

**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, April 27, 2016 in the West Annex Meeting Room at Torrance City Hall.

2. ROLL CALL:

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

Absent: Commissioners Chim-Lieu and Craft.

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

MOTION: Commissioner See moved to grant Commissioner Chim-Lieu an excused absence for the April 27, 2016 Water Commission meeting. Commissioner Marshall seconded the motion; a roll call vote reflected 5-0 approval.

3. FLAG SALUTE

Commissioner Marshall led the Pledge of Allegiance.

4. AFFIDAVIT OF POSTING

MOTION: Commissioner Nishinaga moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting. Commissioner See seconded the motion; a roll call vote reflected 5-0 approval (absent Commissioners Chim-Lieu and Craft).

5. APPROVAL OF MINUTES

5A. MINUTES OF FEBRUARY 24, 2016

Commissioner Nishinaga offered a revision as follows: Page 4, Item 12B, "Commissioner Nishinaga discussed the original 1982 Peripheral Canal bill and the regional divisiveness that came as a result."

MOTION: Commissioner Nishinaga moved to approve the February 24, 2016 Water Commission meeting minutes as amended. Commissioner McGee seconded the motion; a roll call vote reflected 5-0 approval (absent Commissioners Chim-Lieu and Craft).

6. ORAL COMMUNICATIONS FROM PUBLIC - None.

8A. PRESENTATION BY WEST BASIN MUNICIPAL WATER DISTRICT PUBLIC INFORMATION MANAGER

This item was taken out of order.

Senior Administrative Analyst Schaich introduced Ron Wildermuth, Public Information Manager, West Basin Municipal Water District.

Public Information Manager Wildermuth provided a PowerPoint presentation "Water 101: Code Blue!" that he gives to the public six times a year. He stated that West Basin is a wholesaler of imported and recycled water that serves one million people in 17 cities. He briefly discussed where water comes from, how essential water is, the nexus between water and energy, and redistribution of water because of dams. He noted that two thirds of the world's water is used for irrigation, there is no pure water on the planet unless it is manmade, and California has the highest water quality requirements in the nation. He discussed water challenges: the global water crisis, problems in the Eastern United States, Colorado River problems, and California problems that include aging infrastructure, increasing population, and loss of snowpack. He commended Metropolitan Water District of Southern California and offered solutions to water problems everywhere that include more water treaties, clean up of polluted water, conservation, ocean water desalination, and more water reuse. He concluded his presentation with information about West Basin's plans to build a 20 million gallon a day ocean water desalination plant.

Responding to Commissioner Nishinaga's inquiry, Public Information Manager Wildermuth stated that West Basin takes in 40 million gallons per day of recycled water, adding that in order to expand that significantly Hyperion would need to provide higher quality water.

7. OLD BUSINESS

7A. STATUS REGARDING WATER CONSERVATION IN THE MUNICIPAL SERVICE AREA

Senior Administrative Analyst Schaich provided an update on water conservation savings. He reported that the State Water Resources Control Board (SWRCB) extended mandatory reductions until October 2016. He noted that Torrance Municipal Water (TMW) continues to realize lower potable usage compared to the 2013 baseline year, and that in March total potable water use declined by approximately 20%. He announced that in March the SWRCB provided TMW with a 1% reduction due to its use of recycled water for the West Coast Injection Barrier, resulting in a new reduction target of 19% for March through October 2016. He noted that SWRCB is also making adjustments for areas with higher climates and population growth. He stated that on April 20 the SWRCB held an informational workshop to receive additional input on potential policy modifications.

Referring to Metropolitan Water District's (MWD) Water Supply Allocation Plan, he announced that TMW is 12% below their goal for imported deliveries. He added that the program ends on June 30, 2016 but could also be extended.

Public Works Director Beste added that TMW is advocating for the Water Supply Allocation Plan to end because of cutbacks to replenishment water during allocation.

Responding to Commissioner Marshall's inquiry, staff advised that meeting Water Supply Allocation Plan requirements would not be impacted by Goldsworthy Desalter shutdowns.

Commissioner McGee inquired about the status of the new wells and staff explained that drilling has been delayed due to the permit process.

7B. INPUT REGARDING COMPREHENSIVE FIVE YEAR WATER RATE STUDY

Senior Administrative Analyst Schaich reported that the Water Rate Study has been deferred until the end of summer and initiation of the Proposition 218 process is now anticipated for early fall. He stated that the Finance Director has asked that TMW regauge its sales forecasts, Capital Improvement Program, and encumbered funding. He noted that there would be additional scope of work for the consultant and that new rates are expected to be in place prior to January 1, 2017.

Public Works Director Beste explained that they do not want to increase rates until they need to and have received permit approval for the drilling of the new wells.

8. NEW BUSINESS

8B. METROPOLITAN WATER DISTRICT WHOLESALE WATER RATES FOR 2017 AND 2018

Senior Administrative Analyst Schaich reported that on April 12 the MWD Board approved its bi-annual budget and wholesale water rates for calendar years 2017 and 2018. He stated that Tier 1 untreated water would increase 12% in 2017 and 4.3% in 2018. He noted that treated Tier 1 water, which Torrance purchases, would increase approximately 4% in both 2017 and 2018, from the current rate of \$942 per acre foot to \$979 in 2017 and \$1,015 in 2018. He called attention to an excerpt from the Finance and Insurance Committee presentation in the material of record, noting the ten-year revenues forecast, expenditure trend, and projected volumetric rates.

He discussed the treatment surcharge that is currently collected entirely as a volumetric charge based on deliveries of treated water. He stated that an option to incorporate a fixed charge component to more accurately reflect the ratio of fixed and variable costs associated with water treatment was presented to the Board. He noted that, although the proposal was not approved at this time, the Board formed a working group to explore fixed revenue streams to cover fixed treatment costs.

Public Works Director Beste and MWD Director Lefevre explained reasons why Los Angeles and San Diego voted against fixed treatment rates.

Responding to Commissioners' inquiries, MWD Director Lefevre explained that MWD purchase four and a half islands in the Delta.

9. METROPOLITAN WATER DISTRICT DIRECTOR'S REPORT

MWD Director Lefevre reported that he has been at an MWD retreat the last two days. He provided information about MWD's Integrated Water Resources Plan (IRP), a plan how MWD will supply water to its service area through 2040. He stated that the conclusion is that MWD will need to find 200,000 acre-feet of new water by 2040. He expressed concern that the Plan did not start with a good inventory of water resources, and does not include 50,000 acre-feet from the Carson plant, the Water Replenishment District's GRIP program and plans to address the brackish water in the South Bay, or the Department of Water and Power's reduction of imported water by 125,000 acre-feet.

He reported that the California Water Fix was also discussed at the retreat, and that MWD's share of the cost would be \$4-5 billion. He explained that the Board thinks that it needs to have a project that works and has been approved, determine how the project would get operated and how much water MWD would get, and to calculate MWD's cost share. He noted that the debt service and O&M would be approximately \$300 million per year. He stated that they anticipate getting 385,000 acre-feet of water per year as a long-term average and that MWD may be selling treated water for \$1,100 per acre-foot.

MWD Director Lefevre discussed plans for a two-day water trip in mid-October to the Colorado River area.

Guest Charles Deemer received clarification that the IRP takes demographic estimates into account.

10. WEST BASIN WATER ASSOCIATION REPORT

Senior Administrative Analyst Schaich reported that at the last West Basin Water Association meeting major topics of discussion included MWD's Water Supply Allocation Plan, State Water Resources Control Board's conservation credits, and West Basin's declining groundwater production.

Public Works Director Beste discussed the increasing problem of high salt content in the recycled water that the City is using for irrigation.

11. MONTHLY DEPARTMENT REPORT

Water Operations Superintendent Berndt distributed a Monthly Department Report for March 2016. He reported that production of potable water for the month was 1,241 AF, a decrease of approximately 13% compared to March 2015. He noted that total water production in 2016, including recycled water, was nearly 16% below last year. He stated that ExxonMobil is still operating at 50-60% capacity and that accounts for the major reduction in recycled water use. He stated that there were three water main breaks during March, compared to none for the corresponding period last year. He informed the Commission that the Goldsworthy Desalter was not operational in March due to the well development in the City Yard but is expected to be back on line on May 2.

Commissioner Marshall inquired about water use when ExxonMobil becomes fully operational, and staff explained that both potable and recycled water use would increase but that they still expect to meet their targets.

Responding to Commissioner See's inquiry, Water Operations Superintendent Berndt stated that water main replacement projects are being implemented in North Torrance.

12. ORALS

Commissioner Nishinaga spoke.

Senior Administrative Analyst Schaich announced a Water Conservation Plant Fair on April 30 at Home Depot.

13. ADJOURNMENT

MOTION: At 8:46 p.m., Commissioner Marshall moved to adjourn the meeting to Wednesday, May 25, 2016 at 7:00 p.m. in the West Annex Commission meeting room. Commissioner See seconded the motion and, hearing no objection, Chairperson Kawai so ordered.

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| Approved as amended May 25, 2016 s/ Rebecca Poirier, City Clerk |
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