



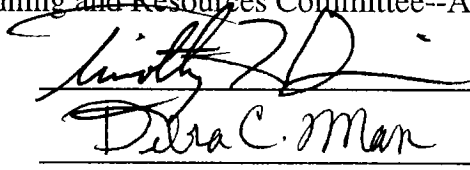
MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-14

May 8, 1997

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

for **From:** General Manager 

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

Subject: Authorization to Enter into Water Exchange Agreement with U.S. Bureau of Reclamation to Provide Environmental Flexibility for Delta Operations in 1997

RECOMMENDATION

It is recommended that the General Manager be authorized to enter into an exchange agreement with the principles outlined in this letter and in a form acceptable to the General Counsel.

EXECUTIVE SUMMARY

The General Manager seeks authorization to enter into a water exchange agreement with the United States Bureau of Reclamation (Reclamation). The agreement would be one of several actions taken by Reclamation this year to facilitate greater flow in the San Joaquin River through an adaptive management study to benefit key anadromous fish species, while maintaining adequate storage levels in San Luis Reservoir needed to meet Central Valley Project (CVP) contractors' summer peak demands.

Under the proposed program, Metropolitan would reduce its State Water Project (SWP) entitlement deliveries this June through August by about 50,000 acre-feet. Reclamation would return this water either in the fall of 1997 or in 1998. If Reclamation returns the water in 1997, it would pay Metropolitan a \$25 per acre-foot exchange fee; if returned in 1998, it would pay a \$50 per acre-foot exchange fee. Operations Division staff have concluded that this exchange can be accomplished through approaches which would have no detrimental effect on Metropolitan's ability to meet projected demands this year or next year.

DETAILED REPORT

In the fall of 1996, the U.S. Fish and Wildlife Service released a list of Delta environmental water actions to implement the fish-doubling plan required under the Central Valley Project Improvement Act (CVPIA). These actions sparked major controversy from water users, who charged the actions lacked biological justification, excluded adequate stakeholder input, and could conflict with negotiated agreements regarding environmental standards in the 1994 Bay-Delta Accord.

Because of the wet hydrologic conditions in December and early January, Reclamation expected to have enough water supplies both to meet the new environmental prescriptions through and adaptive management study while providing 100 percent deliveries to its contractors. However, weather conditions became extremely dry after early January, and Reclamation has had to reduce allocated deliveries to its contractors. CALFED is still attempting to accommodate the more stringent flow-to-export ratios during the April-May San Joaquin River pulse-flow period under the fish-doubling plan.

CVP contractors protested that the prescriptions on the San Joaquin River exceeded the pulse-flow requirements contained in the Accord, and threatened to litigate their claim. Knowing that major litigation between federal contractors, environmentalists, and the CALFED agencies would significantly harm the consensus-based efforts underway in CALFED for a comprehensive Bay-Delta solution, other water users have sought ways to facilitate the environmental prescriptions without imposing further water supply impacts on water contractors or reductions to other environmental protection for the Bay-Delta system.

Towards this end, State Water Project (SWP) and CVP contractors have analyzed their 1997 demands and water resources and have each concluded that opportunities exist to exchange or otherwise re-regulate an increment of their 1997 deliveries to prevent supply shortages to the federal contractors.

Under the proposed agreement, Metropolitan would reduce its SWP entitlement deliveries this June through August by approximately 50,000 acre-feet. This could be accomplished in a number of ways, including shifting demands, drawing on internal storage, or drawing on the SWP terminal reservoir storage acquired under the Monterey Amendment. During this period Metropolitan would periodically analyze its operations to determine when return of this water is required and if additional quantities could be made available to Reclamation if such a need is determined.

Reclamation would return the exchange water either in the fall of 1997 or in 1998. If Reclamation returns the water in 1997, it would pay Metropolitan a \$25 per acre-foot exchange fee; if returned in 1998, it would pay a \$50 per acre-foot exchange fee.

Return of the exchange water would have priority over refill of CVP storage at San Luis Reservoir and deliveries to CVP contractors. The quality of Metropolitan's SWP supply will not be degraded since the source of the returned water will either be from the Delta or a source of equivalent quality water. Reclamation would be responsible for obtaining all regulatory and environmental approvals.

Operations Division staff have concluded that this exchange can be accomplished through approaches which would have no detrimental effect on Metropolitan's ability to meet projected demands this year or next year.

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