MWD allocating imported water in FY15-16
- Allocation formula developed in 2007 & 2008 - First implemented in 2009
- WSAP based upon “Need” for water
- December 2014 – WSAP amended to allow groundwater basins to purchase untreated full service water



# FY15-16 Budget

- 55,000 af of untreated full service MWD water
- \$32.3 million
- Total Water Demands – 445,000 afy
- Basin pumping – 322,000 afy @ 70% BPP
- Average winter – no change to accumulated overdraft

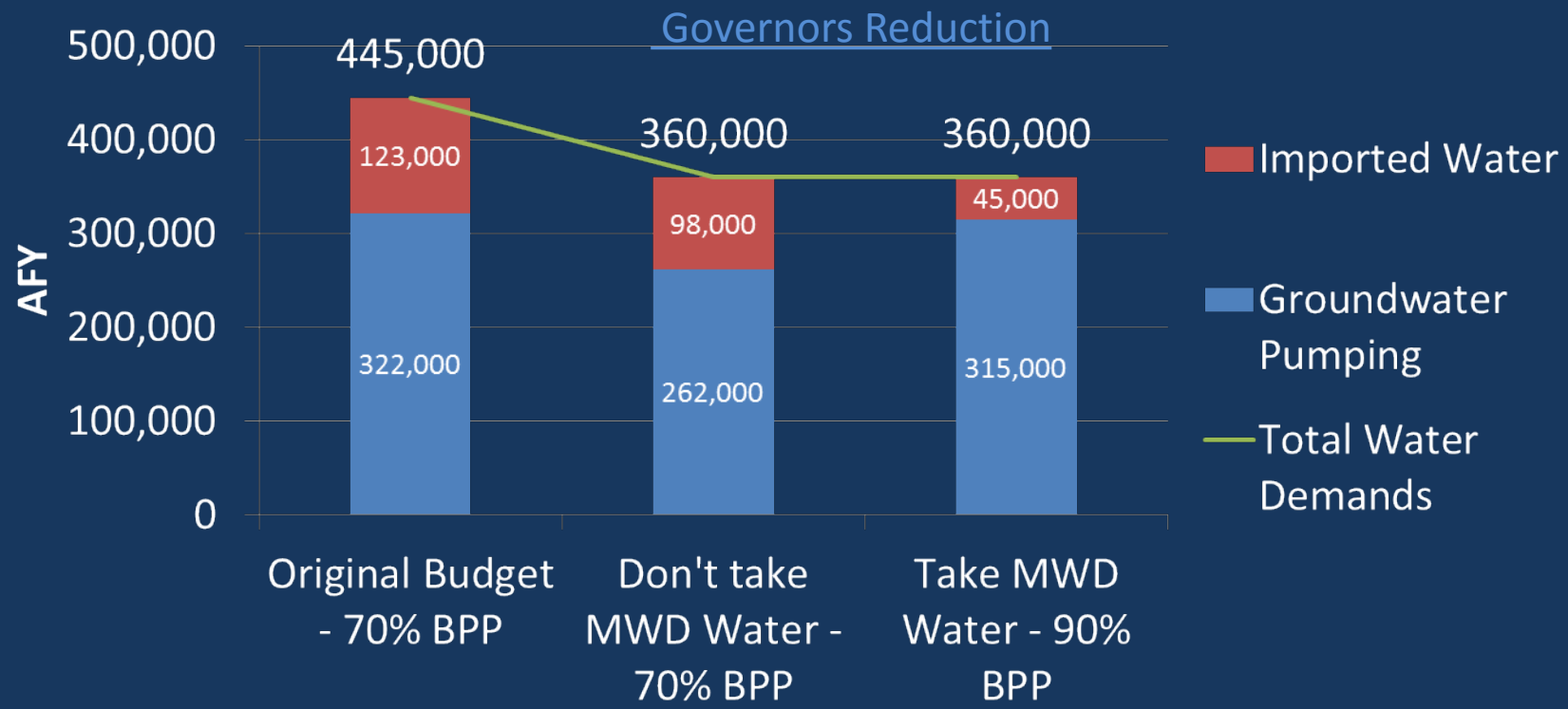


# How Does OCWD Qualify for MWD Untreated Full Service Water ?

- Maintain groundwater pumping levels – Average for FY12-13 and FY13-14 was 315,000 af
- Increase BPP to 90%
- Show that if pumping levels are maintained, it's a dry year, and MWD does not provide water, the accumulated overdraft would increase to over 500,000 af.



# Original & Expected Producer Groundwater Pumping & Imported Water Purchases





# Modifying the BPP to Pump 315,000 afy of Groundwater

- OCWD can change the BPP via a public hearing
  - Need to do relatively soon to give Producers time to adjust their operating plans – call for a public hearing Sept 9.
  - BPP – July & August – 70% (2 months)
  - BPP – Sept to June – 90% (10 months)
- Average of  
86.7% for Year**
- OCWD may have to adjust again ~ next March



## Option 1 – Agree to MWD WSAP Rules and Receive an Allocation of Water

- OCWD will be able to purchase ~ 55,000 af of water as planned in the budget
- Set a Public Hearing for September 9, 2015 to raise the BPP to 90% to keep basin pumping ~ 315,000 afy
- If another dry year occurs – basin overdraft will increase from ~ 390,000 af to ~450,000 af



## Option 2 – Do Not Agree to MWD WSAP Rules

- OCWD should be able to purchase 0 to 25,000 af of water under MWDOC's allocation
- Basin pumping will decline to ~262,000 af if BPP remains at 70% - ~ 60,000 af less than budgeted (\$19 Million less RA revenues)
- MWD purchases are ~ 55,000 to 30,000 af less than budget (\$32.3 to \$18 million less expenditures)
- OCWD maintains discretion to change BPP this winter depending upon conditions.





# Allocation Issues

- Have to “lock-in” total pumping of 315,000 af
- OCWD loses discretion to change pumping (the BPP) during the year
- If experiencing another dry year, cannot lower the BPP – overdraft would increase from ~390,000 to ~450,000
- If mildly wet year, OCWD could not implement an in-lieu program



# Allocation Issues

- OCWD wants to purchase untreated full service water to meet consumptive demands – Other MWD member agencies purchase untreated water and operate a conventional treatment plant – OCWD is using the groundwater basin like a conventional water treatment plant – There should not be separate rules for OCWD.
- Using 500,000 af basin overdraft target as has been done is not good policy – implies overdraft of 499,999 af is ok



# Allocation Issues

- OCWD has already over drafted the basin by ~390,000 af (which all of the MWD service area benefits from) and would be required to overdraft the basin to ~ 450,000 af if we have another dry year with no plan to assist in refilling the basin.
- With around 110,000 af of water supplies remaining in the basin, the District needs to be careful in using this water
- Over drafting the groundwater basin is much different than over drafting an above ground reservoir

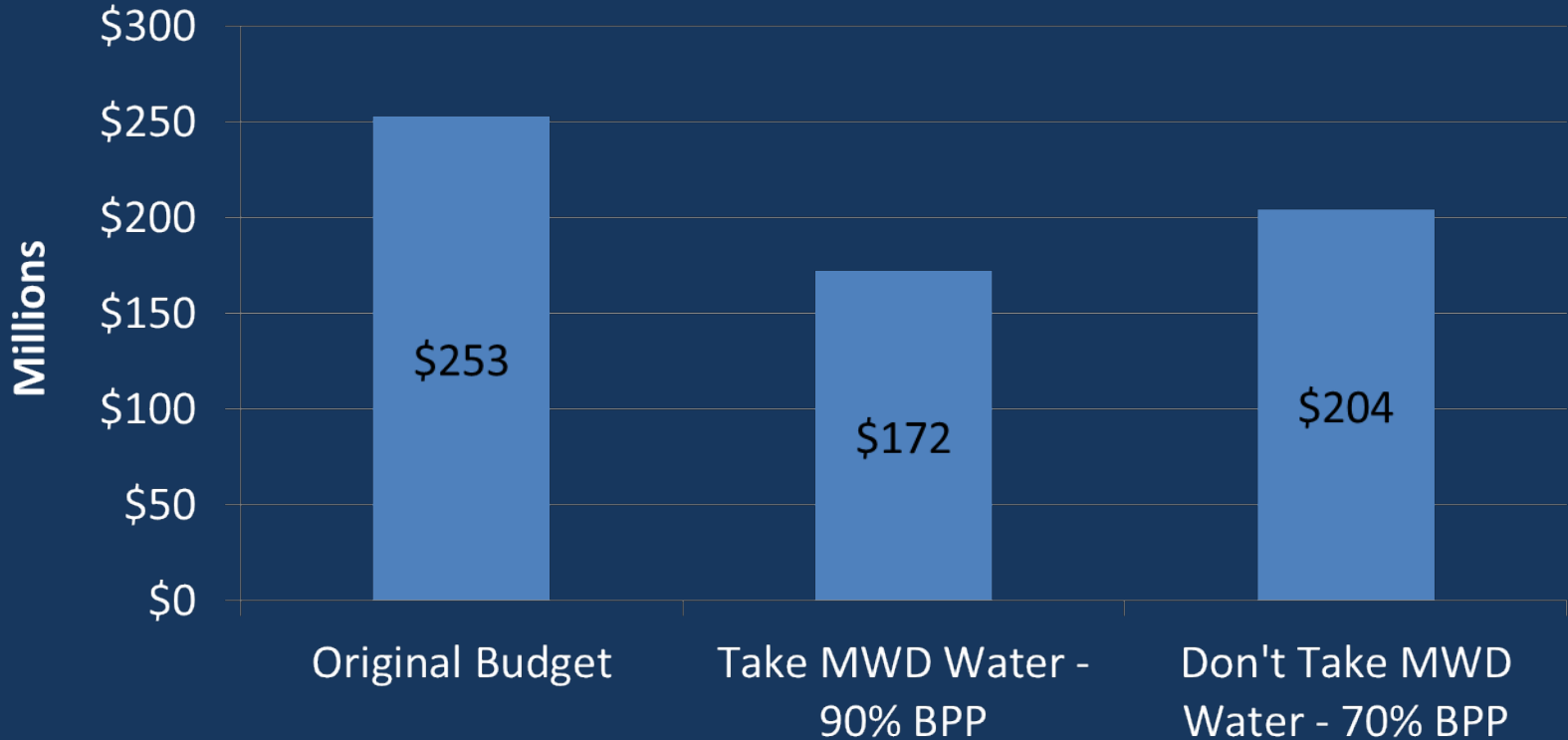


# Allocation Issues

- OCWD may still be able to purchase from 0 to 25,000 af under MWD OC's allocation
- The District could need to hold a second public hearing to fine tune the BPP next spring to get pumping at 315,000 af.
- The Producers won't save as much money if OCWD does not accept the MWD allocation rules



# FY15-16 Producers Approx. Variable Water Supply Cost





# Allocation Issues

- If OCWD accepts MWD WSAP allocation water and another dry year occurs, the overdraft will increase to ~ 450,000 af.
- In FY16-17
  - Lower BPP
  - Higher RA
  - Less imported water available
- The District should become more conservative in managing the basin as the overdraft becomes larger.



# Recommendation

Agendize for the August 19, 2015 Board meeting:  
Decline purchasing untreated full service imported water from the MWD under the groundwater basin allocation rules.



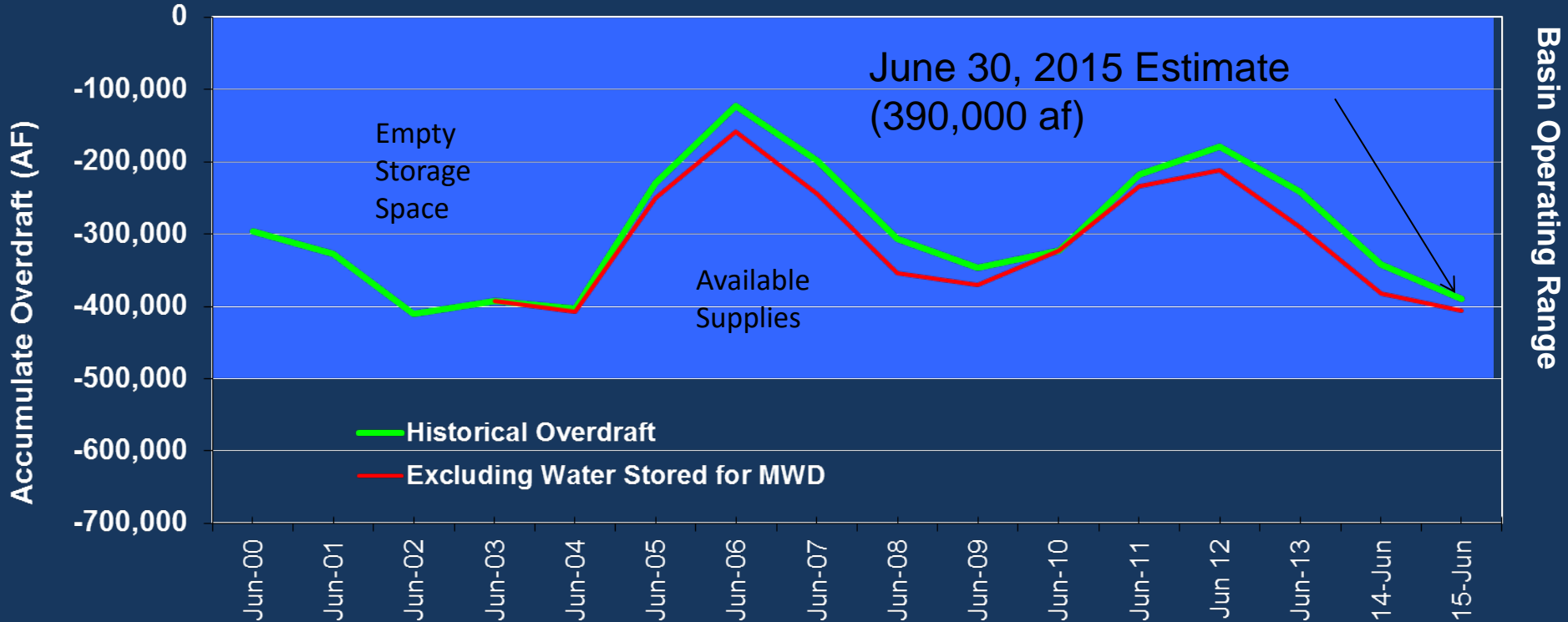
End of Presentation



	Budget	Option 1 Take Allocation Water	Option 2 Decline Allocation Water
Basin Production Percentage	70%	Hold Public Hearing and Raise to ~ 90% Effective Sept 9; Potentially change BPP again in Spring of 2016	Preserve Option to raise/decrease BPP depending upon basin management objectives during the year
Basin Pumping	322,000 af	Need to pump 315,000 af per MWD	Will decline to ~ 280,000 to 262,000 af if BPP remains at 70%
Water Purchases	55,000 af in budget (\$32.3 million)	~ 55,000 af	0 to 25,000 af (Reduced water purchase expenditures offset loss in RA revenues)
RA Revenues	\$103 million	~\$101 million	Reduced to ~\$90 to \$84 million due to lower demands and pumping
6/30/16 Overdraft (Average Winter)	Approximately no change to Overdraft		Likely no change – Reduced basin pumping likely to offset reduced MWD purchases
6/30/16 Overdraft (Dry Winter)	Increase by about 60,000 af if OCWD chooses not to lower the BPP	Will Increase by about 60,000 af	Increase by about 60,000 af if OCWD chooses not to lower the BPP
Producers Variable Water Supply Cost	\$253 million	\$172 million	\$204 million



# OCWD Groundwater Basin Accumulated Overdraft





# Predicting 2015-16 Water Demands

- Unchartered territory
- Calendar Year 2013 Water Demands – 443,204 af
- Average State conservation requirement for 19 OCWD Producers – 23.4% - Lowers demands to approximately 340,000 afy
- Use 360,000 afy