



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 5, 1993

To: Board of Directors (Executive Committee--Action)
(Special Committee on Legislation--Action)
General Manager
Opposition to A.B. 1387 (Polanco)

Report

On March 3, 1993, Assembly Member Richard Polanco introduced A.B.1387, a bill related to water transfers. This legislation was developed by and submitted at the request of the Northern California Water Association, an organization representing certain agricultural interests primarily in the eastern Sacramento River Valley. A.B.1387 is substantially inconsistent with Metropolitan's Water Transfer Policy and with the legislative guidelines for water marketing legislation established by your Board. Accordingly, it is recommended that Metropolitan oppose A.B.1387.

Specific provisions of concern in this legislation include the following:

User-Initiated Transfers: A.B.1387 prohibits user-initiated transfers, except when the water user can demonstrate "hardship" conditions and the transfer can be accomplished under district-determined guidelines.

District Veto: Under A.B.1387, agricultural water districts retain complete control over water transfer decisions.

Rights-Holder Veto: The legislation provides that the "possessor of the water right shall determine the final disposition of the water." As a result, transfers can be subject to arbitrary veto even when the agricultural water supplier supports the transfer agreement.

Term: A.B.1387 includes legislative findings that long-term transfers involving fallowing should not be permitted until: (1) all other water management options have been "fully utilized," and (2) "facilities and programs adequate to meet the state's long-term water needs are authorized."

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Duplicative Efforts: A.B.1387 requires "every water supplier" (presumably statewide) to develop a water transfer program. Because water transfer activities are expected to affect only a small fraction of agricultural water use, the bill could require considerable unnecessary administrative effort and expense among districts that will never be involved in water transfer agreements.

Price Conditions: A.B. 1387 requires that agricultural districts "negotiate the highest price and best terms on behalf of the water users in the service area." Such a provision is clearly not in the best interests of urban water users, who would be better served by legislation that promotes a balanced and competitive water market that provides fair returns to sellers and reasonable prices for urban water users.

This imbalanced legislation does little to advance the interests of urban areas in promoting effective water marketing and is inconsistent with the guidelines established by your Board for water marketing legislation. Metropolitan should vigorously oppose A.B.1387.

Committee Assignments

This letter is referred for action to:

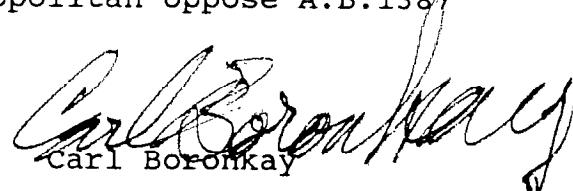
The Executive Committee because it involves legislation which may affect the District, pursuant to Administrative Code Section 2417, subdivision (a); and

The Special Committee on Legislation because it involves a legislative matter that may affect the District, pursuant to Administrative Code Section 2581, subdivision (a).

Recommendation

EXECUTIVE COMMITTEE AND SPECIAL COMMITTEE ON LEGISLATION.

It is recommended that Metropolitan oppose A.B.1387 (Polanco).



Carl Boronkay