

Climate Adaptation Master Plan for Water (CAMP4W)

WORKING MEMORANDUM 2

CAMP4W THEMES

August 2023

Stronger together. Metropolitan is developing a long-term Climate Adaptation Master Plan for Water (CAMP4W) to prepare Metropolitan and its Member Agencies for an uncertain future by developing a reliable and resilient supply of water and network of facilities. Founded on financial sustainability and equitable affordability, the plan will guide the region with collaboration and interconnectivity through a "stronger together" approach.

The CAMP4W Themes were developed based on discussions among the Board and Member Agencies regarding what concepts should be considered as the CAMP4W planning process progresses across *reliability, resilience, financial sustainability, and affordability*. The ideas captured during those discussions were compiled into thematic statements that will serve as guideposts during the next steps, including the development of evaluative criteria. An additional category, *equity*, was added following the discussions as it was identified as an important theme among participants.

The following presents the CAMP4W Themes. Though there is overlap, the themes are categorized as either overarching themes or themes most aligned with reliability, resilience, financial sustainability, affordability, or equity.

OVERARCHING THEMES

Overarching Themes that span all categories.

- Develop a path forward that prepares our region to mitigate, adapt and thrive in a changing climate.
- Recognize that reliability and resiliency, as well as affordability and equity, varies across member agencies and we must work as a single region to create equity.
- Develop a coordinated engagement strategy across Member Agencies and Metropolitan that builds relationships and trust in the communities we serve, provides meaningful information and solicits input throughout the process.
- Comprehensively evaluate alternatives utilizing available data, an understanding of Metropolitan and member agencies facilities, and opportunities for collaboration to make informed decisions on investments.
- Develop a Decision-Making Framework that is flexible and adaptable to varying climate scenarios and human behaviors and achieves multiple benefits.
- Create reliability and resilience by determining:
 - “**Will-build**” projects benefiting multiple planning scenarios (i.e., Low/No Regrets projects)
 - “**Can-build**” projects to be built depending upon further investigation
 - “**May-build**” projects to be built on the conditional occurrence of "trigger" conditions
- Develop portfolios of alternatives and an adaptive management framework designed to support the identified needs of Metropolitan’s system considering benefits, costs, prior Board actions, and implementability in achieving resiliency and reliability.

RELIABILITY

Ability to always meet water demands.

- Develop regional and collaborative solutions that address various climate scenarios and consider:
 - Providing multi-benefits across member agencies,
 - Increasing our water reserves,
 - Serving both current and future customers,
 - Maintaining water quality,
 - Considering system and environmental improvements for imported water assets,
 - Diversifying our portfolio, and
 - Establishing system interconnectivity.
- Identify projects that reduce our regional dependence on imported water and that address areas in our system that rely on a single source of supply.
- Improve the reliability of the State Water Project Dependent Areas by upgrading infrastructure connectivity and access to water supply and storage assets.
- Recognize increased water use efficiency as a critical aspect of reliability regardless of varying climate scenarios and identify implementation methodologies.
- Ensure regional connectivity so that all agencies are able to directly access the region's resources and share equally in the regional benefits as well as the regional risks.

RESILIENCE

Ability to withstand and recover from disruptions.

- Identify infrastructure at risk of failure or vulnerable to climate impacts and other hazards and establish a methodology to continuously re-evaluate gaps to manage risks and proactively identify risks.
- Identify investments and partnership opportunities that facilitate collaboration among Metropolitan and Member Agencies.
- Improve the resiliency of the State Water Project Dependent Areas, and those areas with little or no redundancy for access to Metropolitan supplies, by upgrading infrastructure connectivity and access to water supply and storage assets.
- Develop opportunities for integration across water supply, infrastructure, workforce, ecosystems, power supply, and other areas.
- Create a cooperative approach to ensure system flexibility during disaster response and recovery.

FINANCIAL SUSTAINABILITY

Revenues sufficient to cover expenses over the short- and long-term.

- Consider business models that enable Metropolitan to fulfill its regional role and maintain a sufficient income stream to fund necessary projects and programs in partnership with its member agencies.
- Develop a financial plan that assesses rate impacts of various adaptation pathways.
 - Maintain sufficient reserves for liquidity and resilience to various climate scenarios impacting declining revenues, increasing costs, emergency conditions, and member agency demand patterns.
 - Develop a plan that includes managing risk exposure due to climate change to maintain credit worthiness for access to capital markets and debt financing.
 - Explore opportunities to increase non-rate revenues and credit worthiness across climate scenarios.
- Recognize the need to fund ongoing or increasing rehabilitation and repair project costs to maintain resiliency and reliability.
- Evaluate mechanisms that facilitate shared resources among member agencies, reduce individual agency exposure, and support member agencies in completing projects.

AFFORDABILITY

Relative cost burden and elastic ability to access (pay for) service and support member agency efforts to provide affordable supply to their customers.

- Evaluate revenue and rate alternatives that align with an updated business model.
- Consider each Member Agency’s distinct financial profile based on their size, level of establishment (growing vs. established), rate capacity, reliance on Metropolitan’s supplies, and their retail customer’s capacity to pay.
- Explore options in program funding to address access and affordability for the most vulnerable customer segments in alignment with Metropolitan’s policies and state law.
- Conduct regular evaluation on affordability factors to understand the discrepancy in affordability across member agencies.
- Evaluate mechanisms to streamline processes and increase efficiencies with innovative ideas for cost-savings.
- Identify opportunities for Metropolitan to actively participate in programs that would support affordability (e.g., programs at the State or Federal level).
- Practice fiscal care and responsibility to ensure MWD’s component of the member agencies’ water costs are as economical as possible.
- Evaluate projects based on the whole life-cycle costs (capital plus operation and maintenance) to assess long-term economic feasibility and cumulative impacts on affordability.

EQUITY

Fair, just and inclusive.

- Metropolitan will promote regional equity among all member agencies by understanding varying individual member agency needs related to:
 - Access to a reliable water supply that achieves an equivalent level of reliability and resiliency experienced across the region.
 - Access to funding options for projects necessary to achieve the standard of reliability and resiliency afforded to the rest of the region.
 - Access to an inventory of assets sufficient to store and convey water to achieve the same level of reliability and resiliency experienced across the region.
- Metropolitan will support member agencies' equity goals by:
 - Supporting member agencies in pursuing the Human Right to Water through affordability and access to water supplies.
 - Evaluating conservation and use efficiency programs for disadvantaged communities (such as access to rebates, direct install, and other programs).
 - Exploring legislative options to prioritize state and federal investments in disadvantaged communities.
 - Supporting member agencies conservation and water use efficiency programs including communication, funding, and program execution.