

JUL - 9 1996

7-4

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Debra C. Man
 for EXECUTIVE SECRETARY

June 25, 1996

(Executive Committee--Action)

To: Board of Directors (Water Planning and Resources Committee--Action)

From: General Manager

Submitted by: Debra C. Man, Chief
 Planning and Resources

Debra C. Man

Debra C. Man

Subject: Payment of State Water Contractors' Membership Dues and Contribution to the State Water Contractors' Bay-Delta Fund for Fiscal Year 1996-97

RECOMMENDATION

It is recommended that your Board approve the payment of the State Water Contractors' membership dues and the contribution to the State Water Contractors' Bay-Delta Fund for fiscal year 1996-97 in the amounts of \$502,875 and \$125,000 respectively from funds provided for in Metropolitan's 1996-97 budget.

EXECUTIVE SUMMARY

The State Water Contractors (SWC) was formed in 1982 as a non-profit mutual benefit corporation and is composed of representatives of 27 State Water Project (SWP) contractors including Metropolitan.

On March 21, 1996, the SWC Board of Directors (SWC Board) approved its 1996-97 budget which maintained the SWC dues rate at the 1995-96 fiscal year level of \$0.25 per acre-foot of each member's annual SWP entitlement. Based on this rate, Metropolitan's dues are \$502,875. The SWC Board also approved a separate 1996-97 Bay-Delta Fund budget and requested a collection unchanged from 1995-96 fiscal year in the amount of \$500,000 in contributions from all SWC member agencies. Metropolitan's share of this Bay-Delta collection is \$125,000.

Provision has been made in Metropolitan's 1996-97 budget for the payment of Metropolitan's SWC dues and for the payment of Metropolitan's share of the Bay-Delta collection.

DETAILED REPORT

The State Water Contractors (SWC) was formed in 1982 as a non-profit mutual benefit corporation and is composed of representatives of 27 State Water Project (SWP) contractors including Metropolitan. The SWC was created to further the common interests of its membership with respect to the SWP, including but not limited to completing the SWP, assuring proper and effective operation of the SWP; protecting and acquiring necessary water rights for the SWP; presenting the views of the SWC's membership to the Legislature, to administrative agencies, and to the public; and conducting related studies on the SWP. To meet these objectives, the SWC budget provides funding for a staff of four, and retention of legal, engineering and biological consultants to address matters such as legal challenges to the Monterey Agreement Environmental Impact Report; a public information program; and continued involvement with Bay-Delta issues. Specific Bay-Delta activities will include participation in State Water Resources Control Board's Water Rights Hearings, implementation of the Endangered Species Act, implementation of Category III non-outflow projects, and participation in CALFED process.

On March 21, 1996, the SWC Board of Directors (SWC Board) approved its 1996-97 budget which maintained the SWC dues rate at the 1995-96 fiscal year level of \$0.25 per acre-foot of each member's annual SWP entitlement. Based on this rate, Metropolitan's dues are \$502,875. The SWC Board also approved a separate 1996-97 Bay-Delta Fund budget and requested a collection unchanged from 1995-96 fiscal year in the amount of \$500,000 in contributions from all SWC member agencies. Metropolitan's share of this Bay-Delta collection is \$125,000.

The SWC Board adopted the attached statement of objectives for the 1996-97 fiscal year at their June 19, 1996 meeting. These objectives and identified work activities have been prioritized to focus the development of definitive work plans within the budget provisions. The Priority I issue objectives are: (1) the Bay-Delta Issues/Proceedings activities related to participation in the State Water Resources Control Board water rights proceedings including the sharing of responsibilities to meet standards; support of the CALFED Bay-Delta Program directed toward the development of a supportable solution and equitable funding; and the Category III program to development and implement projects, (2) the planning activities related to Department of Water Resources' (DWR) future water supply studies and implementation of South Delta facilities, (3) the contract issues related to the implementation of the Monterey Agreement and the litigation actions associated with the Planning and Conservation League et. al. lawsuit, and (4) improvements in SWC/DWR management coordination in the areas of cooperative decision development, budget provisions, strategic approaches to future SWP operations and maintenance, long-term strategy for the future water supply programs and future DWR staffing levels.

Provision has been made in Metropolitan's 1996-97 budget for the payment of Metropolitan's SWC dues and for the payment of Metropolitan's share of the Bay-Delta collection. This action is categorically exempt under the provisions of the California Environmental Quality Act because it involves an activity that does not have a significant effect on the environment.

TAR:cl

Attachment

o:\clustr11\mm\board\bd-ltr1.doc

FINAL DRAFT

STATE WATER CONTRACTORS OBJECTIVES FY 1996-97 June 11, 1996

The final draft FY 1996-97 Objectives are a mix of pro-active policy issues, monitoring and coordination functions, and existing and expanded management functions. Many of the issues (particularly with respect to Bay-Delta activities) overlap all areas. These objectives do not include much of the ongoing, repetitive work regarding coordination and monitoring of various activities.

The Objectives are proposed to be rated from I to III in decreasing priority. A lower priority means that the identified task will receive attention, but at a lower level than other tasks. Priority classifications are defined below:

- Priority I:** highest priority items; strong sense of urgency (for example, implementation of the Monterey Agreement).
- Priority II:** high priority; some items dependent on or interrelated with outcome of Priority I items (for example, ESA activities, water purchases).
- Priority III:** Important activities (for example, information systems).

PRIORITY I

1. BAY-DELTA ISSUES/PROCEEDINGS

- a. **State Water Resources Control Board** - Participate in water rights proceedings to develop a sharing of responsibilities to meet the standards reflected in the December 15, 1994 Agreement. This includes ongoing efforts to negotiate with upstream water interests prior to the hearings to reach settlement agreements.
- b. **CALFED Bay-Delta Program**
- Monitor activities and provide support to expedite a supportable Delta solution
 - Continue to support development of long-term solutions to water supply problems of the Bay-Delta Estuary, through participation in Stakeholder's Group, Joint Water Users task forces, the SWC Bay-Delta Workgroup, Category III and the CALFED process.
 - Promote equitable funding of the CALFED process, bringing in other sources commensurate with benefits received.

- c. **Category III** - Continue to promote development and implementation of the Category III program referenced in Bay-Delta Agreement
2. **PLANNING ACTIVITIES**
 - a. **Future Water Supplies Development**
 - Work with DWR to develop opt-in/opt-out approach to financing of future water supply planning programs
 - Work with DWR on reconnaissance level conjunctive use studies; support implementation of useful demonstration projects
 - b. **Interim South Delta** - Work with DWR to complete final EIR/EIS and expeditiously implement South Delta facilities
 3. **CONTRACT ISSUES** - Continue implementation of the Monterey Agreement, including aggressive defense of the Planning & Conservation League (PCL) et. al. lawsuit, implementation of appropriate sections of the Monterey agreement pending resolution of the lawsuit, and development of a strategy for dealing with a SWP water and revenue allocation methodologies for 1997.
 4. **MANAGEMENT COORDINATION**
 - a. **Policy Discussions**
 - Continue efforts to improve cooperative SWC/DWR policy and financial decisions development
 - Improve SWP budget review process
 - Work with DWR management on strategic approaches to future SWP operations and maintenance
 - Work with DWR management on long term strategy for the Future Water Supply Program
 - Work with DWR to review future SWP staffing levels
 - b. **2-Day Workshop** - Work with DWR management to arrange and hold two-day workshop

PRIORITY II

1. **ENDANGERED SPECIES ACT**
 - a. **Winter-Run Chinook Salmon**
 - Monitor SWP and CVP operations
 - Work with DWR to improve estimates of adult run, minimize "take" and avoid water loss
 - Continue to support genetic research & captive brood stock program

- b. **Delta Smelt**
 - Monitor SWP and CVP operations
 - Work with DWR to improve data on Delta smelt population and distribution
 - Support delisting efforts
- c. **Sacramento Splittail**
 - Work with other interested groups to preclude listing
 - Monitor USFWS activity to list as threatened species
- d. **All Anadromous Fish Species** - Continue to participate in ACWA Anadromous Species Task Force, Category III and other forums/efforts in dealing with steelhead, the draft CVPIA Fish Doubling Plan and other anadromous fish activities.

2. **BAY-DELTA MONITORING**

- a. **Interagency Ecological Program (IEP)** - Provide direction to IEP at appropriate levels.
- b. **Real-time Monitoring** - Assist in the continued development of a successful real-time program as required by December 15, 1994 Agreement.

3. **WATER PURCHASES**

- a. **"Real Water" Assessment** - Assist DWR in analysis of impacts on streamflow from water transfers involving ground water
- b. **Supplemental Water Purchase Program (SWPP)**
 - Assist DWR in completing SWPP EIR process
 - Finalize draft SWPP agreement among DWR and participating SWP contractors

4. **AUDIT & FINANCE**

- a. **Budget** - Review SWP budget and provide recommendations on program objectives, content and funding
- b. **1997 SWP Invoice** - Work with DWR to adjust power assumptions used in Delta Water Charge calculations to match annual revenues to annual costs.
- c. **Replacement Accounting System** - Work toward the implementation of an alternative method to fund SWP Replacements (ie "Pay As You Go")

5. **OPERATIONS & MAINTENANCE**

- a. **SWP Daily Operations** - Monitor DWR operations to respond to 1995 SWRCB Water Quality Control Plan and changes in ESA Biological Opinions.
- b. **SWP Equipment Replacement Policy** - Work with DWR in reviewing maintenance policies and developing procedures to access approaches to identify the timing and need for major facility replacement.
- c. **Oroville Recreation Advisory Committee (ORAC)** - Participate in ORAC and continue to review development of FERC required recreation facilities at Oroville

- d. **Arroyo Pasajero**
 - Provide input in development and selection of long-term plan for Arroyo Pasajero
 - Provide input to Salt/Cantua Streamgroup Reconnaissance Study
 - Monitor removal of sediment in Aqueduct to eliminate operational problems to SWP contractors
 - e. **SWP Control System** - Monitor implementation of new SWP control system
 - f. **Operations Studies** - Review DWR long-term operations studies including development of rule curve for operations of SWP supply facilities.
 - g. **Coordinated Operations Agreement (COA)** - Assist DWR in 5 year update of the SWP/CVP COA (Water sharing formula with 1995 WQCP and ESA Biological Opinions)
 - h. **Interruptible Water** - Develop 1997 Interruptible Water Program criteria.
6. **DESIGN & CONSTRUCTION (Division of Engineering)** - Work with DWR management to implement cost saving measures including staffing and organizational changes to reflect anticipated work load.
7. **WATER QUALITY**
- a. **Pump-in Programs** - Work with DWR to establish a policy for acceptance of non-project water into the California Aqueduct
 - b. **Municipal Water Quality Investigations Program (MWQI)** - Participate with DWR in Implementation of the MWQI and develop a cost sharing method for extension of the program after 1997.
 - c. **SWP Sanitary Survey Update** - Establish new Sanitary Survey Action Committee to implement 5-year Update recommendations
 - d. **Review CALFED water quality issues**
 - e. **Work with DWR to implement cryptosporidium monitoring**

PRIORITY III

1. **INFORMATION SYSTEMS**
- a. **Computer System Development** - Monitor and expedite completion of Business Information System (BIS), Cost Allocation and Repayment Analysis (CARA) and Maintenance Management Information System (MMIS) and review information system policies
 - b. **State Information Policies** - Assist DWR in response to State policies on information systems

2. ENERGY

- a. **Geothermal Program** - Monitor status of DWR's efforts to dispose of the Bottlerock and South Geysers plants
- b. **Contractors' Use of SWP Power** - Work to develop contractual/institutional ability of SWP contractors to utilize SWP power within their service areas

3. PUBLIC RELATIONS

- a. **California Water Clearinghouse** - Continue to work with other organizations and public agencies in a coordinated public involvement/outreach program to support development of Bay-Delta solutions.
- b. **SB 900**- Be prepared to work in support of the Board of Directors' positions with regard to Senate Bill 900.

4. GENERAL MANAGEMENT

- a. **SWC' Home Page** - Continue development of the SWC World Wide Web "home page", including provisions for password protection to allow posting of information not for public distribution. Offer training to individual member agencies as needed.
- b. **SWP Workshop** - Establish a small workgroup of SWC and Member Agencies' staff to work with DWR and Member Agencies to develop a two-day seminar on the history and background of the SWP. The objective is to develop a short course to capsulize and document as much of the critical history of the SWP as possible, and use it to educate managers, technical/legal staff and directors of SWP water contractors and DWR. *(Authorized by the Board of Directors in 1995, but not implemented)*
- c. **Increased Use of Audio/Video Equipment** - Promote the use of video conference facilities and telephone conference calls for meetings to save Member Agencies' and SWC' staff travel expenses and time.

5. PLANNING

- a. **Central Valley Project Improvement Act (CVPIA)** - Monitor implementation of CVPIA and foster consensus solutions that avoid impacts to SWP contractors.
- b. **Service Area Impact Study** - Work to ensure the DWR' Service Area Impact Study does not adversely impact either the SWP or the SWP contractors