

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

1. CALL TO ORDER

The Torrance Water Commission convened in a regular session at 7:01 p.m. on Wednesday, June 24, 2015 in the West Annex Meeting Room at Torrance City Hall.

2. ROLL CALL:

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

Absent: Commissioner Chim-Lieu.

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

MOTION: Commissioner Kawai moved to grant Commissioner Chim-Lieu an excused absence for the June 24, 2015 Water Commission meeting. Commissioner See seconded the motion; a roll call vote reflected unanimous approval.

3. FLAG SALUTE

Commissioner McGee 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 Craft seconded the motion; a roll call vote reflected unanimous approval.

5. APPROVAL OF MINUTES

5A. MINUTES OF APRIL 22, 2015

Chairperson Nishinaga offered a clarification as follows: Page 1, Item 5A. line 2: "Chairperson Nishinaga questioned why California Water Service Company's first water rate change volume is 10 ccf..."

MOTION: Commissioner Marshall moved to approve the April 22, 2015 Water Commission meeting minutes as amended. Commissioner Craft seconded the motion; a roll call vote reflected unanimous approval.

5B. MINUTES OF MAY 27, 2015

MOTION: Commissioner McGee moved for the approval of the May 27, 2015 Water Commission meeting minutes as submitted. Commissioner Craft seconded the motion; a roll call vote reflected unanimous approval.

6. ORAL COMMUNICATIONS FROM PUBLIC – None.

8. NEW BUSINESS

8A. ELECTION OF COMMISSION CHAIR AND VICE-CHAIR FOR FISCAL 2015-16

This item was taken out of order.

Commissioner Craft nominated Commissioner Kawai for Chairperson. Commissioner See seconded the nomination and there were no further nominations.

MOTION: Commissioner Marshall moved unanimous consent to elect Commissioner Kawai for Chairperson of the Water Commission for Fiscal 2015-16. Commissioner See seconded the motion; a roll call vote reflected unanimous approval.

Commissioner McGee nominated Commissioner See for Vice-Chairperson, with a second by Commissioner Marshall. Chairperson Nishinaga nominated Commissioner Craft for Vice-Chairperson. Commissioner See was elected Vice-Chairperson of the Water Commission on a 4-2 show of hands and a 6-0 roll call vote for Fiscal 2015-16.

7. OLD BUSINESS

7A. CONTINUED REVIEW AND CONSIDERATION REGARDING WATER CONSERVATION AND DROUGHT COMPLIANCE PROGRAM

Senior Administrative Analyst Schaich provided a PowerPoint presentation “City of Torrance Craft Conservation/Drought Management Program.” He presented background on the drought and noted that if it continues in 2016 water cutbacks would likely be more severe than they are now. He noted the projected population increase in 2015 in Southern California of 25% and that climate change models suggest 40% reduction in California snowpack. He discussed some of the impacts of the drought and noted that some areas in the Central Valley are without water.

Referring to the graph of Water Supply Conditions, MWD Director Lefevre reported that, due to rain in May, the Upper Colorado Basin has increased from 63% to 79% of normal. He added that Lake Mead is still at 40%.

Senior Administrative Analyst Schaich presented background on Torrance’s Water Conservation Ordinance and noted that in May City Council approved activating Level 2 of the Ordinance. He reported that on April 1 Governor Brown issued the first-ever Statewide mandatory water use reductions, requiring 25% urban reductions compared to base year 2013. He stated that it also requires increased local enforcement and programs as well as additional regulatory and reporting requirements. He noted that State Water Resources Control Board’s emergency regulations adopted in May require a Torrance Municipal Water (TMW) cutback of 20%. Additionally, MWD is imposing a

15% cutback in supplies beginning July 15, 2015 through June 30, 2016. He discussed the importance of maximizing reduction in outdoor water use in order to meet the target goals, especially once ExxonMobil returns to full production in a few months.

In response to Chairperson Nishinaga's inquiry, Senior Administrative Analyst Schaich stated that ExxonMobil uses 70-75% recycled water, adding that they use the maximum amount they can without making major changes to the refinery.

He discussed drought planning considerations that include a staff utility team that looks at ways to maximize local supply sources and introduce programs that target water demands by customer sector. He pointed out that not all user classes would save the same amount of water, noting that 55 gallons per person per household is the standard for indoor uses. He stated that priorities are to maintain the economy and jobs as well as to irrigate trees, shrubs, and other permanent non-grass vegetation. He stated that results from water saving measures may take time to materialize but that the City will attempt to meet the targets as soon as possible and sustain the effort throughout the drought period.

Water Operations Superintendent Berndt provided information on monitoring, compliance, and enforcement efforts. He reported that TMW reduced water use by 11.5% during the first five months of 2015, attributing it to a 26% reduction in May compared to 2013. He noted that it would take persistent outreach, monitoring, and advisory assistance and enforcement to achieve targets throughout the year, adding that the critical time are summer months. He informed them that the State has taken action to prohibit watering of any new medians installed, even with recycled water. He stated that monitoring reports and status summaries would be prepared and presented to the Commission monthly and that they would maximize the Goldsworthy Desalter and Well #9 production. He noted that, if the drought extends into 2016, it may be possible to increase the Desalter's production with the new source wells at Delthorne Park and City Yard.

He stated that water personnel received conservation training during the week of June 15 and that some water technicians have been trained to be water advisors. He noted that TMW will offer customer water audits beginning in July and that emphasis would be on advisement rather than penalties. He stated that all water wasting complaints would be addressed and that so far this year they have responded to 200 complaints. He noted that the first occurrence results in a door hanger, second and third occurrences receive warning letters and site visitations, and that fourth and subsequent violations are subject to fines up to \$500.

Water Operations Superintendent Berndt described long-term drought proofing actions that include additional recycled water connections, Desalter expansion, groundwater banking and storage with the conjunctive use program, development of new groundwater wells, aquifer storage and recovery, recovery of contaminated water sources, ocean water desalination, and indirect/direct potable re-use. He briefly reviewed a comparison of water management options based on the 2013 California Water Plan, noting that conservation is the best option.

Senior Administrative Analyst Schaich discussed ways to achieve conservation goals and targets. He noted that the key element is continuous outreach and offering educational and incentive programs designed to educate and promote conservation. He

stated that outreach will include ongoing print and digital ads, articles, press releases, “infomercials,” public service announcements on Cable TV, new conservation brochure mailer, posters, presentations to organizations, conservation hotline, re-design of bill to promote conservation, messaging on the new digital sign, bumper stickers on City vehicles, recycled water signs, information display racks, community events, and educational/training programs such as California Friendly Landscape workshops. He described the new “Smart Water” customer information program that the Wyland Foundation awarded the City.

He provided information on potential financial impacts and customer targets/penalties. He reviewed the State Water Resources Control Board’s 20% cutback of 3,900 acre feet as well as MWD’s cutback of approximately 3,000 acre feet. He noted that he does not expect the State to hold the City to a specific number or penalize them as long as they are making progress; however, if TMW does not meet MWD’s target, there would be a surcharge of \$1,500 per acre foot for use over baseline. He advised that any MWD surcharges would not be reconciled until July 2016.

Senior Administrative Analyst Schaich pointed out that 90% of TMW’s revenue comes from water sales and, if TMW meets all of the target goals, there would be a significant loss in sales and expected decline even after the drought has ended. He stated that the current markup of potable sales to the standard rate customer is approximately \$785 per acre foot, noting that the potential net revenue loss is \$2.35 million to \$3.06 million. He stated that TMW currently has a positive cash flow that can absorb the \$2.35 million for one year.

In response to Commissioner Marshall’s inquiry, he stated that \$2.35 million is approximately 40-50% of their cash flow surplus but that there is the Capital Improvement Program to take into account.

When Chairperson Nishinaga raised the possibility of a water rate increase, Senior Administrative Analyst Schaich advised that the Commission would be involved in establishing a rate structure for 2016-2020 later this year. He explained that TMW and most other water agencies are taking a “wait and see approach” before imposing any customer surcharges or penalties. He noted that TMW may not be able to levy a surcharge due to Proposition restrictions until a new rate case for 2016-2020 is approved. He noted the general consensus that TMW would not impose surcharges or penalties greater than charges levied to TMW and that they would be allocated proportionately to customer overages. He added that if surcharges are enacted there would be an appeal process.

A brief discussion centered on the current contract rate with ExxonMobil and the possibility of levying surcharges if they exceed their baseline 1,630 acre feet of annual potable use.

Senior Administrative Analyst Schaich concluded his presentation with next steps that include establishing an “advisory customer” baseline use on water bills. He further recommended that single-family customers have “floor” and “ceiling” provisions incorporated into their baselines.

Guest Charles Deemer received clarification from staff that the water from Wells #7 and #8 could not be used for the Desalter expansion and that negotiations are underway to connect the recycled water line to South High and other schools.

9. METROPOLITAN WATER DISTRICT DIRECTOR'S REPORT

MWD Director Lefevre distributed his June 17 letter to City Council regarding MWD activities. He reported that MWD's target with its Water Supply Allocation Plan is to reduce demand to 1.9 million acre feet per year. He announced that they are currently within 3% of achieving that goal, even though the rationing plan does not begin until July 1. With the aid of slides, he reported that May 2015 was the wettest month ever recorded in the United States. He noted that the upper Colorado River basin hydrology is 224% of normal and that MWD is expecting to receive its maximum allocation from the Colorado River aqueduct throughout 2015. He added that MWD is in the process of negotiating to obtain more water from other agencies that hold Colorado River rights.

He reported that MWD has a conservation budget of \$450 million with \$50 million remaining for its Turf Removal Program; however, they are averaging \$10 million per week in new requests. He noted that the MWD Board would need to make some decisions soon if the demand continues. He reported that Weymouth Treatment Plant is installing a solar power plant expected to come online in March 2016 and informed them that the barrier is now operating on 100% recycled water. He announced his upcoming speaking engagements and an inspection tour October 16-17 to Central Valley that will include discussions with farmers. He announced West Basin sponsored workshops on June 25 regarding gray water and storm water.

Commissioner Marshall inquired about the Bay Delta Conservation Plan and MWD Director Lefevre stated that they expect the revised EIR/EIS on July 10.

10. WEST BASIN WATER ASSOCIATION REPORT

Senior Administrative Analyst Schaich reported that the main topic of discussion at the last Association meeting was the Conjunctive Use program. He stated that the Water Storage Panel has been organized, the bylaws have been written, and the program is expected to be operational beginning in July.

11. MONTHLY DEPARTMENT REPORT

Water Operations Superintendent Berndt noted that the Monthly Department Report for May 2015 was included in agenda packets. He reported that production of potable water for the month was 1,362.3 AF, a decrease of approximately 32% compared to May 2014. He noted that total water production, including recycled water, on a year to date basis is 20% below last year. He attributed the decrease to conservations efforts and reduction in potable and recycled water use by ExxonMobil. He stated that there was one water main break in May and that, on a cumulative basis, 10 main breaks have occurred in 2015. He stated that the Desalter has been operational every month this year at some capacity and that the new saline water source pilot well is being drilled in Delthorne Park.

12. ORALS

12A. Senior Administrative Analyst Schaich provided an update regarding proposed trailer and consolidation bills, noting that he does not expect them to impact TMW much.

12B. In response to Commissioner See's suggestion to create a Water Conservation subcommittee, Senior Administrative Analyst Schaich relayed Public Works Director Beste's recommendation that the subcommittee meet with staff a week before Commission meetings.

Commissioners See and McGee volunteered to serve on the subcommittee, with a third member to be determined at a later date.

12C. Commissioners and staff expressed their appreciation to Chairperson Nishinaga for his service as Chairperson and congratulated Commissioners Kawai and See on their election.

12D. Senior Administrative Analyst Schaich provided an update on the North Torrance well field and recent protests regarding the awarded contractor.

12E. Commissioner Kawai commented on numerous articles he has read about desalination.

12F. Chairperson Nishinaga stated that water conservation alone will not entirely resolve the City's water shortage problem and noted that the current non-imported, local water generating projects, when they become operational, will provide the City with greatly needed water resources at half the cost of imported water. He stressed the importance of availability of fresh water and recommended that the Public Works Department do everything it can to expedite completion of these projects to ensure water reliability, including hiring additional staff members if necessary. He requested that his recommendation be placed on next month's agenda for further discussion.

He thanked Commissioners, staff members, and MWD Director Lefevre for allowing him to be Chairperson of the Commission and for their confidence in him.

13. ADJOURNMENT

MOTION: At 9:58 p.m., Commissioner McGee moved to adjourn the meeting to Wednesday, July 22, 2015 at 7:00 p.m. in the West Annex Commission meeting room. Commissioner See seconded the motion; a roll call vote reflected unanimous approval.

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Approved as submitted July 22, 2015 s/ Rebecca Poirier, City Clerk
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