



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-7

September 15, 1997

To: Board of Directors (Legal and Claims Committee--Action)

From: General Counsel 

Subject: Authorize Entering Into a Transfer Agreement Between the San Diego County Water Authority, the United States of America, and the Metropolitan Water District of Southern California transferring portions of the San Diego Aqueduct to Metropolitan.

RECOMMENDATION

It is recommended that the Board of Directors authorize the General Manager to enter into a Transfer Agreement in a form acceptable to the General Counsel, between the San Diego County Water Authority, the United States of America, and the Metropolitan Water District of Southern California transferring portions of the San Diego Aqueduct to Metropolitan.

EXECUTIVE SUMMARY

Pursuant to contracts executed in the 1940's and 1950's, the United States of American ("United States") constructed the San Diego Aqueduct, extending from its connection to the Colorado River Aqueduct to its terminus at the San Vicente Reservoir. The aqueduct is known as the San Diego County Water First Aqueduct, First and Second Pipelines. Since the aqueduct was completed, the San Diego County Water Authority ("Authority") has operated it as lessee of the United States, and has repaid the cost of the aqueduct to the United States according to the contract schedule. Also according to agreements made at the time, the Metropolitan Water District has operated the aqueduct north of the Point of Delivery, about six miles south of the San Diego - Riverside County boundary, and has paid half of the cost of the aqueduct to the Authority. Now that payments have been completed, the contracts require that the United States convey all its title and interest in the aqueduct to the Authority, and that the Authority subsequently convey title to the aqueduct north of the Point of Delivery to Metropolitan. The parties have drafted a Transfer Agreement to describe the means for the transfers of title.

DETAILED REPORT

The Authority executed contracts with the United States and Metropolitan in the 1940's and 1950's which provided in part that:

- a. The Authority would assume the place of the City of San Diego in a contract with the United States, in which the United States would build the First Aqueduct, and the City (Authority as successor) would operate and pay for the cost of the aqueduct over a period of time;
- b. Upon completion of payments, the United States would convey all of its right, title, and interest in the aqueduct system to the Authority;
- c. Metropolitan would operate the aqueduct north of the Point of Delivery, and pay the Authority half of the Authority's total aqueduct payments to the United States;
- d. Upon completion of payments and transfer of the aqueduct from the United States to the Authority, the Authority would convey its right, title, and interest in the aqueduct north of the Point of Delivery to Metropolitan.

These contracts made possible the construction of the first and second pipelines of the First Aqueduct, and the delivery of the first imported water to San Diego County in 1947. Payments have been completed, and the Authority, the United States, and Metropolitan have drafted a transfer agreement to complete the transfers in conformance with the contracts and in a manner acceptable to the parties. The office of the Secretary of the Interior will approve the agreement for the United States, and has asked that the governing bodies of the Authority and Metropolitan authorize execution of the agreement by their agency representatives.

Although the United States is contractually required to transfer its interest in the aqueduct to the Authority, the transfer agreement is important because:

- a. The agreement requires that the deeds be in a particular form which will facilitate the recording of Metropolitan's assumption of easements on hundreds of parcels of land through which the aqueduct runs.
- b. The agreement provides a review of the historical events and documents which will culminate in the transfer of the aqueduct.
- c. The agreement recognizes that the United States, through the Bureau of Reclamation, has responsibility for compliance with administrative requirements necessary to the transfer.

Also, while the agreement assigns the Authority and Metropolitan indemnification responsibilities regarding the condition of the aqueduct, these obligations already exist through the original contracts.

The Transfer Agreement, as drafted, includes quitclaim deeds from the United States to the Authority, and from the Authority to Metropolitan as well as attachments to the deeds, consisting of maps and parcel descriptions.

CEQA COMPLIANCE/ENVIRONMENTAL DOCUMENTATION

This proposed action is exempt from the provisions of the California Environmental Quality Act ("CEQA") per CEQA Guideline 15261(a), because transfer of title to the aqueduct is part of a project that was approved and was being carried out prior to 1970.

FISCAL IMPACT

Execution of the transfer agreement and transfers of title to the aqueduct will have no financial impact on Metropolitan, because the agreement and title transfers do not incur any financial obligations that do not already exist.

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