

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

July 11, 2000 Board Meeting

---

9-5

---

**Subject**

---

Authority to Approve as to Form a Quantification Settlement Agreement amongst Imperial Irrigation District, Coachella Valley Water District, and Metropolitan

---

**Description**

---

On October 18, 1999 the respective boards of Coachella Valley Water District (Coachella), Imperial Irrigation District (Imperial), Metropolitan, (collectively, the districts) and the State of California released the Key Terms for Quantification Settlement as the basis for obtaining public input and completing a Quantification Settlement Agreement (Agreement) among the districts. The 1999 Key Terms for Quantification Settlement is available from the Executive Secretary.

Quantification of rights and uses of Colorado River water with respect to Priorities 3 and 6 of the 1931 California Seven-Party Agreement (**Attachment 1**) will help facilitate the implementation of cooperative water supply programs, and provide a needed quantum baseline by which conservation and transfer programs can be measured.

The Agreement, outlined in **Attachment 2**, would help California reduce its reliance on Colorado River water above its basic apportionment. The Agreement would further quantify the rights and uses of Colorado River water by designating water budgets for Coachella, Imperial, and Metropolitan. The Agreement is consistent with the 1999 Key Terms for Quantification Settlement.

Under the Agreement, when California is limited to 4.4 million acre-feet (maf) per year, Metropolitan, under the third, fourth, and fifth priorities, will be able to receive from 771,000 to 851,000 acre-feet per year with transfers and other adjustments. In years when there are insufficient Colorado River supplies available to divert 1.25 maf into the Colorado River Aqueduct (Aqueduct) from Lake Havasu, it is proposed that other supplies be substituted to permit delivery of 1.25 maf through the Aqueduct.

All three of the districts and the San Diego County Water Authority (Authority) (collectively, the agencies) have been actively engaged in the process leading to the drafting of the Agreement. To date, a number of milestones have been reached with respect to implementing the Key Terms for Quantification Settlement. These include:

- Drafts of necessary documents were sufficiently defined to form the basis for the environmental reviews.
- The agencies have entered into a Lead Agency Agreement for the preparation and funding of a California Environmental Quality Act (CEQA) Program Environmental Impact Report to address the cumulative and indirect effects of provisions of the Key Terms.
- The National Environmental Policy Act (NEPA) and CEQA programmatic environmental reviews have been initiated.
- A draft of California's Colorado River Water Use Plan has been released for public review and comment.
- An interagency coordinating committee has been formed and begun to reinstate the environmental review of the proposed concrete lining of a portion of the Coachella Canal.
- Discussions with the other Basin states on interim surplus criteria are continuing and have begun on the topics of overruns and the continuation of the interim period with respect to the lining of the first 49 miles of the Coachella Canal.

Conditions precedent need to be satisfied prior to the Agreement becoming effective. All the conditions are listed in **Attachment 3**. Consideration by the agencies and the Department of the Interior of the conditions precedent, some of which are agreements and are part of the exhibits to the Agreement, are proposed to occur by January 2001.

The Agreement, scheduled to be finalized in June, will be available from the Executive Secretary as soon as it is finalized. Your Board will be informed of the availability of the Agreement once it has been finalized.

A program Environmental Impact Report is being prepared by the agencies and is scheduled for completion by the end of 2000. Upon completion of the CEQA review process, the parties will execute the Agreement, revise the Agreement or not proceed, as appropriate based on the information developed in the CEQA review process.

## **Policy**

---

At its October 18, 1999 meeting, your Board approved the use of the Key Terms as the basis for completing a new Quantification Agreement among the parties to the Key Terms (Minute Item 43767).

## **Board Options/Fiscal Impacts**

---

### **Option #1**

Authorize the General Manager to approve as to form the Quantification Settlement Agreement.

**Fiscal Impact:** None. Execution of subsequent agreements would entail fiscal impacts which will be reported to your Board at the time authorization to enter into each agreement is presented for your consideration.

### **Option #2**

Do not authorize the General Manager to approve as to form the Quantification Settlement Agreement.

**Fiscal Impact:** Substantial cost to develop alternative supplies.

## **Staff Recommendation**

---

Option #1.

|   |           |
|---|-----------|
| <i>Stephen M. Arakawa</i>                 | 6/27/2000 |
| Stephen N. Arakawa                        | Date      |
| Acting Manager, Water Resource Management |           |

|                         |           |
|-------------------------|-----------|
| <i>Ronald R. Foster</i> | 6/27/2000 |
| General Manager         | Date      |

**Attachment 1**  
**Attachment 2**  
**Attachment 3**

**PRIORITIES IN SEVEN-PARTY AGREEMENT AND  
WATER DELIVERY CONTRACTS**

| <u>Priority</u> | <u>Description</u>   | <u>Acre-Feet<br/>Annually</u> |
|-----------------|--|-------------------------------|
| 1               | Palo Verde Irrigation District gross area of 104,500 acres of land on the Palo Verde Valley                    | } <b>3,850,000</b>            |
| 2               | Yuma Project (Reservation Division) not exceeding a gross area of 25,000 acres in California                   |                               |
| 3(a)            | Imperial Irrigation District and land in Imperial and Coachella Valleys to be served by All American Canal     |                               |
| 3(b)            | Palo Verde Irrigation District—16,000 acres of land on the Lower Palo Verde Mesa                               |                               |
| 4               | Metropolitan Water District of Southern California for use on coastal plain                                    | <u>550,000</u>                |
|                 | <b>Subtotal</b>  | <b>4,400,000</b>              |
| 5(a)            | Metropolitan Water District of Southern California for use on coastal plain                                    | <b>550,000</b>                |
| 5(b)            | Metropolitan Water District of Southern California for use on coastal plain                                    | <b>112,000</b>                |
| 6(a)            | Imperial Irrigation District and land in Imperial and Coachella Valleys to be served by the All American Canal | } <b>300,000</b>              |
| 6(b)            | Palo Verde Irrigation District—16,000 acres of land on the Lower Palo Verde Mesa                               |                               |
| 7               | Agricultural Use in The Colorado River Basin in California   | <u>                    </u>   |
|                 | <b>Total</b>   | <b>5,362,000</b>              |

**Quantification Settlement Agreement Proposed Terms**

1. Provides for a shift of over 400,000 acre-feet per year from agriculture to principally urban use, through water acquisitions from IID to CVWD, MWD and SDCWA and forbearance of the use of 38,000 acre-feet per year of 6<sup>th</sup> priority water by IID and CVWD for MWD's use.
2. Provides the districts' the ability to acquire Colorado River water from persons other than the districts without objection, so long as such acquisition does not materially reduce the water available to the districts under the Agreement.
3. Caps use of water by IID and CVWD under the third priority.
4. Has a term of up to 75 years, and may be extended.
5. Provides MWD with the exclusive right to utilize all water below 420,000 acre-feet per year unused by the Palo Verde Irrigation District and the Yuma Project-Reservation Division collectively, and assigns responsibility for reducing use of Colorado River water to MWD if use by these two entities collectively exceeds this long-term average.
6. Provides MWD the first opportunity to be the transferee under any defensive transfer agreement proposed by IID.
7. Permits MWD to challenge a proposed IID transfer, other than a transfer of up to 30,000 acre-feet per year within IID County on any grounds so long as that challenge is limited in scope to whether the proposed transfer can be made.
8. Provides a permanent water supply of 16,000 acre-feet per year for the San Luis Rey Indian Water Rights Settlement, from the All American and CVWD Canal Lining Projects.
9. Addresses deductions from IID, CVWD, and MWD's supplies to permit the Secretary to satisfy use of miscellaneous and Indian present perfected rights by holders of those rights as they were not addressed in the 1931 Seven Party Agreement, the majority of the right were quantified in 1979.
10. Provides that MWD will not: a) pursue any legislative, administrative, or judicial proceeding, or take any other action that would reduce IID's consumptive use entitlement or, b) divert any water that IID is ordered to conserve as the result of a challenge to IID's water supply before year 21 of the quantification period.
11. Provides a State Water Project (SWP) entitlement transfer to CVWD through an exchange agreement. MWD and CVWD will exchange 35,000 acre-feet per year of SWP entitlement transfer water and Colorado River deliveries.
12. Provides MWD a net yield of up to 90,000 acre-feet per year from the IID Phase I Program over a period of up to 75 years.

### Conditions Precedent

1. completion of appropriate environmental reviews and arrangements made for any required mitigation;
2. receipt of a “no surprises” assurance with respect to Endangered Species Act compliance for the 200,000 acre-feet per year of water acquired by SDCWA from IID, and for the 100,000 acre-feet per year of water to be acquired by CVWD from IID and for which MWD has an option to use if not used by CVWD;
3. appointment of an independent panel to provide recommendations to the Secretary regarding whether use on the Yuma Island is charged to the second priority;
4. adoption and implementation of standards and procedures for decree accounting by the Reclamation for annual consumptive use by Priorities 1, 2, and 3b which uses a 25-year running average or an actual annual consumptive use;
5. adoption and implementation of standards and procedures for an inadvertent overrun program by Reclamation, acceptable to IID, CVWD, and MWD;
6. agreement by Reclamation to develop a process for establishing a statistically significant trend test for increases in use by the holders of the 1<sup>st</sup>, 2<sup>nd</sup>, and 3b priorities;
7. the 1998 IID/SDCWA Transfer Agreement must go forward;
8. waiver by SDCWA of any rights under the 1998 IID/SDCWA transfer agreement with respect to conserved water that may be acquired by MWD;
9. agreement that should IID transfer less than 200,000 acre-feet per year to SDCWA, but later make available additional conserved water for transfer to SDCWA, MWD agrees to exchange such water up to a total of 200,000 acre-feet per year;
10. the continuation of the interim period under the Colorado River Basin Salinity Control Act;
11. implementation of Lake Mead interim surplus criteria acceptable to MWD;
12. negotiation of San Luis Rey Indian Water Rights Settlement water arrangements have been completed;
13. Palo Verde Irrigation District waiver of any call rights on conserved water from lining of the All American and Coachella Canals, any expansion of use on the Palo Verde mesa, and any rights to 6<sup>th</sup> priority water in exchange for release from its 1989 Approval Agreement obligations; and
14. state and federal approvals and permits required for the implementation of all of the Quantification Settlement water budget components;

15. the districts shall ratify, execute, and deliver all legal documents and agreements necessary to implement the Quantification Settlement;
16. IID and CVWD shall enter into an agreement regarding the sharing of liability in Salton Sea flooding cases.