

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 31, 1998

To: Board of Directors (Budget and Finance Committee--Action)
(Organization and Personnel Committee--Action)

From: General Manager Edward S. Meier III

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

Subject: Cooperative Agreement with the Department of Water Resources Regarding Staffing Resources

RECOMMENDATION

It is recommended that your Board authorize the General Manager to enter into a cooperative agreement with the California Department of Water Resources regarding use of its staffing resources in the area of Bay-Delta technical support not to exceed \$300,000 per year over the next two years.

EXECUTIVE SUMMARY

With the release of CALFED's Draft Environmental Impact Report / Environmental Impact Statement (PEIR/EIS) and the State Water Resources Control Board's water rights hearings set to begin, the next two years will involve increased technical resource needs. This letter proposes authorizing the General Manager to enter into an agreement with the California Department of Water Resources to allow up to three DWR staff to be utilized at a maximum expenditure of \$300,000 per year for needed Bay-Delta technical support activities over the next two years. This arrangement is more cost effective than the alternative of hiring additional permanent staff or private consultants due to the substantial crediting MWD receives from California Urban Water Agencies and from reduced State Water Project financial obligations. These proposed expenditures are included in the proposed budget for Fiscal Year 1998-99.

DETAILED REPORT

Background

Over the past two years, Metropolitan has contracted with the California Department of Water Resources for consulting services to help administer the Category III program along with other engineering support services related to CALFED and SWRCB activities. The contract, which recently expired, allowed for up to two DWR staff to be utilized, with a maximum expenditure

of \$200,000 per year. This arrangement has proven to be mutually beneficial. Metropolitan has received high-quality technical support, and DWR staff has benefited from exposure to broader issues and stakeholder perspectives.

Over the next two years, Metropolitan's technical resource needs will be increasing in order to effectively participate and represent the District's interests in the following important Bay-Delta activities:

- ❑ **CALFED:** The release of the Draft PEIR/EIS will require intensive analysis to develop Metropolitan's comments and ultimately its position regarding a preferred alternative.

Discussions with our urban, agricultural and environmental stakeholder partners will intensify to move us toward a consensus assurance/finance package and preferred alternative.

- ❑ **SWRCB Water Rights Hearings:** The State Board's water rights hearing process has already begun, and activities will intensify over the next 18 months. In parallel with this activity, settlement negotiations with upstream water rights interests will continue in earnest.
- ❑ **Category III/Ecosystem Roundtable:** Metropolitan staff will continue to play a leadership role to ensure successful and cost effective implementation of the approved Category III environmental restoration projects. As new environmental funds are secured, staff will work closely with the CALFED Ecosystem Roundtable to help the larger-scale CALFED restoration efforts get underway.

Business Case

The MWD/DWR contract has proven to be a cost-effective arrangement. Metropolitan receives reimbursement from the California Urban Water Agencies for the DWR staff services related to Category III contract administration, and this reimbursement would continue for such services under the proposed agreement. DWR staff have made substantial contributions to the Category III program and have provided effective technical support.

In addition, MWD's State Water Project financial obligations are reduced through this arrangement as a result of a temporary reduction in DWR staffing costs, resulting in a significant credits towards the cost of these services.

DWR has a talent pool that is highly knowledgeable in Bay-Delta and State Water Project matters, including water rights administration, contract administration, environmental issues and water project modeling. It is in Metropolitan's interest to tap this talent pool over the next two years to satisfy critical resource needs. This approach avoids the alternative of hiring additional permanent staff who likely would have significantly less experience, and would be less expensive than using private consultants.

Recommendation

This letter proposes authorizing the General Manager to enter into a cooperative agreement with DWR to allow use of up to three DWR staff to be utilized at a maximum expenditure of \$300,000 per year for needed Bay-Delta technical support activities over the next two years. The scope of duties to be performed includes implementation of the Category III Program, engineering and environmental technical support activities related to the CALFED program, and the SWRCB water rights proceedings. The proposed expenditures are included in the proposed budget for Fiscal Year 1998-99.

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