

APR 12 1994



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Harvey E. Rorff
EXECUTIVE SECRETARY

9-14

March 23, 1994

To: Board of Directors (Special Committee on Legislation--Information)
From: General Manager
Subject: Senate Bill 1924 (McCorquodale-Modesto)

Report

On February 25, 1994, SB 1924 was introduced by Senator Dan McCorquodale (Modesto). Among other provisions, this bill would amend Water Code provisions relating to the State Water Resources Development System, which includes the State Water Project (Project) by: (i) forbidding construction of additional water development facilities under the existing State water contract structure; (ii) seeking to accomplish a refund of outstanding bonds used to finance the Project; and (iii) creating the California Water Plan for the 21st Century Planning Commission to develop a comprehensive plan for the future development of the State's water resources.

As written, SB 1924 would have significant negative impacts on Metropolitan. However, Senator McCorquodale has indicated that it is not his intent to move the bill this year and that he plans to hold hearings throughout the State to stimulate debate on the issues presented in this bill. Some of the provisions in SB 1924 would:

- Impede further development of the Project;
- Favor agricultural contractors to the detriment of municipal and industrial contractors;
- Transfer control of the Project to an unspecified commission and to the State Legislature; and
- Mandate inflexible and unrealistic water management requirements for urban water suppliers.

Staff intends to participate and prepare testimony consistent with the testimony presented to the Senate Agriculture and Water Resources Committee by the Urban State Water Contractors on January 31, 1994. Metropolitan's positions

regarding this and related legislation and policy should be based on the following principles:

- **Project Contract Integrity** -- Any legislation must respect the integrity of the contracts. The willingness of contractors to finance and pay for project improvements depends on their confidence that acceptance of an obligation to pay for improvements will be matched by a firm right to water service as defined in the contract;
- **Demand Management** -- Any legislation must recognize that urban contractors have led in developing Best Management Practices for cities, and urban and agricultural conservation will be important components of statewide solutions;
- **Reclamation and Other Alternative Local Supplies** -- Any legislation must recognize that urban contractors in Southern California have committed substantial funds over many years to local programs including reclamation and reuse of wastewater and recovery of contaminated groundwater;
- **Increased Reliance on Water-Marketing and Wet-Period Banking** -- Any legislation must provide flexibility for water transfers. Facility improvements will be necessary to provide the flexibility and enable utilization of the Project's water distribution system;
- **Environmentally Sound Delta Facility Improvement** -- There must be recognition that the Project is an essential part of California's economic infrastructure and improvements in the Project, particularly in the Delta, will be critical for the long-term health of the State economy. Long-term comprehensive improvements in the Delta must be initiated by a federal-State process in compliance with the California Environmental Quality Act and National Environmental Policy Act; and
- **Commitment to Solve Environmental Problems** -- Environmental progressivity must be incorporated as an essential element in order to broaden consensus on workable Delta environmental solutions.

Board Committee Assignment

This letter is referred for information to the Committee on Legislation because it involves legislation which may affect the District, pursuant to Administrative Code Section 2491, subdivision (a).

Recommendation

For information only.


John R. Wodraska

WWH:cl