



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-8

May 26, 1998

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

**From:** *for* General Manager

*Edward J. Meier III*

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

*Debra C. Man*

**Subject:** Payment of State Water Contractors' Membership Dues and Contributions to the State Water Contractors' Bay/Delta Fund and Bay/Delta Urban Fund for Fiscal Year 1998-99

**RECOMMENDATION**

---

It is recommended that your Board approve the payment of the State Water Contractors' membership dues and the contributions to the State Water Contractors' Bay/Delta Fund and Bay/Delta Urban Fund for fiscal year 1998-99 in the amounts of \$362,070.00, \$150,000.00, and \$88,298.18 respectively, from funds provided for in Metropolitan's 1998-99 budget.

**EXECUTIVE SUMMARY**

---

The State Water Contractors (SWC) was formed in 1982 as a non-profit mutual benefit corporation to further the common interests of its membership with respect to the State Water Project (SWP). It is composed of representatives of 27 SWP contractors including Metropolitan.

On March 19, 1998, the SWC Board of Directors (SWC Board) approved its 1998-99 budget which reduced the SWC dues rate from the 1997-98 fiscal year level of \$0.23 per acre-foot of each member's annual SWP entitlement to \$0.18 per acre-foot. Based on this lower rate, Metropolitan's dues are \$362,070.00. Secondly, the SWC Board approved a separate 1998-99 Bay/Delta Fund budget and requested a collection of \$150,000.00 from Metropolitan reflecting an increase of \$25,000.00 as compared to the current fiscal year. Lastly, the SWC Board approved a 1998-99 Bay/Delta Urban Fund contribution amount of \$114,000.00 to be collected from Bay/Delta Urban Coalition (BDUC) contractors for specific BDUC activities. Metropolitan's share of the Bay/Delta Urban Fund is \$88,298.18.

The SWC Board expects to adopt the attached statement of objectives for the 1998-99 fiscal year at their June 18, 1998 meeting. The SWC priority issues focus on Bay/Delta related activities, Energy Restructuring, Monterey Agreement litigation and Water Rights Settlement

implementation, DWR Information System development and Management Coordination with current and new DWR administrations.

Provision has been made in Metropolitan's 1998-99 budget for the payment of Metropolitan's SWC dues and for the payment of Metropolitan's share of the Bay/Delta Fund and Bay/Delta Urban Fund 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, administrative agencies, and the public and conducting related studies on the SWP. To further these purposes in FY 1998-99, the SWC staff in coordination with Metropolitan and other SWC contractors developed draft objectives which focus on several areas including: Bay/Delta related activities, Energy Restructuring, Monterey Agreement litigation and Water Rights Settlement implementation, DWR Information System development and Management Coordination with current and new DWR administrations. Specific Bay/Delta activities will include collaborating with Ag/Urban interests to develop consensus technical input to the CALFED process, participating in the State Water Resources Control Board's Water Rights Hearings, and Energy Restructuring activities which will include monitoring and assisting DWR with the energy industry restructuring activities and Oroville Dam power facilities relicensing. The attached draft objectives include additional information on these and other objectives. The SWC Board is expected to adopt these objectives at its June 18, 1998 meeting.

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. On March 19, 1998, the SWC Board of Directors (SWC Board) approved its 1998-99 budget which reduced the SWC dues rate from the 1997-98 fiscal year level of \$0.23 per acre-foot of each member's annual SWP entitlement to \$0.18 per acre-foot. Based on this rate, Metropolitan's dues are \$362,070.00. Secondly, the SWC Board approved a separate 1998-99 Bay/Delta Fund budget and requested a collection of \$600,000.00 from all SWC member agencies which is an increase of \$100,000 as compared to the 1997-98 fiscal year level. By agreement, Metropolitan contributes 25 percent of the annual budget for this fund, therefore its share of this Bay/Delta collection is \$150,000.00. Lastly, the SWC Board approved a 1998-99 Bay/Delta Urban Fund contribution amount of \$114,000.00 to be collected from Bay/Delta Urban Coalition (BDUC) contractors for specific BDUC activities. Metropolitan's contribution to this fund is based on a pro-rata apportionment according to the amount of entitlement of SWC BDUC participants. Metropolitan's share of the Bay/Delta Urban Fund contribution is \$88,298.18.

Provision has been made in Metropolitan's 1998-99 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.

MSV:bvf

o:/clustr11/mm/board/membersh.msv

Attachments

## STATE WATER CONTRACTORS DRAFT OBJECTIVES FY 1998-99

*5-15-98 redraft*

*The DRAFT 1998-99 objectives are a mix of pro-active policy issues, monitoring and coordination, and existing and expanded management functions. Several issues (particularly with respect to Bay-Delta activities) overlap. These objectives do not include much of the ongoing, repetitive work regarding coordination and monitoring of various activities. A change from past years is that we focus on Priority I and II issues – there are no Priority III issues!*

### 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 May 1995 Bay-Delta Water Quality Control Plan. This includes continuing efforts to negotiate with upstream water interests prior to the hearings to reach settlement agreements.
- b. **CALFED Bay-Delta Program** - Continue to support development of long-term solutions to the problems of the Bay-Delta estuary through the Ag/Urban Policy Group and the CALFED Bay-Delta Advisory Council. This shall include promotion of a comprehensive solution package which costs are equitably apportioned and are affordable. Such support will continue to include direct funding of Ag/Urban efforts as well as direct participation by SWC staff and consultants. Critical components of the solution include an interim implementation plan (e.g. next ten years) as well as a package of assurances which provide benefits and guarantees for all parties. Early "wins" for water quality, water supply, the environment and levee system integrity are essential to a successful outcome.
- c. **Funding** - Continue to work with other parties to assure that State and federal funding for Bay-Delta solutions is secured, appropriately allocated, and in a timely manner.

#### 2. ENERGY

- a. **Energy Restructuring** - Continue to monitor energy industry restructuring activities in the Federal Energy Regulatory Commission, the California Public Utilities Commission and other forums. Assist DWR in identifying and eliminating potential cost shifts to the State Water Project. Get more involved in the FERC relicensing process for Oroville Dam power generation, including direct contacts with FERC members and staff.

- b. **Oroville Recreation** -- In coordination with local Oroville interests, consider alternative approaches to developing recreation facilities at Oroville and the potential transition of management of such facilities to a local entity.

**3. CONTRACT ISSUES**

- a. **Monterey-related Issues** -- Continue implementation of the Monterey Agreement, including aggressive defense of the Planning & Conservation League (PCL) et. al. lawsuit and recovery of legal fees. Resolve Monterey implementation issues as well as other contract issues that need to be addressed in a future contract amendment.
- b. **Bay-Delta Settlements** -- Negotiate with DWR to develop an appropriate allocation and repayment structure for purchase of water arising from Bay-Delta settlement agreements.

**4. MANAGEMENT COORDINATION**

- a. **Policy Discussions** -- Work with DWR management on: (1) improved cooperative SWC/DWR policy and financial decisions development; (2) strategic approaches to future SWP operations and maintenance; and (3) future SWP staffing levels.
- b. **Two-day Workshop** - Arrange and hold two-day management workshop with DWR management.
- c. **Work with New Administration** -- develop and implement a specific plan to introduce the new (post-Wilson Administration) DWR Director and management team to the SWC, our critical issues, and how we can work together on State Water Project issues. This is expected to be a major effort, since 1999 will bring DWR the first new management team since 1983, and a large number of top managers are expected to retire by the end of 1998.

- 5. INFORMATION SYSTEMS** -- Continue to participate in DWR work groups in directing development of the various business information systems for the SWP.

- 6. AD HOC COMMITTEES** -- Resolve issues assigned to ad hoc committees such as those related to wheeling rates and Coastal Aqueduct cost allocation.

**PRIORITY II**

- 1. ENDANGERED SPECIES ACT** -- Continue to take an active role in endangered species issues, particularly with respect to proposed new ESA listings (fall, late fall and spring run Chinook salmon; Sacramento Splittail), particularly with regard to the listing protections which exist in the current Bay-Delta Accord which expires at the end of 1998.

This requires continued monitoring of SWP/CVP operations, participation in scientific review panels/committees, policy-level discussions with State and federal leadership, etc.

**2. BAY-DELTA MONITORING**

- a. **Interagency Ecological Program (IEP)** - Continue to provide direction to IEP through the Management Advisory Group and participation as appropriate in the IEP project work teams.
- b. **Real-time Monitoring** - Continue to assist in developing a successful real-time program as required by the 1995 Bay-Delta WQCP.

**3. PLANNING -- Future Water Supplies Development** - Work with DWR to identify a base-level program for future water supply development that considers potential cost-effective demonstration programs, opt-in/opt-out financing and other approaches.

**4. AUDIT & FINANCE** -- Continue to implement the Audit-Finance Committee's SWP Budget and Expenditure Tracking Program, adopted by the Board in July 1997.

**5. OPERATIONS & MAINTENANCE**

- a. **SWP Daily Operations** - Monitor DWR operations and the CALFED Ops Group to respond to conditions which relate to Bay-Delta standards, ESA biological opinions, etc.
- b. **SWP Equipment Replacement Policy** - Work with DWR to review maintenance policies and develop procedures to identify the need for major facility replacement.
- c. **Arroyo Pasajero** -- Provide input in development and selection of long-term plan for Arroyo Pasajero.
- d. **SWP Control System** -- Monitor implementation of new SWP control system and work with DWR to develop operational approaches to achieve efficiencies from implementation of the new control system.
- e. **Recreation Costs** -- Continue to work with DWR management on a strategy to recover outstanding obligations from the General Fund for allocated recreation and fish and wildlife enhancement costs which have been paid for by Project revenues.

**6. INFORMATION SYSTEMS**

- a. **Computer System Development** – Work with DWR to successfully implement new information systems as part of the Cost Allocation and Repayment Analysis (CARA), Water Delivery Data System (WDDS) and other information development activities.

- b. Information System Policies - Review DWR information systems policies and provide recommendations on revisions as appropriate.**
- 7. WATER PURCHASES -- develop and implement water purchase programs as needed to augment SWP supplies in deficient years.**
- 8. PUBLIC RELATIONS -- The California Water Clearinghouse is moving toward an increasing work load to support the preferred alternative to be put forward in the CALFED process. Extensive outreach to key audiences will continue as the Clearinghouse moves from support of a process to support of a product. In conjunction with Clearinghouse activities, the SWC Public Affairs Advisory Committee continues to work to more clearly define the SWP impacts of a successful CALFED process and develop support from key constituencies of SWC goals. Additional specific programs will likely include working with Oroville recreation interests to better promote Lake Oroville; development and conduct of SWP technical seminars to compliment the June 10, 1998 SWP history seminar; a better coordinated media response program to counter inaccurate information concerning SWP issues; and direct participation in the public outreach component of the Bay-Delta Ag/Urban Policy Group process.**