

**MINUTES OF A REGULAR MEETING OF
THE TORRANCE WATER COMMISSION**

1. CALL TO ORDER

The Torrance Water Commission convened in a regular session at 7:00 p.m. on Thursday, February 17, 2011 in the West Annex Meeting Room at Torrance City Hall.

2. ROLL CALL:

Present: Commissioners Lew, McCabe, McGee, See, and
Chairperson Deemer.

Absent: Commissioners Haddon and Lefevre.

Also Present: Deputy Public Works Director van der Linden,
Senior Administrative Analyst Schaich, and
Metropolitan Water District Director Wright.

MOTION: Commissioner See moved to grant excused absences to Commissioners Haddon and Lefevre for the February 17, 2011 Water Commission meeting. Commissioner Lew seconded the motion; a voice vote reflected unanimous approval.

3. FLAG SALUTE

Commissioner McCabe led the Pledge of Allegiance.

4. AFFIDAVIT OF POSTING

MOTION: Commissioner McGee moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting. Commissioner Lew seconded the motion; a voice vote reflected unanimous approval.

5. APPROVAL OF MINUTES

5A. MINUTES OF JANUARY 20, 2011

MOTION: Commissioner McGee moved for the approval of the January 20, 2011 Water Commission meeting minutes as submitted. Commissioner See seconded the motion; a voice vote reflected unanimous approval (absent Commissioners Haddon and Lefevre).

6. ORAL COMMUNICATIONS FROM PUBLIC

The Commission welcomed guest Gary Riehman, Fonthill Avenue.

7. UNFINISHED BUSINESS

7A. UPDATE REGARDING WATER RATE PROPOSAL PRESENTED TO CITY COUNCIL AT PUBLIC HEARING ON FEBRUARY 15, 2011

Senior Administrative Analyst Schaich reported that City Council approved the Five-Year Water Rate Plan at the February 15, 2011 public hearing and provided background and highlights from the presentation. He stated that City Council approved staff's recommendation for a 6.5% internal increase in 2011 effective March 1, 2011, a 6.5% increase in January 2012, and increases based on CPI for the next three fiscal years. He noted that this is the first internal water rate increase since 1995. He stated that the purpose of the rate adjustment is to provide a capital improvement program to replace aging infrastructure that includes water mains as well as to diversify water resources and have a reliable local water supply source. He discussed the main focus to make a capital investment of \$22-23 million to drill local groundwater wells to reduce reliability on MWD from 67% to less than 40%, noting that groundwater is half the cost of MWD water. He estimated the benefit cost ratio of 5:1 and a break even point in 2016 with \$1.6 million in projected reserves.

MWD Director Wright explained reasons for increasing MWD rates that include the drought on the Colorado River, the allotment cut in 2003, and the lack of surplus water to fill the aqueduct. He stated that local well development is a much cheaper source as well as being much more reliable.

Senior Administrative Analyst Schaich discussed the Cost of Service analysis conducted by the consultant to meet Proposition 218 requirements that resulted in the reduction of some large meter charges and the increase of ¾" meter charges. He described the four-tiered rate structure for single families that was approved, noting that Tier 1, or 20% of customers, will see their water bills go down 3.3% the first year. He noted that this conservation-based tiered structure will provide incentive to meet 2020 Plan requirements. He stated that the low income and senior/disabled discount rate remains in effect and that the subsidy would be backfilled by revenue from wholesale water sales to California Water Service Company. He noted that TMW's rates are the lowest in the area and that water cost savings by investing in groundwater wells are conservatively projected at \$179 million in 40 years, making this a long-term rate reduction strategy.

MWD Director Wright stated that, even if MWD gets free surplus water on the Colorado in the future, water will not get cheaper because there is still the problem of fixing the Bay Delta. He noted that it will cost \$14-15 billion to build the proposed tunnels under the Bay Delta so that water can be brought through, adding that Southern California will be responsible for one-fourth of the cost.

Deputy Public Works Director van der Linden expressed his appreciation to Commissioners for their support and recommendation to City Council. He pointed out that the 6.5% rate adjustment is an average and is not an across-the-board increase because of the tiered rate structure. He mentioned that, based on Proposition 218, City Council can revisit the adjustment next year and lower the proposed rates.

Commissioner McGee received clarification that water usage comparisons will appear on water bills and that customers will receive notifications about the tiered rate structure.

In response to Chairperson Deemer's inquiry, Senior Administrative Analyst Schaich explained that the amount of wholesale water sold to California Water Service Company fluctuates by what they use.

Responding to Commissioner McGee's inquiry, he advised that 2,010 protests were received and seven people spoke at the City Council meeting, two who protested.

Commissioner McCabe inquired about peak hours for water usage and Senior Administrative Analyst Schaich explained that they are from 7:00 to 9:30 a.m. and 4:00 to 6:00 p.m. but that there are not major spikes in Torrance as in other areas.

In response to Commissioner McCabe's inquiry, staff explained that the source of local water is groundwater recharged from Whittier Narrows and West Basin Municipal Water District.

At Mr. Riehman's request, Deputy Public Works Director van der Linden explained water quality testing procedures.

8. NEW BUSINESS

8A. DEVELOPMENT OF URBAN WATER MANAGEMENT PLAN (UWMP)

Senior Administrative Analyst Schaich reported that TMW is in the process of developing an UWMP as required by the Urban Water Management Planning Act of 1983. It requires retail water agencies to prepare, adopt, and file an UWMP with the State Department of Water Resources every five years for their approval. He explained that the purpose is to ensure that water agencies can meet water reliability standards under all conditions. He noted that the timeline was extended for six months to permit agencies to add a section regarding their plans for meeting up to 20% reduction under the 2020 Plan. He stated that the consultant is gathering/preparing data and, upon completion of the draft UWMP, the report will be brought back to the Commission for consideration. He added that the UWMP has to be approved by the Department of Water Resources in order to be eligible for State grants for water projects.

In response to Chairperson Deemer's inquiry about the City's future development, Senior Administrative Analyst Schaich predicted negative growth for water demand. He noted that the City is 99% developed and that any existing water user will just be replaced by another. He mentioned that ExxonMobil, City of Torrance, Torrance Unified School District, Honda, Toyota, and condominium developments are the top water users.

9. METROPOLITAN WATER DISTRICT DIRECTOR'S REPORT

MWD Director Wright distributed his February 18, 2011 letter to the Mayor and Council Members regarding February 2011 MWD activities. He noted that invitations were mailed out on February 16, 2011 for the water trip to the Colorado River on April 1-3, 2011.

He provided a slide presentation on water supply conditions to date. He pointed out that the snow pack in the Northern Sierras is now 129% of normal compared to 160% last month. Also, Lake Oroville is 69% capacity and is expected to spill this

winter. Referring to the Colorado River Basin, he reported that the Upper Colorado Basin was 137% of normal last month and now is 129%. He noted that Los Angeles is 191% of normal. He reviewed comparison graphs of Donner Summit Snowpack, Upper Colorado Basin Snowpack, and Lake Mead Reservoir Storage. He mentioned that Lake Mead came close to a shortage condition and that there will probably be an equalization release from Lake Powell to Lake Mead in April 2011.

He stated that MWD is bringing a large quantity of water from Northern California and putting it into storage in Central Valley and Diamond Valley Lake. He noted that Diamond Valley Lake is 80% full, is expected to be 100% full in April 2011, and provides a six-month emergency supply to serve Southern California. He mentioned that Lake Shasta is the reservoir for the Central Valley project and that MWD will not be able to sell water to them if they have enough water.

10. WEST BASIN WATER ASSOCIATION REPORT

Deputy Public Works Director van der Linden reported that at the February 1, 2011 Association meeting the Water Master reported that 3,600 acre feet of water was pumped last month, an overall decrease of 1,200 from the same period last year. He announced that Ron Smith is the new president of West Basin Municipal Water District and that they have prepared an RFP for the Phase 5 expansion of the Edward Little recycling facility. He reported that MWD discussed water supply and storage conditions and announced that Jack Foley is the new chairperson of the Board. He stated that Water Replenishment District (WRD) reminded them that 75% of their budget is imported water costs for recharging, is working on their Engineering Survey Report, Strategic Plan update, and Water Master Plan, and discussed a new State mandate requiring all groundwater basins to be monitored. He invited Commissioners to a Groundwater Festival on March 12, 2011 at their headquarters in Lakewood. He reported that the Association board passed a motion to support WRD to be the lead agency in the West Coast Basin for monitoring.

11. MONTHLY DEPARTMENT REPORT

Deputy Public Works Director van der Linden reported an increase in overall water production in January 2011 due to the dry weather, that there were five water main incidents last month, and that the Goldsworthy Desalter facility is performing well. He stated that the contractor for Well #9 at McMaster Park has been having mechanical difficulties but it should be operational by the end of this month.

MOTION: Commissioner Lew moved to accept and file the Monthly Department Report for January 2011. Chairperson Deemer seconded the motion; a voice vote reflected unanimous approval (absent Commissioners Haddon and Lefevre).

12. ORALS

12A. Commissioners and staff welcomed new Commissioner McCabe.

12B. Senior Administrative Analyst Schaich announced the Environmental Fair on March 26, 2011 at Madrona Marsh.

12C. A brief discussion centered on plans for an luncheon to honor former Commissioner White.

13. ADJOURNMENT

MOTION: At 8:53 p.m., Commission Lew moved to adjourn the meeting to March 17, 2011 at 7:00 p.m. in the West Annex Commission meeting room. Commissioner See seconded the motion and, hearing no objection, Chairperson Deemer so ordered.

Approved as Submitted April 21, 2011 s/ Sue Herbers, City Clerk
