

0150-09642-0003

TRANSMITTAL

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE DEC 17 2015	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**MEMBERSHIP IN THE WATER RESEARCH FOUNDATION FOR
CALENDAR YEARS 2016, 2017, AND 2018**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



MAYOR

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 15, 2015

CAO File No.: 0150-09642-0003

Council File No.:

Council District: NA

To: The Mayor

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Communication from the Department of Water and Power dated October 21, 2015; referred by the Mayor for report on November 6, 2015

Subject: **MEMBERSHIP IN THE WATER RESEARCH FOUNDATION FOR CALENDAR YEARS 2016, 2017, AND 2018**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing a replacement Agreement for DWP to continue its membership and participation with the Water Research Foundation (WRF; Foundation). The WRF is a non-profit organization founded to conduct research related to drinking water quality and treatment and utility infrastructure in order to help water utilities and public health agencies provide safe and affordable drinking water. DWP has been a charter member of the WRF since the founding of WRF in 1987. It is asserted by DWP that since joining, the Department has benefited from 129 research projects with a total value of approximately \$57 million. Additional background information is provided in the attached appendix.

Approval of the proposed Agreement specifically authorizes a total expenditure authority not to exceed \$1,740,000 for subscription fees and special studies, as needed, during a three year term effective January 1, 2016 through December 31, 2018. The total annual cost of the WRF subscription is calculated based on the net volume (acre feet; AF) of water sold by DWP after deducting for purchased water from the Metropolitan Water District (MWD). DWP asserts that the annual subscription cost is calculated in mid-January of each year based on the prior year data for delivered water. The calculation for the prior year (2015) WRF subscription cost is illustrated in the following table:

WRF Subscription Calculation for 2015

	Water AF	Cost/AF	TOTAL COST
Total Water Delivered by DWP	499,783	\$0.82	\$409,822
Total Purchased Water from MWD (credit)	410,032	\$0.47	(\$192,715)
Total Annual Subscription Cost			\$217,107

Based on the calculations for 2015, the allocation of costs is projected to be \$217,000 annually for subscription fees and \$363,000 annually for special studies. The total cost during the proposed three year term is \$651,000 for subscription fees and \$1,089,000 for special studies.

Pursuant to Charter Section 373 and Los Angeles City Administrative Code Section 10.5, City Council approval is required because the cumulative term exceeds three years. The City Attorney has approved the proposed resolution as to form and legality.

CONTRACTUAL COMPLIANCE

The City Attorney has approved the proposed resolution as to form and legality. In accordance with Charter Section 1022, it has been determined the work specified in the Agreement can be performed more economically and feasibly by Independent Contractors than by City employees. The WRF is the only non-profit organization that provides these research services.

RECOMMENDATIONS

That the Mayor:

1. Approve a proposed Resolution authorizing a replacement agreement for DWP to continue its membership and participation with the Water Research Foundation with a total expenditure authority up to \$1,740,000 for subscription fees and special studies performed on an as-needed basis during a three-year term effective January 1, 2016 through December 31, 2018; and
2. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed membership will result in a total expenditure not to exceed \$1,740,000 from the Water Revenue Fund. There is no impact on the City's General Fund. This agreement complies with the Department of Water and Power adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.

APPENDIX

Background

DWP has been a member of this organization since 1987 and has benefited from participation in 129 research projects. DWP states the total value of the research is approximately \$57 million. The WRF, originally named the American Water Works Association Research Foundation (AwwaRF), was launched in 1966 with seed money from the American Water Works Association (AWWA) and federal grants. In 1983, the Foundation brought together the three major North American water supply organizations: AWWA, the National Association of Water Companies, and the Association of Metropolitan Water Agencies to support the Foundation's mission. In 2008, the Foundation's Board of Trustees voted to change AwwaRF's name to the Water Research Foundation (WRF).

In 1983 the WRF instituted a subscription-based research funding program. The membership fee per member is based on a formula that considers each participant member/utility's overall water deliveries, water purchases, and outside sales to other utilities. DWP's annual subscription fee has ranged from a low of \$75,000 in 1986 to a high of \$330,000 in 2007 while the average benefit in research value that DWP has received is approximately \$1.6 million per year.

By 1987, WRF had recruited more than 400 subscribers, including most of the large public and privately owned water utilities in North America, and its annual subscription income had reached \$3.5 million. Today, approximately 950 utilities, manufacturers, and consultants subscribe to WRF's research, most of which are based in the U.S., although many are international, such as England's Anglican Water Services, Ltd and Canada's District of West Vancouver.

Research Focus

WRF typically sponsors between 25 and 30 research projects a year at an average funding level of \$250,000–\$300,000 per project. These projects are developed with extensive input from volunteer scientists, academics, and regulators who review them for timeliness and relevance to public needs. Once research is completed, the findings are shared with the water community.

Since 1966, the WRF has funded more than \$500 million worth of research and more than 1,100 studies. It promotes global collaboration and prudent resource management by pooling and leveraging funding for water research. DWP will continue to gain from pooling funds for research rather than separately funding its own projects from the Water Revenue Fund. DWP benefits from the WRF include research reports, participation in advisory committees, project participation, attendance at technology workshops, and access to researchers and drinking water experts. DWP will also be able to access direct WRF services to provide meaningful solutions for managing current and future drinking water issues.

The Foundation provides a broad array of research and possible solutions to the water supply community. WRF's research focuses on four main areas including (i) water supply and distribution infrastructure, (ii) utility management and customer relations, (iii) water quality, and (iv) water resources and environmental sustainability.

The WRF does not lobby or advocate policy, although it has been invited to help federal and state governments develop research needed to initiate regulation. The WRF has provided testimony at U.S. Congressional hearings on topics such as the toxicological relevance of Pharmaceuticals and Personal Care Products (PPCP) in drinking water, and how climate change will affect the quality and quantity of U.S. drinking water.