WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
TECHNICAL ADVISORY COMMITTEE MEETING
12621 E. 166th STREET, CERRITOS, CALIFORNIA 90703
BOARD ROOM

WEDNESDAY, MARCH 26, 2003
2:00 P.M.

AGENDA

EACH ITEM ON THE AGENDA, NO MATTER HOW DESCRIBED, SHALL BE DEEMED TO INCLUDE ANY APPROPRIATE
MOTION, WHETHER TO ADOPT A MINUTE MOTION, RESOLUTION, PAYMENT OF ANY BILL, APPROVAL OF ANY MATTER
OR ACTION, OR ANY OTHER ACTION. ITEMS LISTED AS "FOR INFORMATION" MAY ALSO BE THE SUBJECT OF AN
"ACTION" TAKEN BY THE BOARD OR A COMMITTEE AT THE SAME MEETING.

I. DETERMINATION OF A QUORUM

II. PUBLIC COMMENT

III. APPROVAL OF MINUTES OF THE MEETING OF FEBRUARY 26, 2003

IV. WRD RESOLUTION RELATED TO TAC

V. REVIEW OF WRD RESERVE FUND POLICY

VI. STRATEGIC PLAN/CIP
   a. PROPOSED COST/BENEFIT ANALYSIS METHODOLOGY

VII. 2003 ENGINEERING SURVEY & REPORT- UPDATE
   a. MWD YEAR-ROUND IN-LIEU PROGRAM FOR GROUNDWATER
   b. WBMWD/CBMWD WATER PURCHASES

VIII. SAN GABRIEL RIVER RUBBER DAMS FUNDING

IX. NEXT MEETINGS: WEDNESDAY, APRIL 23, 2003
    WEDNESDAY, MAY 28, 2003
    WEDNESDAY, JUNE 25, 2003

X. ADJOURNMENT

Agenda posted by Abigail C. Andom, March 19, 2003. In compliance with ADA requirements, this document
can be made available in alternative formats upon request.
MINUTES OF FEBRUARY 26, 2003
TECHNICAL ADVISORY COMMITTEE
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

A meeting of the Technical Advisory Committee of the Water Replenishment District of Southern California was held on February 26, 2003, at 2:00 p. m. at the District Office, 12621 E. 166th Street, Cerritos, California. Chairperson Jim Glancy called the meeting to order and presided thereover. Abigail C. Andom recorded the minutes.

I. DETERMINATION OF A QUORUM
In addition to the Chairperson, Committee members present included Desi Alvarez, Tom Cherry, Nazir Qureshi, and Terry Witthoft. Mr. Diem Vuong was excused. WRD staff included Bruce Mowry, Robb Whitaker, Jason Weeks, Ted Johnson, and Robert Martin.

II. PUBLIC COMMENT
None.

The minutes of the regular meeting of November 25, 2002 were approved as amended. The minutes of the regular meeting of December 18, 2002 were approved with Mr. Alvarez and Mr. Witthoft abstaining. The minutes of the regular meeting of January 22, 2003 were approved with Mr. Alvarez abstaining.

IV. WRD ADMINISTRATIVE CODE - CHANGES RELATED TO TAC
Mr. Glancy stated that the Administrative Committee had met and had recommended that there was no reason to include the TAC in the Administrative Code but that a resolution should be in place to address concerns by staff.

Since the draft resolution was not included in the TAC agenda package, Mr. Alvarez made a motion to carry this item over to the next TAC meeting. Mr. Qureshi seconded. There were no objections from the other TAC members.

Mr. Alvarez, likewise, requested the Chairperson to send a letter to the Board President to let the Board know that the TAC will be reviewing this item at its March meeting.

V. STRATEGIC PLAN/CIP
Mr. Alvarez stated that it would be inappropriate to make comments at this time without having a chance to review the materials beforehand.
Mr. Whitaker stated that staff intends to walk the TAC through the CIP methodology and approach and is not expecting full feedback at this meeting.

Mr. Weeks presented the revised Strategic Plan Update Project Schedule noting task names and project deadlines, a list of task descriptions and status, the CIP economic analysis approach, and the template used to analyze benefit/cost ratios of projects and programs from WRD’s viewpoint and the pumper viewpoint using the Safe Drinking Water Program as an example. Discussion followed on the value of groundwater cleanup projects and how such projects should be evaluated in a benefit / cost analysis. Mr. Alvarez stated that such projects should be evaluated carefully and questioned whether the District should provide financial assistance to pumpers for groundwater cleanup projects.

Mr. Glancy requested that the TAC members exchange e-mails and comments on the methodology presented today for next month’s meeting. Mr. Glancy also stated that the approach presented was acceptable, although individual project specifics would require further discussion.

VI. 2003 ENGINEERING SURVEY & REPORT UPDATE

Mr. Johnson stated that the annual Engineering Survey and Report (ESR) required by Water Code Section 60300 is scheduled to be completed for the Board at its March 3rd meeting. The ESR provides the Board a determination as to whether funds are needed for a replenishment assessment in the ensuing year for replenishment water, water quality and replacement projects and programs.

Mr. Johnson stated that in water year (WY) 2001/02, groundwater levels dropped due to a very dry year. There was a loss of storage of about 36,454 AF. This is the 4th consecutive year of storage loss, resulting in an accumulated overdraft amount of 648,750 AF at September 30, 2002.

The ESR determined that there exists an overdraft and WRD would need to purchase replenishment water at an estimated total of 124,882 AF or a replenishment cost of about $26.8 million.

Discussion followed on the cost of replenishment water at the Leo J. Vander Lans Water Treatment Facility. Mr. Alvarez commented that the operations and maintenance cost should be reflected as the actual cost of water.

Mr. Martin responded that, as a caveat, the figures in the ESR have noting to do with the replenishment assessment since the budget figures determine the replenishment assessment.
VII. DISTRICT RESERVE FUND POLICY
The TAC recommended that this item be deferred to next month’s meeting. Mr. Alvarez stated that he would like to review the designated funds. The other TAC members concurred.

VIII. UPDATE ON WRD’S WEB SITE FOR WELL INFORMATION (WELLS ONLINE)
Mr. Weeks stated that at the last TAC meeting, WRD agreed to develop a security plan based on the TAC comments and bring it back to the TAC for review.

Discussions were held with the consultant developer of the site, PSOMAS, on potential implementations to add more security. WRD and PSOMAS stated that a more detailed log-on procedure could be implemented that would require a potential user to fill out specific information similar to that which is currently required on WRD’s GIS / DBMS Data Request Form (name, company, phone, address, email, and purpose for the information) and email or fax it to WRD. Staff would review the information and if approved, would email or fax a unique password to the requestor, who would be granted “public” status access for a limited time (i.e. the password would expire after a certain amount of time, such as a week or two). This approach would not require additional funds, however, District staff resources would still be required to generate the user name and password and enter the requestor information into the database. In order to streamline the procedure, Psomas informed staff that automation of the security upgrades could be implemented at a cost of $4,000. Automation of the procedure would greatly reduce the required staff resources.

Discussion followed regarding the estimated staff resources required to handle data requests and the benefits of automating the procedure. TAC members stated that the choice of automation was an internal staffing decision, however, they would support staff proceeding with the $4,000 security upgrade. The Board will be reviewing the web site at its next meeting and will be informed of the TAC recommendations.

Copies of the resolution affecting the TAC were provided the members and as earlier discussed, it was recommended that this item be discussed at the next meeting.

IX. NEXT MEETINGS: WEDNESDAY, MARCH 26, 2003
WEDNESDAY, APRIL 23, 2003
X. ADJOURNMENT
With no other business to come before the Committee, the meeting was adjourned.

__________________________
Chairperson

ATTEST:

__________________________
Vice Chair
DATE: MARCH 26, 2003

TO: TECHNICAL ADVISORY COMMITTEE

FROM: BRUCE A. MOWRY, GENERAL MANAGER

SUBJECT: WRD RESOLUTION RELATED TO TAC

At the February 26th meeting of the Technical Advisory Committee (TAC), an item was included on the agenda for discussion regarding a WRD resolution related to the TAC.

Because the draft resolution was not included in the February TAC agenda package, a motion was made and approved to carry this item to the March TAC meeting. The Committee requested that WRD staff provide a copy of the draft resolution for review prior to the March TAC meeting.

Please find a copy of the attached draft resolution for review and discussion at the March 26th TAC meeting.

RECOMMENDATION: For discussion
RESOLUTION NO. 03-665

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA CONCERNING THE TECHNICAL ADVISORY COMMITTEE

I. RECITALS

A. The Water Replenishment District of Southern California (the “District”) is organized and operates pursuant to the Water Replenishment District Act, Water Code section 60000 et seq. (“Enabling Act”) and the District’s Administrative Code.

B. Section 60233.5(c), (d) of the Enabling Act applies specifically to the District, providing that (1) the Central Basin Water Association and the West Basin Water Association shall appoint six professionals with expertise relating to water to a technical advisory committee (the “TAC”), (2) the District shall consult with the TAC for certain purposes, and (3) the District shall maintain records regarding all proposed projects, the recommendations of the TAC, and the final decisions made by the District Board with regard to those projects.

C. The District seeks to effectively and efficiently administer its coordination with the TAC under Water Code Section 60233.5(c), (d).

II. RESOLUTION

BE IT RESOLVED by the Board of Directors of the Water Replenishment District of Southern California as follows:

I. Projects Subject to Consultation

A. Section 60233.5(c)(2) provides that the District shall consult with the TAC “for the purpose of evaluating projects proposed by the district, including but not limited to capital improvement programs, and any amendments thereto, undertaken pursuant to subdivision (d), making recommendations to the board of the district, and establishing criteria relating to the construction of projects for water quality improvement purposes.” Section 60233.5(d) provides that the District shall consult with the TAC with respect to certain aspects of the District’s capital improvement plan (a “CIP”), including the procedures for review and updating the CIP.
B. To provide further clarity to the scope of the District’s obligation to consult with the TAC, the District shall consult with the TAC regarding the following (1) any proposed capital project to be funded, in whole or in part, by the District. The TAC shall be consulted on such proposed capital projects in order to obtain its evaluation of the merits of the proposed capital project and, if necessary, any criteria relating to the construction of the project. The District’s obligation to consult with the TAC shall cease once the District’s Board of Directors approves the proposed capital project and the project has begun to achieve its functional objective; and (2) the District’s CIP and any proposed updates or revisions thereto that would significantly change the CIP.

C. Among other things, the District’s obligations to consult with the TAC shall not extend to personnel matters, procurement, budgeting or financing outside of capital projects, or rate setting matters.

D. These administrative procedures shall not preclude the District from voluntarily consulting with the TAC on matters outside the scope of the matters delineated above.

II. Scope of Consultation

A. The scope of the District’s consultation with the TAC should be reasonable, depending on the facts and circumstances of each consulting scenario.

B. The facts and circumstances affecting the scope of the District’s consultation with the TAC regarding a proposed capital project may include, but are not limited to, the technical complexity of the project, District ownership of or involvement in the capital project, the subject matter of the capital project, economic analysis of the capital project, and any urgent or emergency circumstances.

C. The District shall provide sufficient information to the TAC on a timely basis. Information should be provided to the TAC at least four weeks prior to Board action to approve a capital project to allow the TAC adequate time to develop a recommendation for the Board.

III. Maintaining Records

A. For all proposed capital projects where the District consults with the TAC, the District will seek to prepare and maintain minutes to reflect the following aspects of meetings of the TAC; the identity of the TAC members attending TAC meetings; the issues presented for TAC consideration; the documents and materials reviewed or distributed during TAC meetings; the issues acted upon by the TAC; the voting decisions
made by individual TAC members; and the final TAC recommendations submitted to the District. The District shall also maintain copies of notices and agendas concerning the TAC meetings.

B. The District or the TAC may tape record TAC meetings.

IV. Meeting Place

A. The District shall provide the District Boardroom for regularly scheduled TAC meetings. These meetings shall not interfere with District Committee and Board of Directors meetings.

V. Consideration of TAC Recommendations

A. Recommendations for consideration shall fall within the scope described in sections I.B and D of this resolution.

B. Prior to being considered for approval by the District Board of Directors, a TAC recommendation (1) must be considered and approved by a majority of the TAC at a publicly noticed TAC meeting; (2) presented in writing to the District Board of Directors and such writing should be presented in time for its inclusion in the Board's agenda packet, unless such requirements are waived by the Board President; and (3) must be presented by the Chair of the TAC or any other authorized TAC member at the appropriate Board of Directors meeting.

WHEREFORE, the Board of Directors of the Water Replenishment District of Southern California has adopted this Resolution as of the ___th day of _______________, 2003.

_________________________________
Willard H. Murray, Jr., President

ATTEST:

_________________________________
Robert W. Goldsworthy, Secretary
A copy of the District Reserve Fund Policy is attached.

**FISCAL IMPACT**
Unknown.

**RECOMMENDATION:** For discussion.
**District Designated Funds Policy**

**Background**

The District is addressing comments that resulted from a recent audit performed by the Bureau of State Auditors that made the following recommendation:

*To ensure that it has sufficient funds to meet its statutory responsibilities, the district should adopt a policy on a minimum reserve fund balance. That policy should specify the amount of reserves it requires to meet all necessary expenses including operations, rate stabilization, funds to respond promptly to contamination issues, and funds for repair and replacement of capital equipment and facilities. If the district determines that it needs more reserve funds than the water code currently permits, it should consider seeking legislative approval for an increase in the allowed level.*

**Recommended Action**

In response to the recommendation of the State Auditor, and to answer questions by others as to the appropriate level of reserves necessary for the District to meet its statutory responsibilities, the District staff has identified and defined funds for specific purposes that are needed to perform its mission. These funds currently approximate 85% of the District's operating budget and therefore staff recommends that the Board adopt a policy establishing a maximum reserve fund equal to 85% of the District's operating budget, and create specific funds, and fund limits to provide for these needs:

- **Water Purchase Fund** – per Water Code section 60315(n)-(o), the District should carry over unused amounts that were budgeted to purchase water; current target of $4.5 million, maximum of $6.3 million.
- **Operating Fund** – the District should have funds to cover cash flows in the winter and spring months when water purchases and in-lieu payments increase, and revenues generated by pumping decrease; current target of $2.8 million, maximum of $5.5 million.
- **Overdraft Reduction Fund** – the District should have funds equal to 10% of the accumulated overdraft so it can purchase replenishment water when offered at a lower rate. The benefits include increased drought protection, long-term reduction of replenishment costs, and slightly decreased pumping costs; current target of $6 million, maximum of $12 million.
- **Capital Replacement Fund** – with a growing number of capital facilities, the District should fund replacements over the expected lives of its plant and equipment; current target of $.8 million.
- **Emergency Clean-Up Fund** – this would allow the District to respond promptly to contamination issues; current target of $1.2 million.
- **Rate Stabilization Fund** – this would allow the District to meet year to year fluctuations in operating requirements with little to no effect on the replenishment assessment; current target of $3.1 million.

Although the bullet points above show dollar amounts for targeted and maximum designated funds, a policy should be based on specific calculations to allow for some degree of change and flexibility. A designated fund policy defined by dollar amounts would soon become

*The needs outlined in these analyses will allow the District to fulfill its statutory responsibilities.*
obsolete, but by using the calculations outlined in the paragraphs below, the District’s designated funds policy can grow and contract as the needs of the District do the same.

Currently, the calculations yield a target designated funds of $18.4 million – approximately 50% of the District’s operating budget. The maximum designated funds calculate to $28.9 million – approximately 85% of the District’s operating budget. The overall policy should therefore be to accumulate a target amount of 50% of the District’s operating budget in designated funds, not to exceed 85% of the District’s operating budget. Keep in mind that the targeted amount would be achieved over a period of time, not all at once. And the requirements of individual designated funds would be evaluated annually during preparation of the Engineering Survey & Report (ESR) and Operating/Capital Budget, and adjusted for actual and projected data available at that time.

The following specifically defines and gives a rationale for each designated fund outlined above:

**Water Purchase Fund**

Water Code section 60315(n)-(o) states that the District’s Board shall determine “estimated costs of purchasing, in water years succeeding the ensuing water year, that portion of the quantity of water which should be purchased for the replenishment of the groundwater supplies of the district during the ensuing water year but which is estimated to be unavailable for purchase during the ensuing water year; estimated cost shall be based on the estimated price of water for replenishment purposes during the ensuing water year” and levy a replenishment assessment “for the purposes of...providing a reserve fund to purchase in future years, when available, that portion of the quantity of water which should be purchased for the replenishment of the groundwater supplies of the district during the ensuing water year, but which is estimated to be unavailable for purchase during the ensuing water year.”

The water purchase fund will be based annually on the target spreading water purchases as outlined in the ESR. The difference between target spreading water purchases and projected actual spreading water purchases shall serve as the water purchase fund accumulation for the ensuing fiscal year. For example, in past years, construction projects in the spreading grounds and lack of water delivery availability at MWD have limited the District’s ability to purchase water in the amounts outlined in the ESR. As such, water levels in the basins were not replenished properly. Use of a water purchase fund would allow the accumulation of funds to buy spreading water as it becomes available.

At no time will the overall accumulation exceed 25% of the ensuing year’s replenishment costs, per Water Code section 60316.

**Operating Fund**

The District frequently experiences cash flow shortages in the winter and spring months of the year. Imported spreading water generally becomes available in the fall and is cut-off in early spring. At the same time, the in-lieu program gets going for the year, with a two-fold effect on cash flows – not only does the District pay for in-lieu, but it loses revenue because of the drop in pumping. Typically

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The needs outlined in these analyses will allow the District to fulfill its statutory responsibilities.
cash outflows exceed inflows in the winter and spring months by $2 - $4 million. A prudent amount of funds to have on-hand for operating needs would be 30 – 60 days of operating expenses.

**Overdraft Reduction Fund**

Since water purchases make up a majority of the operating expenses of the District, typically more than 80% of the operating expense, it makes financial sense to set-aside money to purchase excess water as it becomes available. Periodically this excess water could be purchased at a reduced price. The benefits from purchasing excess water at a reduced price are numerous: reduction of replenishment costs, additional water available during times of drought, slightly reduced pumping costs. All of these benefits contribute to a lower rate charged to pumpers over the long-term.

The accumulated overdraft is a highly debated issue. Based on historical figures, the amount of overdraft may be as high as 600,000 acre-feet of ground water. Over the last 50 years, the District has reduced the accumulated overdraft by as much as 366,100 acre-feet. Currently, the overall reduction stands at 255,504 acre feet. The State Auditors noted this large fluctuation in overdraft and recommended that the District set a goal for the ground water levels to serve as a target for the overdraft. The District is currently working on that goal.

**Capital Replacement Fund**

Two elements must be considered for capital replacement: short-term and long-term replacement costs. Short-term replacement costs reflect those pieces of a capital project that wear-out sooner than the total estimated project. For current projects, these costs include filters, membranes, and ultra-violet bulbs, all of which have an estimated lifespan varying from 1 to approximately 5 years.

Long-term replacement costs are represented by depreciation. Depreciation is the process of amortizing the cost of an asset over its useful life. In simpler terms, it is an estimate used to determine the diminishing value of equipment as it ages. That diminishing value represents the cost to replace the equipment at original cost. By adding an annual cost increase, i.e. the yearly CPI, to both short-term and long-term replacement costs, a future replacement value can be obtained.

The District needs to accumulate on a yearly basis a capital replacement fund that reflects the yearly cost of short-term capital replacement and depreciation, plus CPI (to approximate the cost of replacing these facilities as they wear out).

**Emergency Clean-Up**

As manager of groundwater, the District has a duty to respond to contamination issues in a timely manner. Response time is key to overcoming a contamination issue. Although the District maintains statutory authority to recover all costs from the party responsible for contamination, funds must be set-aside for immediate action.

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The needs outlined in these analyses will allow the District to fulfill its statutory responsibilities.
It is recommended that the District establish a fund up to $1.2 million to cover costs to contain contamination by installing pumps and treatment facilities until such time that a responsible party can be identified.

**Rate Stabilization Fund**

This fund would compensate for fluctuations in costs from year to year and flatten spikes in the user rates. This is especially appropriate now that MWD has adopted a tiered rate structure and power costs have become unstable.

**Priority of Funds**

Funds with higher priority will be supported first. Looking at the diagram below, priority of funds moves from left to right. The water purchase fund will be accumulated first, then the operating fund, and so on.

![Flow of funds from high to low priority]

- Water Purchase
- Operating
- Overdraft Reduction
- Capital Replacement
- Emergency Clean-Up
- Rate Stabilization

The needs outlined in these analyses will allow the District to fulfill its statutory responsibilities.
DATE: MARCH 26, 2003
TO: TECHNICAL ADVISORY COMMITTEE
FROM: BRUCE A. MOWRY, GENERAL MANAGER
SUBJECT: STRATEGIC PLAN / CIP

District Staff has been working on an update to its strategic plan and the development of a capital improvement program (CIP). At the February 26th TAC meeting, WRD staff presented a proposed template for use in the economic evaluation of new capital projects. Upon full agreement of the TAC on the methodology to be used in the economic evaluations, District staff will prepare economic evaluations of all capital projects to be included in both the one-year and five-year CIP.

A draft economic evaluation of the Alamitos Physical Barrier Project will be e-mailed for review prior to the Meeting.

Summary of Discussions of February 26th TAC Meeting
WRD Staff presented a proposed template for use in the economic evaluation of new capital projects and the development of a capital improvement program. The economic evaluation proposed by WRD staff was a present-worth analysis that considers all project costs and benefits over the project life. Discussion of the methodology followed.

It was agreed by the TAC that a present-worth analysis for new capital projects would most likely be sufficient, however, it was requested by the TAC President that TAC members review the methodology more thoroughly prior to the next TAC meeting. Economic assumptions including the discount rate, inflation rate and project life were discussed and generally agreed upon, noting that project life will vary from project to project and discount and inflation rates will vary with prevailing economic conditions.

A lengthy discussion followed regarding the value of groundwater remediation projects, such as WRD’s Safe Drinking Water Program. District Staff suggested that the value of such projects to overall basin health is $300 per acre-foot. This is the approximate value that MWD places on groundwater storage projects. District Staff also noted that the County uses the cost of non-interruptible imported water in project evaluations and William Blomquist, in Dividing the Waters estimates the value of replacing Central Basin groundwater resources at over $700 per acre foot (in 1985 dollars).
District Staff would like further input on the value of such groundwater cleanup projects in order to develop a value of such projects that can be used in a present worth analysis.

**RECOMMENDATION:** That the TAC come to agreement on the variables and methodology used by WRD staff in the benefit/cost analysis of capital projects, particularly the value of groundwater clean-up projects.
On January 27, 2003, the Board of Directors adopted Resolution No. 03-662, which ordered Staff to prepare the 2003 Engineering Survey and Report (ESR). On February 10, Staff presented an update on the ESR to the Water Resources Committee. On February 26, Staff presented findings from the ESR to the WRD’s Technical Advisory Committee (TAC). On March 3, Staff completed the ESR and presented it to the Board who received and filed it, and adopted Resolution Number 03-669 declaring that funds need to be raised for a replenishment assessment in the ensuing year 2003/2004. On March 11, Staff presented an update on the ESR and optimum groundwater storage amounts to the Water Resources Committee.

At the March 26, 2003 TAC meeting, Staff will provide additional information on the ESR, focusing on any changing issues such as projected water costs or water demands, and have discussions with the committee on optimum water quantities related to accumulated overdraft and the State Auditor’s Recommendations. The remaining ESR schedule as required by the Water Code is as follows:

- Open the Public Hearing: Regular Board Meeting Wednesday, April 2.
- Continue Public Hearing: Regular Board Meeting Wednesday, April 16.
- Close Public Hearing: Regular Board Meeting Wednesday, May 7.
- Set Replenishment Assessment: Regular Board Meeting Wednesday, May 7.

After the replenishment assessment is adopted, Staff may issue a revised ESR to incorporate any significant changes or updates that occurred in the water purchase estimates or basin conditions from those presented in the March 3 report.

FISCAL IMPACT
None

RECOMMENDATION: For discussion.
In-lieu Groundwater Replenishment Certification Procedure

Metropolitan has developed procedures to plan, certify, and reconcile in-lieu replenishment deliveries to groundwater basins. These procedures will be implemented July 1, 2003. Documentation for using the spreadsheet follows:

General Description
The new In-lieu Groundwater Replenishment certification procedures to be implemented July 1, 2003, will replace the Seasonal Storage Service (SSS) form currently in place to measure shift and long-term in-lieu SSS deliveries to groundwater basins. Because the shift program is being eliminated, long-term in-lieu SSS deliveries will simply be referred to as In-lieu Groundwater Replenishment Service. Features of In-lieu Groundwater Replenishment Service include the following:

- In-lieu Groundwater Replenishment water can be delivered on a year-round basis as long as replenishment water is available. The annual operating period for In-lieu Groundwater Replenishment deliveries extends from July 1 through June 30;
- In-lieu Groundwater Replenishment water may be interrupted on a 48-hour notice;
- In-lieu Groundwater Replenishment water delivered during a given operating period must remain in storage for the duration of the operating period;
- Planning and certification of In-lieu Groundwater Replenishment deliveries will occur at the retail Agency level, and be based on a projected operating plan prepared by the retail Agency;
- Operating plans shall be submitted by April 30 prior to beginning of the operating period during which the Agency plans to purchase In-lieu Groundwater Replenishment water;
- Agency shall certify In-lieu Groundwater Replenishment deliveries using spreadsheet developed by Metropolitan to plan, certify, and reconcile such deliveries. The format to be used by retail agencies in formulating operating plans and certifying In-lieu Replenishment Deliveries is contained in two separate worksheets within the spreadsheet developed by Metropolitan;
- Metropolitan shall perform a year-end reconciliation of In-lieu Groundwater Replenishment deliveries, using the third worksheet in the spreadsheet.
- In any one operating year, certification is limited to the lesser of the Agency’s annual production right from the groundwater basin, or physical ability to produce the water from the groundwater basin (i.e. available well capacity).
Spreadsheet for Planning, Certification and Reconciliation of In-lieu Groundwater Replenishment Deliveries

Metropolitan’s spreadsheet for planning, certification and reconciliation of In-lieu Groundwater Replenishment Deliveries consists of three separate worksheets. The first of the three worksheets relates to development of an annual operating plan, while the second worksheet relates to certification of In-lieu Groundwater Replenishment Deliveries. It is the Agency’s responsibility to complete these worksheets. A third worksheet is devoted to the end of year reconciliation of In-lieu Groundwater Replenishment deliveries. Metropolitan will complete this worksheet following the end of the operating period during which the member/retail agency purchased In-lieu Groundwater Replenishment deliveries. A line-by-line explanation of each of the three worksheets follows:

**WORKSHEET 1 – OPERATING PLAN**

Worksheet 1 consists of two Sections: Section A, Historic Groundwater Production and Section B, Annual Operating Plan. It is the Agency’s responsibility to submit these Sections to Metropolitan by April 30th prior to the beginning of the operating period.

**Section A - Historic Groundwater Production:**

Section A calculates an Adjusted Baseline that will be a basis against which In-lieu Groundwater Replenishment deliveries will be measured. The Adjusted Baseline is based on historicgroundwater production data with adjustments allowed for anticipated changes in production patterns during the coming operating year.

- **Line A1, A2, & A3 - FY Groundwater Production:** Agency inputs previous three years monthly groundwater production data. Monthly groundwater production data includes actual pumped groundwater and in-lieu deliveries.

- **Line A4 - 3-Year Historical Baseline:** Spreadsheet calculates Agency’s average monthly groundwater production during past three years.

- **Line A5 - Adjustments to Baseline:** Agency inputs increases and/or decreases in total monthly production that may have occurred due to factors such as new production wells coming online, wells taken out of service, and justifiable alterations in production patterns.

- **Line A6 - Adjusted Baseline:** Spreadsheet calculates Agency’s Adjusted Baseline for the coming operating year, i.e., 3-Year Historical Baseline including Adjustments to Baseline (positive or negative).

- Prior to the beginning of the operating year, Metropolitan will review Agency’s 3-year historic groundwater production, and rationale for changes in monthly production. This review is contingent upon the Agency providing Metropolitan with records documenting historic well production, and changed conditions with its well fields.
Section B - Annual Operating Plan:
This section indicates how an Agency plans to operate during the coming operating year and contains projections of monthly In-lieu Groundwater Replenishment deliveries.

- **Line B1 - Adjusted Baseline**: This line carries forward Agency's Adjusted Baseline calculated in Line A6.
- **Line B2 - Monthly Production Capacity**: Agency projects the well capacity available for each month of the operating year.
- **Line B3 - Actual Baseline**: Spreadsheet calculates monthly Actual Baseline, i.e., the lesser of the Adjusted Baseline or Monthly Production Capacity.
- **Line B4 - Planned Groundwater Production**: Agency inputs amount of groundwater it plans to produce each month.
- **Line B5 - Other Local Sources**: Agency inputs quantities of water it expects to produce from other local sources other than groundwater basin.
- **Line B6 - Planned Import**: Agency inputs amount of water it expects to purchase from Metropolitan to satisfy retail demand.
- **Line B7 - Demand**: Spreadsheet calculates Agency's retail demand, i.e., Planned Groundwater Production plus Other Local Sources plus Planned Import.
- **Line B8 - Monthly Underproduction**: Spreadsheet calculates planned monthly groundwater underproduction, i.e., Actual Baseline less Planned Groundwater Production. If (+), indicates water being stored. If (-), indicates water being taken out of storage (overproduction).
- **Line B9 - Cumulative Underproduction**: Spreadsheet sums monthly underproduction through each month of the operating period.
- **Line B10 - Monthly In-lieu Replenishment**: Agency inputs planned amount of monthly In-lieu Groundwater Replenishment according to following guidelines:

1. If cumulative underproduction < 0 in the initial months of operating period, In-lieu Groundwater Replenishment = 0 for each month that cumulative underproduction remains less than zero
2. In first month of operating period that cumulative underproduction > 0, monthly In-lieu Groundwater Replenishment = cumulative underproduction
3. In months following the first month that cumulative underproduction being > 0, monthly In-lieu Groundwater Replenishment = monthly underproduction for each subsequent month
4. If monthly underproduction < 0 in a month following a period of cumulative underproduction > 0, then that amount of overproduction is subtracted from previous months underproduction.
5. In months when replenishment water is unavailable, monthly In-lieu Groundwater Replenishment = 0

**WORKSHEET 2 – CERTIFIED IN-LIEU GROUNDWATER REPLENISHMENT**

Worksheet 2 consists of Section C, Actual Operations. Section C reflects the Agency’s actual operations during the operating year and facilitates its certification of In-lieu Groundwater Replenishment throughout the operating year. In order to receive In-lieu Groundwater Replenishment credit, the Agency must update and submit Section C to Metropolitan throughout the operating year.

**Section C – Actual Operations**

This section reflects the Agency’s actual operations with respect to monthly production capacity, monthly groundwater production, other sources of local production and monthly imported deliveries. Monthly In-lieu Replenishment Credit is then derived from the difference between the Actual Baseline and Actual groundwater production.

- **Line C1 - Adjusted Baseline:** This line carries forward Agency’s Adjusted Baseline calculated in Line A6.

- **Line C2 - Actual Monthly Production Capacity:** Agency specifies the well capacity available for the months being certified.

- **Line C3 - Actual Baseline:** Spreadsheet calculates monthly Actual Baseline, i.e., the lesser of the Adjusted Baseline or Monthly Production Capacity.

- **Line C4 - Actual Groundwater Production:** Agency inputs amount of groundwater it actually produces for the months being certified.

- **Line C5 - Other Local Sources:** Agency inputs quantities of water it actually produces from other local sources other than groundwater basin for the months being certified.

- **Line C6 - Actual Import:** Agency inputs amount of water actually purchases from Metropolitan to satisfy retail demand for the months being certified.

- **Line C7 - Demand:** Spreadsheet calculates Agency’s retail demand, i.e., Actual Groundwater Production plus Other Local Sources plus Actual Import.

- **Line C8 - Monthly Underproduction:** Spreadsheet calculates planned monthly groundwater underproduction, i.e., Actual Baseline less Actual Groundwater Production. If (+), indicates water being stored. If (-), indicates water being taken out of storage (overproduction).
Line C9 - Cumulative Underproduction: Spreadsheet sums monthly underproduction through each month of the operating period.

Line C10 - In-Lieu Replenishment Availability: Agency enters a "Y" in months when Metropolitan offers In-Lieu Replenishment Service, and an "N" in months when In-Lieu Replenishment Service is not offered.

Line C11 - Monthly In-lieu Replenishment: Agency certifies amount of monthly In-lieu Groundwater Replenishment according to following guidelines:

When In-Lieu Replenishment is available
1. If cumulative underproduction < 0 in the initial months of operating period, In-lieu Groundwater Replenishment = 0 for each month that cumulative underproduction remains less than zero
2. In first month of operating period that cumulative underproduction >0, monthly In-lieu Groundwater Replenishment = cumulative underproduction
3. In months following the first month that cumulative underproduction being > 0, monthly In-lieu Groundwater Replenishment = monthly underproduction for each subsequent month
4. If monthly underproduction < 0 in a month following a period of cumulative underproduction > 0, then that amount of overproduction is subtracted from previous months underproduction

When In-Lieu Replenishment is not available
5. In months when replenishment water is unavailable, monthly In-lieu Groundwater Replenishment = 0

Worksheet 3 - In-Lieu Groundwater Replenishment Reconciliation
Worksheet 3 consists of Section D, Reconciled Annual Operations. Section D is completed by Metropolitan following the end of the operating period and is used to verify In-lieu Groundwater Replenishment credit received throughout the operating year.

Section D - Reconciled Operations
This section reconciles Actual Baseline with the Annual Pumping Right available to the agency, verifies monthly groundwater production, and recalculates monthly In-lieu Groundwater Replenishment credit based on a reconciled baseline and verified groundwater production.

Line D1 - Actual Baseline: This line carries forward Agency's Adjusted Baseline calculated in Line C3.
Line D2 - Annual Pumping Right: Metropolitan inputs annual pumping right available to the agency based on a review of records available from groundwater basin manager for the operating year.

Line D3 - Additional Long-term Storage Capacity: Spreadsheet calculates additional amount of storage available to the agency during the operating year. This is the difference between the Agency's Annual Pumping Right and its Actual Baseline summed over the year. If this number were positive, Actual Baseline would be adjusted upward, and if negative, Actual Baseline is adjusted downward.

Line D4 - Reconciled Pumping Capacity: Based on review of Agency records, Metropolitan inputs monthly pumping capacity available to Agency for each month of the operating year.

Line D5: - Reconciled Baseline: Spreadsheet distributes Additional Storage Capacity over the Actual Baseline. Reconciled Baseline is the lesser of Actual Baseline adjusted for additional storage (by multiplying monthly Actual Baseline by the ratio of Annual Pumping Right to Annual Actual Baseline) or Reconciled Pumping Capacity.

Line D6 - Reconciled Groundwater Production: Metropolitan inputs groundwater production verified for each month of the operating period based on its review of Agency pumping records.

Line D7: - Reconciled Underproduction: Spreadsheet calculates In-lieu Replenishment credit available to the agency for underproduction based on difference between Reconciled Baseline and Reconciled Groundwater Production. Any differences would result in adjustments on Agency invoices.

Line D8 - In-Lieu Replenishment Availability: This line carries forward In-Lieu Replenishment Availability entered in Line C10.

Line D9 - Reconciled In-Lieu Replenishment Credit: Spreadsheet carries forward Line D7 in months when In-Lieu Replenishment Service is available, and enters a zero in months when In-Lieu Replenishment Service is not available.
**Worksheet 1**

**IN-LIEU GROUNDWATER REPLENISHMENT**

Operating Plan (to be submitted by retail agency prior to beginning of operating period)

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</tbody>
</table>

* Historical Groundwater Production to include long-term in-lieu deliveries.

** Adjustments to Historical Baseline may be made at beginning of Operating Year to reflect changes in historical production patterns, or during the year to reflect changes in retail demand of agencies operating in managed groundwater basins.

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**SECTION B**

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* Annual Operating Plan will be submitted prior to April 30 of the operating year to reflect In-Lieu Replenishment projected by retail agency.

** Actual baseline limited to lesser of agency's Monthly Production Capability and Adjusted Baseline.
**Worksheet 2**

**IN-LIEU GROUNDWATER REPLENISHMENT**

In-lieu Groundwater Certification (to be submitted by retail agency during the operating period)

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<th>SEP</th>
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**Certified Monthly In-Lieu Replenishment Credit**

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* Agency may update adjusted baseline as year progresses to reflect changes in demand or projected pumping patterns.

** Agency shall certify monthly In-Lieu Replenishment credit according to the following guidelines:

1. If Cumulative Underproduction < 0 in the initial months of operating period, Certified In-Lieu Replenishment = 0 for each month that Cumulative Underproduction remains < 0.

2. In the first months of operating period that Cumulative Underproduction < 0, Certified In-Lieu Replenishment = Cumulative Underproduction in those months.

3. In months following Cumulative Underproduction < 0, Certified In-Lieu Replenishment = monthly underproduction for each subsequent month.

4. If in months when replenishment rates are interpolated for an entire month, Certified In-Lieu Replenishment = 0.

5. If monthly overproduction < 0 in a month following a period of cumulative underproduction = E, then that amount of overproduction is subtracted from previous months underproduction.
Worksheet 3

IN-LIEU GROUNDWATER REPLENISHMENT

In-lieu Groundwater Reconciliation (to be completed by Metropolitan following the end of the operating period)

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<tr>
<td>IN-LIEU GROUNDWATER REPLENISHMENT</td>
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<td>(E3)</td>
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<td>(H3)</td>
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* At the end of the operating period, Metropolitan will reconcile In-lieu Replenishment credits received during the year. Total credits available to the retail agency shall be the lesser of the difference between the agency's annual pumping right, as determined by the groundwater basin manager, and the amount of groundwater actually produced during the year, and In-lieu Replenishment credit in months when storage was available.

** Annual Pumping Right

Annual pumping right of the retail agency during the operating period based on secuods available from groundwater basin manager. Amount of water available for storage shall be consistent with requirements of existing Water Handbook for Replenishment Service. Differences between monthly.

*** Reconceived Baseline

Actual Baseline reconciled at end of year to reflect Annual Pumping Right. Reconceived Baseline provided to reflect difference between annual pumping right and Actual Baseline.

**** Reconceived Groundwater Production

Amount of groundwater produced monthly during the year based on actual pumping records available at the end of the year.
AGENDA ITEM NO. VIII

DATE: MARCH 26, 2003
TO: TECHNICAL ADVISORY COMMITTEE
FROM: BRUCE A. MOWRY, GENERAL MANAGER
SUBJECT: SAN GABRIEL RIVER RUBBER DAMS FUNDING

In Spring 2002, the Los Angeles County Department of Public Works (County) received notification from the California Department of Water Resources that they had been selected to receive Proposition 13 funding for the construction of two rubber dams in the San Gabriel River. District staff worked closely with the County on the development of the Proposition 13 application and is familiar with the project and its benefits, particularly the additional 3,600 acre-feet per year of stormwater that will be captured as a result of the dams translating into a savings of nearly $1 million annually to WRD.

The total estimated construction cost for the San Gabriel River Valley Boulevard Rubber Dams No. 2 and No. 3 Project is $4.43 million, of which $2.15 million will be funded by the Proposition 13 Grant. The County is requesting that WRD assist in funding half of the remaining cost, or $1.14 million.

The Water Resources Committee reviewed this item on October 28, 2002. The Committee supported the project. At that meeting, a WRD Technical Advisory Committee member asked that the TAC be able to review this project. At the March 17, 2003 Board meeting, the Board directed staff to review this project with the Technical Advisory Committee. The County will take the lead in contracting this project. Any funding provided by WRD will be through an agreement between the County and the District, and will not be considered a capital project for WRD budgeting purposes.

The County proposes to construct two rubber dams. These rubber dams, to be located in the eastern part of Los Angeles County on the San Gabriel River between the confluences of Walnut Creek and San Jose Creek, will be used to capture local runoff for in-stream recharge and provide storage for downstream spreading.
The combined storage capacity for both facilities will be 552 acre-feet. The expected annual yield for this project is 3,600 acre-feet.

Each water year, the San Gabriel system wastes approximately 25,000 acre-feet water to the ocean. This project provides water conservation benefits. The placement of these rubber dams would temporarily impound local runoff for later downstream recharge and/or provide onsite recharge providing longer time for water to percolate into the soil; and thereby, recharging ground water for local water supplies. This is consistent and supportive of the CALFED process in maximizing the use of local resources.

**FISCAL IMPACT**
None at this time. Up to $1.14 million in Fiscal Year 2003/04.

**RECOMMENDATION:** That the TAC recommend approval of WRD funding assistance to the Los Angeles County Department of Public Works for the San Gabriel River Valley Boulevard Rubber Dams No. 2 and No. 3 Project for an amount not to exceed twenty five percent of the project or $1.14 million, whichever is less.