



Long Beach Water

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Board of Water Commissioners

August 6, 2020 Board Meeting

CHRISTOPHER J. GARNER, General Manager

Subject:

Authorize the General Manager to execute all necessary documents to convert 6,434.35 acre-feet of Central Basin carryover to storage in an amount not to exceed \$2,348,538.

Executive Summary:

For the Central Basin Administrative Year 2020, LBWD did not pump all of the LBWD Allowable Pumping Allocation (APA). In order to preserve unpumped APA for use in future years, Central Basin pumpers are allowed to convert their unpumped APA to storage. Per the Central Basin rules, LBWD can currently convert a maximum of 6,434.35 acre-feet of unpumped APA to storage that would otherwise be forfeited.

Preserving unpumped APA for future use will reduce the amount of imported water that LBWD needs to purchase, and the financial benefit is equivalent to the price difference between the cost to purchase and the cost for LBWD to produce groundwater. With the current cost of imported water at \$1,078 per acre-foot and the cost for LBWD groundwater production at \$582 per acre-foot (replenishment assessment plus treatment operations and maintenance costs), the value of preserving 6,434.35 acre-feet of APA is \$3,191,438 (or more if the price of imported water continues to increase more quickly than the cost of groundwater).

There is a cost associated with converting APA to storage, but LBWD would be able to offset that storage cost and even realize a net water supply cost savings within a just few months. LBWD would have to pay upfront to convert unpumped APA to storage at the Water Replenishment District of Southern California Administrative Year 2020 replenishment assessment rate of \$365 per acre-foot. However, LBWD could then immediately withdraw (pump) the stored APA in Administrative Year 2021, and there is no replenishment assessment levied on water that is withdrawn from storage.

Therefore, LBWD could pay the Administrative Year 2020 replenishment assessment rate of \$365 per acre-foot to store the water and then withdraw the stored water at no cost during Administrative Year 2021, thereby avoiding paying the increased \$382 per acre-foot replenishment assessment rate, a savings of \$17 savings per acre-foot. The cost for LBWD to store 6,434.35 acre-feet would be \$2,348,538, but LBWD would avoid paying \$2,457,922 in replenishment assessment, a total net savings of \$109,384.

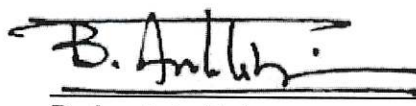
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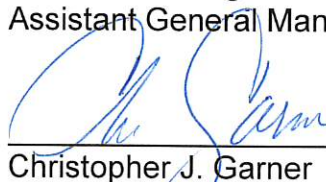
Recommendation/Fiscal Impacts

Authorize the General Manager to execute all necessary documents to convert 6,434.35 acre-feet of Central Basin carryover to storage in an amount not to exceed \$2,348,538.

Fiscal Impact: The total FY 20 cost to the Water Fund will be \$2,348,538, but the total FY 20 savings to the Water Fund will be \$2,457,922, for a net savings of \$109,384. These cost savings are unbudgeted in the Water Fund.

 7/30/20

B. Anatole Falagan
Assistant General Manager

 7/30/20

Christopher J. Garner
General Manager

Attachment: Presentation