

**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 Wednesday, March 25, 2015 in the West Annex Meeting Room at Torrance City Hall.

2. ROLL CALL:

Present: Commissioners Kawai, Marshall, McGee,
See, and Chairperson Nishinaga.

Absent: Commissioner Craft.

Also Present: Public Works Director Beste,
Senior Administrative Analyst Schaich,
Water Operations Superintendent Berndt, and
Metropolitan Water District Director Lefevre.

3. FLAG SALUTE

Commissioner See led the Pledge of Allegiance.

4. AFFIDAVIT OF POSTING

MOTION: Commissioner See moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting. Commissioner Marshall seconded the motion; a roll call vote reflected unanimous approval (absent Commissioner Craft).

5. APPROVAL OF MINUTES

5A. MINUTES OF JANUARY 28, 2015

Chairperson Nishinaga requested that the following be added to Item 12F on page 5: "Chairperson Nishinaga discussed the Hilton Foundation Headquarters in Agoura Hills that he had the opportunity to tour, noting that it is a LEED facility with a number of water sustainability features."

MOTION: Commissioner Kawai moved to approve the Water Commission meeting minutes of January 28, 2015 as amended. Commissioner Marshall seconded the motion; a roll call vote reflected unanimous approval (absent Commissioner Craft).

6. ORAL COMMUNICATIONS FROM PUBLIC

6A. The Commission welcomed guests Jim McGee and Charles Deemer.

7. OLD BUSINESS – None.

8. NEW BUSINESS

8A. UPDATE REGARDING IMPLEMENTATION OF CONJUNCTIVE USE PROGRAM IN THE WEST COAST GROUNDWATER BASIN AND OTHER RELATED GROUNDWATER MANAGEMENT ISSUES

Public Works Director Beste provided a PowerPoint presentation regarding the implementation of Conjunctive Use (CU) in the West Coast Basin. He stated that development of a CU program in the groundwater basins has been under consideration since 1945, and discussed several unsuccessful attempts at reaching a consensus agreement among all parties over the past 15 years. He provided background on judgment amendments, appeals, and settlement issues. He was pleased to announce that, after 15 years of negotiations and litigation, the Superior Court judge gave a final and favorable ruling regarding CU in the West Coast Basin in December 2014, to become effective on January 1, 2015.

He reported that the amended judgment allows 120,000 acre feet (AF) of previously unused storage space to be available for CU projects and establishes categories of storage that include individual accounts, community storage pool, and regional storage pool. He noted that TMW is unlikely to enter into community or regional pools because it would not be importing water into the West Coast Basin. He stated that the judgment also expands groundwater storage rights (carryover) to up to 200% of adjudicated rights, resulting in enhanced supply resources and reliability. He noted that the judgment deletes the inter-basin transfer provision and that as long as the replenishment assessment (RA) is paid, stored water could be extracted at a later date.

In response to Chairperson Nishinaga's inquiries, Public Works Director Beste explained that there are not actually separate pools of water and that storage space is always available and does not run out.

Director Beste stated that the Water Master functions previously performed by the California Department of Water Resources would now be taken over by the Water Replenishment District (WRD), consisting of three bodies. He noted that the judgment clarifies the Water Master functions and process. Additionally, a five member Water Storage Panel has been established, adding that there is a requirement that at least one member be a non-purveyor. He informed them that the Panel has developed a draft set of rules and expects the CU program rules and regulations to be finalized by June 2015.

He stated that WRD charges a uniform RA to all groundwater pumpers in the basins and discussed efforts by several agencies in Central Basin to overturn uniform RA and replace it with a split RA. He stated that these agencies have sponsored several unsuccessful legislative initiatives to establish a split RA, with the latest effort being Proposition 218 litigation filed against WRD. He maintained that Proposition 218 does not apply to groundwater pumping and that WRD does not supply water to anyone. He stated that WRD has lost several cases and that pumpers came close to reaching a settlement; however, due to a recent appellate court decision, the WRD Board may be taking it to an appellate court instead, adding that TMW is urging the Board to appeal.

Responding to Chairperson Nishinaga's inquiry, Director Beste explained that with the carry over conversion they would be able to store up to 11,000 AF that includes the 6,500 AF they can pump every year.

Commissioner Marshall suggested that the Commission ask City Council to send a letter or pass a resolution in support of WRD taking the case to an appellate court.

Staff advised him that the WRD Board may be taking action as early as next week, that it would require the Chairperson to call a special Commission meeting, and that they would seek direction from the City Attorney.

9. METROPOLITAN WATER DISTRICT DIRECTOR'S REPORT

MWD Director Lefevre provided an update on the drought and Water Supply Allocation Plan (WSAP), also known as rationing. With the aid of slides, he presented an overview of hydrologic and current water supply conditions as of March 22. He noted that MWD imports 30% of its Southern California Water Portfolio from the State Water Project and 25% from the Colorado River. He stated that the Southern Sierra snowpack is 10% of normal, North Sierra snowpack is 7% of normal, and Upper Colorado Basin snowpack is 75% of normal, noting that there would be little runoff this year. He stated that at the end of 2014 MWD had 1.2 million AF in storage.

In response to Commissioner McGee's inquiry about runoff, Director Beste explained that it is necessary to keep a certain amount of flow coming down the Delta to keep salt away from the intake pumps. He added that there are currently no environmental restrictions because water levels are so low.

Director Lefevre reported that the State Water Project allocation is currently 20% and that it is estimated to increase to 25-30%. He stated that the allocation could go as high as 65% or it could stay at 20%.

Responding to Commissioner Marshall's inquiry, he stated that the allocation last year was 5% which is why MWD had to extract so much of its stored water.

He presented 2015 and 2016 key assumptions: State Water Project estimated supplies at a 25% allocation and Colorado River estimated supplies of 990 thousand AF. He noted that the demand with losses is 2.2 million AF and with the assumption that there would be 165,000 AF in transfers and exchanges. He presented three potential scenarios in 2016 with zero or Level 1 WSAP imposed in 2015, Level 2 WSAP in 2015, and Level 3 WSAP in 2015. He noted that every level represents a 5% reduction in water that would be sold at \$923 per AF.

Director Lefevre stated that in April 2015 the MWD Board of Directors will vote on what level each member agency will be allocated, with implementation on July 1. He noted that the WSAP would take into account both 2015 and 2016 potential water supply scenarios. He noted that if TMW imports over 14,400 AF of water at a Level 2 (10%) allocation there would be a penalty rate of \$1,480 per AF. He stated that if there is a Level 3 (15%) WSAP, any water over 14,400 AF would be priced at \$2,960 per AF.

In response to Commissioner Marshall's inquiries, he stated that he does not know when the State Water Project allocation will change, but it likely will not be by the April MWD Board meeting. He stated that the State bond has \$2.7 billion going for development of two large surface storage reservoirs.

Commissioner Marshall asked what Torrance could do if allocation goes to Level 3 and Director Beste advised that TMW would probably take voluntary measures but increase enforcement, noting that it is difficult to put penalties in with its current rate structure. He added that MWD would take in consideration demand hardening and the CU program and that TMW would work to get the word out to reduce water usage.

MWD Director Lefevre reported that MWD is starting its Integrated Resources Plan regarding development of water resources and it will come out at the end of the year.

He announced an inspection trip to tour the Jensen Treatment plant and Edmunston Pumping plant on April 25.

Commissioner Marshall inquired about the status of the Bay Delta Conservation Plan and was informed by Director Lefevre that the revised Environmental Impact Report is expected in early April.

Chairperson Nishinaga raised the possibility of covering the State Water Project aqueduct to minimize evaporation, and staff informed him that it would not save much water as it is not a large surface area.

10. WEST BASIN WATER ASSOCIATION REPORT

Public Works Director Beste reported that at the last West Basin Water Association meeting the five members of the CU Water Storage Panel were elected. He stated that members are Torrance, El Segundo, Manhattan Beach, Tesoro, and California Water.

11. MONTHLY DEPARTMENT REPORT

Water Operations Superintendent Berndt noted that the Monthly Department Report for February 2015 was included in agenda packets. He reported that production of potable water for the month was 1,284.9 AF, a decrease of approximately 5.7% compared to February 2014. He noted that total potable water production on a year to date basis is nearly 11.7% below last year. He stated that there were no water main breaks in February and that the Goldsworthy Desalter is back to minimal service. He stated that it is 14 years old and many of its components are beyond their serviceable life, noting that there would be a complete rehabilitation with the Expansion Project. He stated that drilling of two new saline source supply wells began in March, with completion expected by the end of June.

In response to Commissioner Marshall's inquiry, he stated that the new Desalter is expected to be on line in late 2016 or early 2017 and that the current Desalter would continue to have problems until it is rebuilt.

Water Operations Superintendent Berndt stated that, as a result of the explosion at ExxonMobil, water use over the past month has declined by approximately 90%. He noted that gasoline production at the refinery may be curtailed from three to six months and explained that ExxonMobil pays a set rate each month on a take or pay basis.

Responding to Commissioner See's inquiry, Director Beste explained that the rate structure, including the pass through, is set to go into place on January 1, 2016. He noted that if MWD charges penalty rates with WSAP, the increase may need to be passed on to customers on their water bills.

In response to Commissioner McGee's inquiry, Senior Administrative Analyst Schaich stated that 80% of customers still receive paper bills.

Chairperson Nishinaga questioned why California Water Service Co's cut off initial volume is 10 ccf for Tier 1 water but TMW is 8 ccf. Staff explained that TMW's tiers are based on Cost of Service and the first tier is for interior usage.

12. ORALS

12A. Mr. Deemer inquired about the Desalter Expansion and was informed by staff that TMW hopes that this water would be exempt from pumping rights.

12B. Commissioner Marshall expressed his appreciation to Senior Administrative Analyst Schaich for giving an excellent presentation at a Republican Club meeting.

12C. Commissioner Marshall announced that he is now on ExxonMobil's Citizen Advisory Panel.

12D. Commissioner Marshall asked staff to investigate the possibility of holding a special meeting to request that City Council implore the WRD to appeal their case and not settle. Staff advised that they would pursue his suggestion if the timeline works.

12E. Commissioner Kawai suggested challenging high school and university students to come up with novel ideas for conserving water.

12F. Commissioners Kawai and McGee offered their regrets that they are unable to go on the April 25 inspection tour.

12G. Chairperson Nishinaga initiated a brief discussion about a March 22 Los Angeles Times article regarding earthquake proof water pipes that do not rupture at joints.

12H. Director Lefevre stated that a Caribbean cruise line desalinates 1.5 AF of water per day.

12I. Senior Administrative Analyst Schaich distributed fliers about the Wyland Foundation Mayor's Challenge! and California Friendly Landscape Workshops on March 21, April 18, and May 9 at West High School.

12J. Chairperson Nishinaga asked staff to provide water contingency and emergency response plan in the event of a disaster including major earthquakes and wildfires.

13. ADJOURNMENT

MOTION: At 9:08 p.m., Commissioner McGee moved to adjourn the meeting to Wednesday, April 22, 2015 at 7:00 p.m. in the West Annex Commission meeting room. Commissioner Marshall seconded the motion and, hearing no objection, Chairperson Nishinaga so ordered.

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| Approved as amended April 22, 2015 s/ Rebecca Poirier, City Clerk |
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