

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

June 13, 2000 Board Meeting

8-5

Subject

One-Year Water Management Agreement with Westlands Water District

Description

Approval is requested to authorize the General Manager to enter into a One-Year Water Management Agreement (Agreement) with Westlands Water District (Westlands). Under the Agreement, Metropolitan would provide Westlands with up to 75,000 acre-feet (AF) of Metropolitan's State Water Project (SWP) supply originally scheduled for delivery in calendar year 2000 to Metropolitan's Arvin-Edison Water Storage District Account (Arvin-Edison Account). In exchange, Westlands would deliver an equivalent amount of water (return water) to Metropolitan's Arvin-Edison Account in calendar year 2000.

The Agreement would reduce costs to deliver water to Metropolitan's Arvin-Edison Account by approximately \$25/AF by avoiding Cross Valley Canal wheeling and power charges. In addition, the Agreement would improve the quality of water supplies in Metropolitan's Arvin-Edison Account, since the return water would be of higher quality than Metropolitan's SWP supplies. Arvin-Edison is playing a key role in securing the return water on Westlands behalf, and has requested that it receive a portion of the cost savings to Metropolitan. To provide incentives to reduce costs, it is recommended that in this transaction and similar cases where Arvin-Edison takes actions resulting in verifiable cost savings to Metropolitan in the implementation of the existing Agreement with Arvin-Edison, that such benefits be shared with Arvin-Edison on a 50/50 basis. This exchange is categorically exempt from the California Environmental Quality Act (CEQA) because it relates to operation of existing facilities involving negligible or no expansion of use beyond that previously existing. As such, it is exempted by Section 15301 of the CEQA Guidelines.

Policy

The Board's Policy Direction regarding CALFED Bay-Delta Program, adopted on July 13, 1999 instructs staff to "Develop a range of options to meet future water quality and reliability needs for the services area." The Agreement would implement one option that will help meet the future water quality needs of Metropolitan's service area.

Board Options/Fiscal Impacts

Option #1

Authorize the General Manager to enter into a One-Year Water Management Agreement with Westlands, and any related agreements, including the proposed sharing of cost savings with Arvin-Edison, in form approved by the General Counsel.

Fiscal Impact: The Agreement should result in cost savings to Metropolitan of at least \$937,500 if the maximum amount of 75,000 AF is exchanged.

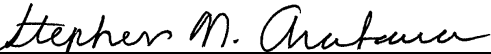
Option #2

Do not authorize the General Manager to enter into a One-Year Water Management Agreement with Westlands, and any related agreements, including the above agreement with Arvin-Edison, in form approved by the General Counsel.


Fiscal Impact: No net costs.

Staff Recommendation

Option #1.

 5/22/2000

Stephen N. Arakawa Date
Acting Manager, Water Resource Management

 5/26/2000

Ronald R. Jester Date
General Manager