

**Summary Notes of Board Workshop
April 30, 1996
Sheraton Grande Hotel**

Introduction

Introductory comments made by the Chairman of the Board.

- San Diego made the opening presentation.
- Board Member Watton started the presentation, expressed the need to change. Pointed to the Bond disclosure in regard to a reference made to the potential water deficiencies in the future. Vision needs to include supply and reliable water quality not necessarily the capital improvement projects. There is a need to include water transfer. San Diego has no intent to leave Metropolitan or walking away from the investment.
- Board Member Dale Mason addressed the historical perspective. Reference made to the 1928 Boulder Canyon Act. As early as 1928, San Diego was already reviewing the options to address their water needs. They have Colorado River rights. In 1935, Metropolitan building the aqueduct. San Diego has continually reviewed the construction of their own aqueduct. Once a decade San Diego has reviewed the options of purchasing water from the Imperial Irrigation District. During the drought, when the 80% drought program was implemented, Metropolitan fell short of the Laguna declaration for San Diego and Western.
- Board Member Joe Parker wanted to be the voice of reason. Met and SDCWA are making progress. Reference made to: Six party agreement, rate refinement, cost containment. Expressed the need to continue the dialogue. Need to remain friends.
- Board Member Chris Frahm focused on the need for water reliability for San Diego. The Capital Improvement initiated the need to focus on how this program was going to be paid for. She highlighted three key documents: 1) Blue Ribbon Report, 2) Washington Power Case, and 3) Official Statement.
Quoted from the Blue Ribbon Report:
Reliability, quality and other water supply specifications cannot be made independently from the willingness of MWD customers to pay for such services.
- Board Member Watton, focused on the changing nature of the relationship between MWD and San Diego. It is entering into a growth, learning and changing phase.
- General Manager Stapleton focused on the proposal.
- **Background**
 - Typically, provide 90% of the water used in San Diego County
 - Serves 2.6 million people
 - 23 Member Agencies

- **Capital Improvement Program.**
 - Upgrade and expand the capacity of the Authority pipeline
 - Allow increased imported water deliveries from MWD
 - eliminated operation bottlenecks and facilitate pipeline maintenance.
- **Goals**
 - long term, reliable supply
 - diversified supply sources
 - local control
 - equality of dependence on wed
 - competitive price
 - comparable quality with other supplies
 - insurance against drought and agricultural cutbacks
 - investment alternative
 - reduce pressure on Bay-Delta ecosystem.
- **Proposal**
 - Authority commits to purchase from WED a minimum of 400,00 AF per year.
 - Commencing in 1998, authority would deliver MWD 20,000-25, 000 AF in chance for delivery of an equivalent amount from MWD. Deliveries would increase to 200,000 AF/yr. by 2010.
 - Commencing after 2010, Authority would deliver to MWD up to an additional 200,000 AF per year in exchange for delivery by MWD of equivalent amounts on a space-available basis.
 - Cost of exchange after delivery is variable because fixed costs should be covered by annual requirement purchases and MWD premium water changes.
 - Assurance for blend of MWD water supplies 50/50 blend or 500 ppm tds.
 - cost Containment in MWD CIP and Water Management program
 - MWD would put in place contracts for agricultural water discount.
 - MWD support for authority transfer facility and authority willingness to discuss storage opportunities.
 - Support for River operations and banking per California position
 - provisions for dispute resolution
- **Summary of Concerns.**

Cost shifting	None, if all fixed costs collected under MPC and premium charges
Colorado River Aqueduct capacity	System-wide unused capacity exists.
Operational issues	Operating agreement with member
Priority of use of MWD system	All MWD members with MPC can participate
Ramp up	
Blending	Either 500 PPM or 50/50

Priority for Use of MWD System

- No agency could get into more than their fair share. As the use of the system goes up , it will decrease the participation of the member agencies.

Projected CWA Normal Year Demands and Supplies Under CWA Water Exchange Proposal

Emphasized the importance to diversification. Not taking existing demands off of the system.

CWA Percent State Water project Deliveries from MWD

Focus made on the cost of the take or pay contract. Also, their need for more State water for their blending issues.

Comments from the public:

- Need to work together. Be sensitive that some agencies are at the end of the pipeline.
- Los Angeles paid more for the Colorado River water than San Diego
- Land developer must identify a source of water prior to construction
- The important people are the water rate payers.

Comments from the Board:

- Director King - Concern expressed regarding the blending issue. Need to look at the current negotiation in the Bay Delta accord. Need to look at the economics. Request that San Diego share their data
- Director Miller - Problem in meeting the blending and its effects on the reservoir and the maximum use of the Colorado River. How are we going to be able to do the 20,000 per year and fill the reservoir and meet the blending issue. We are going to need to fill the reservoir.
- Director Luddy - Clarification on the TDS issue. If they only use the IID water how would the blend issue be addressed. Reduction in the Colorado supply??
- Director Lee Harry - I appreciate the spirit of the dialogue. Must use the Colorado River for the base line supply. Concern expressed on the fifty-fifty blend.
- Director Green - What happens to the exchange water? Is the donor agency responsible for the quality of the water.
- Director Morris - Concern with the blend.
- Director Peterson - Appreciate the Authority coming forward with a proposal. They are not faced with the problems associated with state water such as taste and odor. The blending drives the cost of the capital improvement project. Need to get off the fifty fifty blend issue.
- Director Miller - No financial impact. Need to see data. Real questions in mind. Storage Project. Where is the storage? Where will you get the water?
- Chairman- Inquiry made regarding the commitment contract.

- Director Huntley - Inquiry made regarding the 400,000. Need a more detailed presentation. The proposal addresses the long range issues.
- Director Ibbetson - Build up in water is a practical solution. Not clear on the ability of the Colorado Aqueduct to handle. It appears that another transfer facility will need to be built. Need to review the treatment cost.
- Director Little - Not sure if a purchase commitment will provide the needed commitment to the CIP.
- Director Milne - San Diego has put forth a positive proposal. Need more details to properly evaluate the proposal. Needs to include financial and schedule element. Cost effect and equity. Appreciate the effort to secure a supplemental effort. Independent conveyance is important.
- Director Wein - Need to be farsighted. To get additional water maybe a third water source is needed.
- Director Blake - Duplication of projects. We are building the Eastside Reservoir project. It is intended for emergency supply for a District as a whole. Are we lining up to have a duplication of effort. In regard to the 400,000 acre commitment. Need the breakdown of the 400,000. Would they buy the 200,000 from Met, if cheaper. In regard to the long range planning, the District is doing the planning.
- Director Green - Concern expressed on the 400,000 acre ft. commitment, is it a floor or a ceiling. If it is a floor, would Metropolitan be required to supplement. How are agencies that have alternate source of supply being impacted. In regard to the Colorado River, what happens if Met can not import the lower cost water because of capacity commitment to San Diego.
- Director Harry - Emphasis placed on the support of the past programs. Long term solution may be to have an independent water source.
- Director Peterson - Concern with the funding of the CIP.
- Director Morris (Invocation) - Need to address parity and meet the future needs. Need to have a vision. Committed to making sure that water stays reasonable.
- Director Morris - Need to look at commitment as it relates to future needs.

- Chairman indicated that some of these issues will be responded to at the May Board Meeting and at a subsequent workshop.
- Director Brick - Need to renew our commitment to IRP.
- Director Wysbeek - Concern regarding fairness.
- Director Morris - Need to bring to the Board, preferential rights and agricultural water.
- Director Milne - Need to expand the issue beyond the current proposal. It is not about water but about institutional power. Should MWD be in the lead for the transfer versus individual member agencies.
- Director Green - Clear notion on what are local needs what are regional needs. How do we honor the past as well as the future.