

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

April 27, 1993

*To:* (Finance and Insurance Committee--Information)  
Board of Directors (Water Problems Committee--Information)

*From:* General Manager

*Subject:* Status of the Demonstration Program on Interstate Underground Storage of Colorado River Water in Arizona

Report

On September 15, 1992, your Board authorized the General Manager to enter into an agreement with the Central Arizona Water Conservation District (CAWCD) to participate in a demonstration program to store unused Colorado River water in central Arizona. An appropriation of \$8 million from the General Fund to finance the demonstration program was also authorized. An agreement between Metropolitan and CAWCD was executed on October 15, 1992. Under the demonstration program, Colorado River water is being placed in groundwater storage in central Arizona in years in which net diversions for beneficial consumptive use are forecast to be less than 7.5 million acre-feet in the three states or in years in which a surplus is declared and all requests are met. Approximately 30,000 acre-feet of water was stored in central Arizona in 1992 at a cost to Metropolitan of \$2 million (\$68 per acre-foot).

In order to move ahead with implementation of the agreement, entities within the states of Arizona, California, and Nevada, as well as the United States, have been contacted regarding their approval and/or their level of participation in the demonstration program. To date, informal, conditional, or formal approval has been obtained from all of the entities requested. The entities approving the demonstration program include the Palo Verde Irrigation District (PVID), Imperial Irrigation District (IID), Colorado River Board of California, Colorado River Commission of Nevada, and the U.S. Bureau of Reclamation (Reclamation). Reclamation approved the agreement on April 12, 1993. On April 8, 1993, the Southern Nevada Water Authority (SNWA) notified Metropolitan that they would like to participate in the program at a level of 50 percent for 1992 and 1993. As such, 15,000 acre-feet of the water stored in 1992 in central Arizona will be funded by SNWA.

Metropolitan will be reimbursed by SNWA by May 7, 1993 for the cost of storing this water, with interest from the date of Metropolitan's payment. While IID and PVID have indicated that they may participate, they have chosen not to participate in 1992 and 1993.

The Coachella Valley Water District (Coachella) approved the agreement, provided that Metropolitan would hold Coachella harmless and indemnify it for any additional costs or loss of water supply that might be incurred as a result of the agreement. Metropolitan has requested but has not received any indication from Coachella regarding how it specifically could be harmed by the demonstration program. In a letter to Coachella dated March 31, 1993, Metropolitan indicated that since specific instances of potential harm have not been identified by Coachella and because the demonstration program will assist in reducing the potential for future water shortages in Metropolitan's service area, Metropolitan intends to waive Coachella's approval and move ahead.

The Arizona Department of Water Resources (Department) expressed support for and endorsed the concept of the demonstration program but could not offer its approval due to legal constraints. The Department indicated that it would need the approval of the Arizona legislature to enter into an agreement of this type. The Department offered to cooperate with the Secretary of the Interior in developing annual operating plans for the Colorado River reservoirs, which provide for implementation of the agreement, and would work with the parties in the permit application process.

On April 13, 1993, Metropolitan sent a letter to CAWCD for their concurrence confirming that the approvals required by the agreement had been obtained with the exception of Coachella and the Department; and that such approvals would be waived pursuant to the terms of the agreement.

Upon storage of the balance of the water, which is anticipated to occur during 1993, a total of 100,000 acre-feet of water will be stored with 50,000 acre-feet available to Metropolitan at a cost of approximately \$70 per acre-foot. The program demonstrates a cooperative effort among the basin states for better management of the Colorado River system. Further such programs are being studied among the basin states.

Board Committee Assignments

This letter is referred for information to:

The Water Problems Committee because of its authority to study and advise on the sources of importing water required by Metropolitan pursuant to Administrative Code Section 2481(a); and

The Finance and Insurance Committee because of its authority to study and advise on the disposition and investment of funds pursuant to Administrative Code Section 2441(c).

Recommendation

For information only.

  
for General Manager

HMR:gn