



- **Board of Directors**
Water Planning and Resources
Committee

October 12, 1999 Board Meeting

9-5

Subject

Notice of Potential Discontinuance of Discount Water in 2000

Description

Section 132 of MWD Act provides that Metropolitan may provide, sell, and deliver surplus water not needed or required for domestic or municipal uses within Metropolitan's service area for any beneficial use. Metropolitan sells water for agricultural purposes under this provision at a discounted rate, providing that Metropolitan has the right to discontinue surplus water service, in whole or in part, upon one year's written notice to the purchasers or users of the water in accordance with Section 132 of the Administrative code. That notice shall be given when the Board determines by two-thirds vote that the water is needed for domestic or municipal purposes within Metropolitan.

This year the Legislature amended Section 132 (SB 314-Kelley; Stats. 1999, ch. 46) to provide that any water purchased at the full service rate charged for domestic or municipal uses, including agricultural water, shall be deemed to be used for domestic or municipal purposes and *not* considered surplus water subject to discontinuance under Section 132.

Through the Interim Agricultural Water Service Program (Program), Metropolitan offers lower water rates for agricultural users in exchange for the opportunity to interrupt service. Metropolitan may reduce deliveries to agricultural water users participating in the Program up to 30 percent prior to any mandatory reduction to municipal and industrial users. In connection with adoption of the Program, the Board adopted a notice of a potential whole or partial discontinuance of surplus water deliveries pursuant to Section 132 of the MWD Act. As stated in the Board Letter of April 20, 1994, authorizing the Program, "A similar Resolution should be adopted every year thereafter while the Interim Agricultural Water Program is in effect." The most recent such resolution was adopted by the Board on October 13, 1998. Because a year has elapsed since the last such notice was given, it is necessary that a new notice be given. The proposed notice of discontinuance of surplus service will apply only to those agricultural users participating in, and receiving the discounted rate under, the Program.

For these reasons, it is recommended that the Board adopt the attached **resolution** providing notice of the potential discontinuance of surplus water deliveries in 2000.

The Auditor has recently completed a review of the Program. At its October 1999 meeting, the Board's Special Audit Committee will review and consider the Auditor's report. Due to the recent amendment of Section 132 and to possible direction by the Special Audit Committee, staff anticipates proposing amendments to Metropolitan's Administrative Code later this year to update the Program.

Policy

MWD Act, Section 132; MWD Administrative Code Sections 4900-4906 (Interim Agricultural Water Service Program).

Board Options/Fiscal Impacts

Option #1

Adopt the attached **Resolution** of the Board of Directors of the Metropolitan Water District of Southern California Directing the Giving of Notice of Potential Discontinuance of Service of Interim Agricultural Water Program Water in 2000-2001 (Resolution).

Option #2

Do not adopt the attached Resolution.

Staff Recommendation

Option #1

Jill T. Wicke *Date*
Acting Manager, Water System Operations

General Manager *Date*

Attachment 1 - Resolution

RESOLUTION**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DIRECTING THE GIVING OF NOTICE OF POTENTIAL DISCONTINUANCE
OF SERVICE OF INTERIM AGRICULTURAL WATER PROGRAM WATER IN 2000-2001**

Whereas, an earthquake, other catastrophe, or unforeseen events could cause a shortage of water in Metropolitan's service area in the future; and

Whereas, the State's ability to reliably meet Metropolitan's annual requirements for State Water Project supplies requires continued resolution of long-standing Bay/Delta issues through the initiated State Federal (CalFED) environmental decision-making process; and

Whereas, until a long-term resolution of Bay/Delta issues is achieved, State Water Project operating requirements in the Bay/Delta could result in curtailed water deliveries and the potential for future water supply shortages; and

Whereas, if there is insufficient precipitation during the winter of any future year, the State Water Project water supply could be inadequate to meet the demands of contractors of the Project; and

Whereas, under Section 132 of the Metropolitan Water District Act, Metropolitan may serve surplus water if such water is in excess of the domestic and municipal needs or requirements within Metropolitan; and

Whereas, heretofore water for agriculture has been supplied on the condition that such supply can be discontinued subject to the giving of the notice required by said Section 132; and

Whereas, pursuant to California Statutes 1999, chapter 46, section 132 was amended to provide that, commencing January 1, 2000, all water purchased at the full service rate for domestic and industrial uses and used for beneficial purposes, including agriculture, shall be deemed domestic and industrial uses and not surplus water; and

Whereas, Section 132 of the Metropolitan Water District Act requires that Metropolitan give the purchaser or user of surplus water one year's written notice that Metropolitan will discontinue the supply of surplus water; and

Whereas, it is possible that Metropolitan will not have available for delivery water that is surplus to the municipal and domestic needs or requirements within Metropolitan; and

Whereas, pursuant to the Interim Agricultural Water Program approved by Metropolitan on May 10, 1994, in a water shortage Interim Agricultural Water Program deliveries may be cut back up to 30 percent prior to imposition of mandatory targets for firm deliveries; and

Whereas, Metropolitan's Water Planning and Resources Committee has provided an opportunity for member public agencies and other interested parties to come before the Committee and present their views on a proposal to give the one year's notice called for by Section 132 of the Metropolitan Water District Act discontinuing in whole or in part the supply of surplus water from Metropolitan, and has considered those views.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California, with two-thirds of the votes of its members concurring:

1. That this Board determines and declares that all or a portion of the water presently served as Interim Agricultural Water Program water may be needed for domestic or municipal uses within Metropolitan between October 2000 and October 2001 and that Metropolitan may discontinue supplying Interim Agricultural Water Program water in whole or in part at any time; and

2. That the General Manager is directed to give notice of such potential discontinuance to each member public agency presently receiving service of Interim Agricultural Water Program water and to any user who has requested in writing to be notified by mailing a copy of this resolution forthwith; and

3. That this Board hereby delegates to the General Manager its authority to take action with respect to such discontinuance on the terms provided in the Interim Agricultural Water Program, and that any such discontinuance shall only take place upon further action of the General Manager, but without further notice to users of Interim Agricultural Water Program water.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by a two-thirds vote of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on October 12, 1999.

Executive Secretary
The Metropolitan Water District
of Southern California