

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 1, 1993

To: Board of Directors (Engineering & Operations Committee--Information)  
 (Water Problems Committee--Action)  
 (Finance & Insurance Committee--Information)  
 From: General Manager  
 Subject: 1993 Demonstration Local Storage Program

### Report

Abundant precipitation has improved this year's water supply and about 600,000 acre-feet of imported water in excess of demand is now available to Metropolitan. To take advantage of this opportunity, a program is proposed whereby Metropolitan would demonstrate the effectiveness of entering into agreements with member agencies to encourage additional use of available capacity in Southern California groundwater basins and surface reservoirs to store and recover imported water under the following terms which are currently being coordinated with Metropolitan member agencies.

Under the proposed program, Metropolitan would sell imported water to be placed into storage this calendar year by direct or in-lieu means at discounted rates less than Metropolitan's prevailing Seasonal Storage Service rates. These discounts would be \$30 for untreated water service and \$40 for treated water service. Rates would be \$138 and \$163 for untreated and treated water, respectively, and would continue at that rate throughout calendar 1993.

These discounted rates are designed to increase 1993 water sales and achieve greater water supply reliability than would be accomplished under Seasonal Storage Service. The General Manager will coordinate application of this new program with existing programs such as Seasonal Storage Service and Cyclic Storage. It is proposed that demonstration storage deliveries will be made available May 1 following the close of seasonal storage deliveries on April 30.

Participating agencies would agree to store equivalent, usable amounts of water for up to ten years and to produce their stored water at Metropolitan's call in four equal increments, each lasting three months. That production would normally be requested for April through September

periods. Agency performance would be determined by measuring its reduction in noninterruptible service from Metropolitan during the period of Metropolitan's call. That requirement would be based on reductions below 1992 baseline conditions (noninterruptible deliveries from Metropolitan) with allowances for future growth and deductions for increased participation in the Local Projects and Groundwater Recovery Programs. Agencies failing to meet their obligation to reduce demand on Metropolitan, as required under the demonstration program, would pay the emergency rate for a like amount of service delivered by Metropolitan during a call period.

Although the General Manager has authority under Sections 4206 and 4209 of the Administrative Code to enter agreements with member agencies to store and make efficient use of water resources, additional authority is needed to implement the special water sales provisions of this demonstration program.

Implementation of this program would constitute a change of water rates and create a new class of service requiring a public hearing before Board approval. Accordingly, we request that the Water Problems Committee schedule a public hearing on this proposal for its April 12 meeting. In addition, Subsection 4304(k) of the Administrative Code requires a finding of urgency at the April Board meeting if the proposed rate changes are to become effective upon the April 30 cutoff of this year's seasonal storage program.

Approval of the proposed program will also require appropriate findings regarding applicability of the California Environmental Quality Act. Your Board's delegation of additional authority to the General Manager is exempt from the California Environmental Quality Act (CEQA) since it is a preliminary step with no inherent environmental effect.

Additionally, your Board's approval of the proposed revisions to Metropolitan's water rates is exempted from the provisions of CEQA by Public Resources Code section 21080(b)(8) since it is for the purpose of meeting operating expenses, (2) purchasing or leasing supplies, equipment or materials, (3) meeting financial reserve needs and requirements, and (4) obtaining funds for capital projects, necessary to maintain service within existing service areas. The General Manager will determine that each individual agreement complies with any appropriate requirements of CEQA prior to approval.

March 1, 1993

Board Committee Assignments

This letter is referred to:

The Water Problems Committee for action pursuant to Sections 2481(d) and (i) of Metropolitan's Administrative Code granting it authority regarding policies dealing with the sale and delivery of water for various uses and underground storage of water and the use thereof; and

The Engineering and Operations Committee for information pursuant to Section 2431(c) of Metropolitan's Administrative Code granting it authority regarding facilities for the production, exchange, sale and treatment of water.

The Finance and Insurance Committee for information pursuant to Section 2441(e) of Metropolitan's Administrative Code granting it authority regarding the determination of revenues to be obtained through sales of water.

Recommendation

**WATER PROBLEMS COMMITTEE FOR ACTION.**

That the Water Problems Committee notice a public hearing for its April 12, 1993 meeting on the proposed 1993 Demonstration Local Storage Program described in this letter.

  
for Carl Boronkay

JMB:gn