

SEP 13 1994



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

EXECUTIVE SECRETARY

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*Daren E. [Signature]*

August 30, 1994

To: Board of Directors (Executive Committee--Information)  
(Finance and Insurance Committee--Information)

From: General Manager

Subject: Five-Year Supplemental Water Purchase Agreement EIR Funding

Report

Currently the water supply developed by the State Water Project (SWP) is not always sufficient to fulfill all the SWP contractors requests. In 1994, drought conditions and the pumping restrictions to protect endangered species in the Delta, limited the available SWP water to about 50 percent of entitlements. To help alleviate this deficiency, the Department of Water Resources (DWR), Metropolitan, and some of the other SWP contractors entered into a one-year agreement to acquire additional water through water transfers. The program was successful in acquiring 73,000 acre-feet of water.

Based on projected water supply requirements and the success of the 1994 program, DWR and the SWP contractors are developing a five-year agreement to provide for the purchase of additional water supplies when needed. Under this agreement, individual SWP contractors could purchase one-year or multi-year options for future purchase of water, allowing greater water management flexibility. Price, quantity, and conditions of purchase must be agreed upon by the participating contractors before DWR enters into any water purchase agreement.

In addition, this agreement will require the preparation of environmental documentation in the form of an Environmental Impact Report (EIR). DWR is estimating that the EIR can be completed by mid-January 1995 at a projected cost of \$150,000. This EIR cost will be included with other program costs to be shared by the program participants in a manner to be developed in the agreement. To avoid distributing costs to SWP contractors not involved in the program, DWR is expected to request the execution of a letter agreement to provide for the repayment of the EIR costs in the event that the five-year agreement is not completed.

The effort to secure a five-year agreement to supplement SWP deliveries is consistent with Metropolitan's proposed Integrated Resource Plan. Staff will continue to advise your Board of progress in developing this agreement.

Recommendation

For information only.

John R. Wodraska  
General Manager

By Debra C. Man  
Debra C. Man  
Chief of Planning  
and Resources

Concur:



John R. Wodraska  
General Manager

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