

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

February 13, 2001 Board Meeting

9-14

Subject

Authorize the Negotiation and Entering into Agreements for Supplemental State Water Project Water Supplies and the Transfer of up to \$22.5 million from the Revenue Remainder Fund to the Water Transfer Fund

Description

Staff recommends that the General Manager be given the authority to negotiate and enter into agreements for up to 150,000 acre-feet of supplemental State Water Project (SWP) supplies if he determines such supplies would provide a necessary and cost effective water management tool. If dry hydrologic conditions and high service area demands persist or other operational considerations come into play, such a purchase could be used to meet member agency demands in 2001. If not delivered this year to Metropolitan's member agencies, this water could be placed in storage to provide supplies during a future dry period.

The State Department of Water Resources (Department) would acquire this water from sources north and possibly south of the Sacramento-San Joaquin Delta. This supply could come from surface reservoirs, groundwater and other sources. The Department's preliminary contact with prospective sellers indicate that the price may range between \$100 to \$150 per acre-foot delivered at the Harvey O. Banks Delta Pumping Plant. Water would be purchased for only those contractors interested in supplementing their SWP supplies and non-participating contractors' costs would not be increased. Given the dynamic market for water supply this year, it will be necessary for the General Manager to have the authority to enter into agreements for supplemental SWP water to secure these supplies in a timely manner.

Monies will be transferred from the Revenue Remainder Fund to the Water Transfer Fund to make these purchases.

The proposed action of delegating authority to the General Manager to negotiate and enter into agreements for supplemental SWP water supplies would not be subject to the California Environmental Quality Act (CEQA), because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (State CEQA Guidelines, section 15061(b)(3)).

Policy

The agreements also would implement one option that will help meet the future water quality needs of Metropolitan's service area as outlined in Metropolitan's March 1996 Integrated Resources Plan. Further, the proposed action exceeds the General Manager's contract approval authority of \$250,000.

Board Options/Fiscal Impacts

Option #1

Determine that the proposed action of delegation of authority to the General Manager is not subject to CEQA pursuant to State CEQA Guidelines, Section 15061(b)(3). Authorize the General Manager to negotiate and enter into agreements, in a form approved by the General Counsel, to purchase up to 150,000 acre-feet of supplemental SWP water supplies subject to compliance with all legal requirements. Authorize the General Manager to transfer up to \$22.5 million from the Revenue Remainder Fund to the Water Transfer Fund.

Fiscal Impact: Approximately \$15-\$22.5 million.

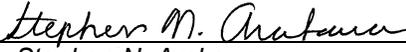
Option #2

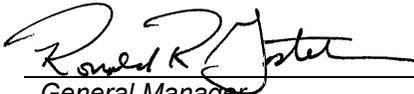
Do not authorize the General Manager to negotiate contracts for supplemental SWP water supplies.

Fiscal Impact: None.

Staff Recommendation

Option 1.

 Stephen N. Arakawa Manager, Water Resource Management	<u>1/26/2001</u> Date
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 Ronald R. Jester General Manager	<u>1/29/2001</u> Date
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BLA #883