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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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of the Board of Directors of
The Metropolitan Water District
of Southern California
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Daren E. Hoff
Executive Secretary

January 19, 1994

To: Board of Directors (Water Problems Committee--Information)
(Executive Committee--Information)

From: General Manager

Subject: Water Transfer Discussions with Sacramento River Water
Contractors Association

Report

Metropolitan and other urban agencies located both south- and north-of-the-Sacramento-San Joaquin Delta (Delta) have been jointly participating in discussions regarding a potential water transfer program (Program) with the Sacramento River Water Contractors Association (SRWCA). SRWCA is comprised of 34 Central Valley Project (CVP) Water Rights Settlement Contractors (Member Units) whose total supplies represent more than two million acre-feet per year (AFY). Since 1974, SRWCA has been managing a "water pool" to facilitate water transfers among its Member Units. SRWCA's Member Units have now expressed an interest in expanding the scope and mission of its organization by transferring up to 200,000 AFY of their water supplies to outside entities.

SRWCA's Member Units' supplies are delivered by the U.S. Bureau of Reclamation (Reclamation) through the CVP under Sacramento River Water Rights Settlement Contracts which provide highly reliable "base water" (1.8 million AFY) and "project water" (350,000 AFY). Base water, delivered by Reclamation at no cost in recognition of water rights senior to the CVP, is subject to a maximum shortage of 25 percent in years defined as "Critical" by Reclamation. Base water is transferrable under State law. Since 1964, the year Settlement Contracts were negotiated, Reclamation has declared a Critical year only three times, making this water one of the most reliable water supplies north-of-the-Delta. Project water, delivered under a CVP repayment contract, is subject to the same shortage provisions as other CVP contractors and is only transferrable to Metropolitan under the federal CVP Improvement Act.

Metropolitan's participation in the Program would nurture a common interest among diverse parties to resolve the issues which currently encumber water transfers through the Delta. In addition, successful implementation of this Program

would result in the following benefits for Metropolitan:
(a) securing additional water supplies; (b) opening up the water market in the upper Sacramento Valley; and (c) realizing the benefits of "economies of scale" in developing water transfer programs by working with a coalition of urban buyers and with an association representing many potential sellers.

To date, the urban agencies have expressed an interest in developing the Program and hiring a consultant to assist with Program development and administration. These agencies include: Metropolitan, Alameda County Flood Control and Water Conservation District - Zone 7, Santa Clara Valley Water District, Contra Costa Water District, City and County of San Francisco, Solano County Water Agency, Napa County Flood Control and Water Conservation District, and Central Coast Water Authority. Two phases are anticipated in this joint effort. Phase I would consist of a reconnaissance level study. The urban agencies are planning to hire a consultant to assist in this work. The consultant costs are expected to be about \$30,000 with each urban agency sharing the costs equally. Phase II would consist of studies and activities necessary for Program implementation and would begin only after evaluation of the completed reconnaissance level study. Additional urban agencies and other organizations may participate in this Program in the future. Additional meetings with SRWCA are scheduled. Staff will provide your Board with updates as this potentially important Program develops.

Board Committee Assignments

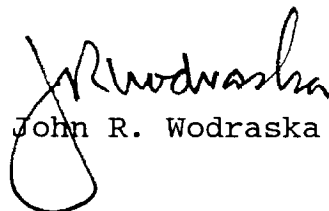
This letter is referred for information to:

The Water Problems Committee because of its authority to study, advise, and make recommendations with regard to policies, sources and means of importing water required by Metropolitan pursuant to Administrative Code Section 2481(a); and

The Executive Committee because of its authority to study, advise, and make recommendations with regard to policies and procedures to be considered by the Board pursuant to Administrative Code Section 2417(e).

Recommendation

For information only.


John R. Wodraska