
**STRATEGIC PLAN POLICY PRINCIPLES
(APPROVED DECEMBER 1999)**

Strategic Plan Policy Principles and Strategic Plan Steering Committee Guidelines

Strategic Plan Policy Principles approved December 14, 1999

Preamble

Metropolitan is a voluntary cooperative of member public agencies created for the purpose of "developing, storing and distributing water." Metropolitan's Board is committed to providing a high quality, reliable supply of affordable water for the residents in its service area.

The strategic planning process was initiated in July 1998 in an effort to address the evolving needs of the member agencies and their retailers to effectively fulfill Metropolitan's mission over the long-term. These diverse needs focus on flexibility, certainty and public stewardship.

Flexibility: There are significant legislative and economic pressures to increase the flexibility and responsiveness of water services to meet changing demands through a competitive water market. Fair compensation for wheeling through Metropolitan's conveyance systems is an essential element of Southern California's developing market.

Certainty: Certainty in Metropolitan's supply reliability and cost of service is important to member agencies and retailers, particularly in their efforts to ensure value to their customers.

Public Stewardship: Metropolitan and its member agencies must ensure that water is available to meet the needs of the public in a cost-effective and environmentally sound manner.

The Board has been engaged in a strategic planning process for the past year and a half. This process identified areas of common interests that form the basic elements for Metropolitan's strategic plan. Issues related to cost allocation and rate structure require further discussion and resolution.

Statement of Common Interests

- **Regional Provider.** Metropolitan is a regional provider of water for its service area. In this capacity, Metropolitan is the steward of regional infrastructure and the regional planner responsible for drought management and the coordination of supply and facility investments. Regional water services should be provided to meet the needs of the member agencies. Accordingly, the equitable allocation of water supplies during droughts will be based on water needs and adhere to the principles established by the Water Surplus and Drought Management Plan.

- Financial Integrity. The Metropolitan Water District Board will take all necessary steps to assure the financial integrity of the agency in all aspects of its operations.
- Local Resources Development. Metropolitan supports local resources development in partnership with its member agencies and by providing its member agencies with financial incentives for conservation and local projects.
- Imported Water Service. Metropolitan is responsible for providing the region with imported water, meeting the committed demands of its member agencies.
- Choice and Competition. Beyond the committed demands, the member agencies may choose the most cost-effective additional supplies from either Metropolitan, local resources development and/or market transfers. These additional supplies can be developed through a collaborative process between Metropolitan and the member agencies, effectively balancing local, imported, and market opportunities with affordability.
- Responsibility for Water Quality. Metropolitan is responsible for advocating source water quality and implementing in-basin water quality for imported supplies provided by Metropolitan to assure full compliance with existing and future primary drinking water standards and to meet the water quality requirements for water recycling and groundwater replenishment.
- Cost Allocation and Rate Structure. The fair allocation of costs and financial commitments for Metropolitan's current and future investments in supplies and infrastructure may not be reflected in status quo conditions and will be addressed in a revised rate structure:
 - a) The committed demand, met by Metropolitan's imported supply and local resources program, has yet to be determined.
 - b) The framework for a revised rate structure will be established to address allocation of costs, financial commitment, unbundling of services, and fair compensation for services including wheeling, peaking, growth, and others.

Steering Committee Guidelines Approved on January 6, 2000

"Needs-Based" Allocation. Dry year allocation should be based on need.

No Significant Disadvantage. Rate structure should not place any class of people in the position of significant economic disadvantage.

Fair. Rate structure should be fair.

Simple. Rate structure should be reasonably simple and easy to understand.

Metropolitan Revenue Stability. Rate structure should be based on stability of Metropolitan's revenue and coverage of costs.

Certainty and Predictability. Rate structure should provide certainty and predictability.