

- **Board of Directors**  
**Audit, Budget and Finance Committee**

July 10, 2001 Board Meeting

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**8-5**

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**Subject**

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Authorize payment of contributions to the Six Agency Fund and Colorado River Association - Six Agency Committee

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**Description**

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Metropolitan will be receiving invoices from the Secretary of the Six Agency Committee and the Colorado River Association requesting payments of Metropolitan's share of the contributions to the Six Agency Fund (about \$424,000) and the Association (about \$13,000) for fiscal year 2001-02. Sufficient funds are included in Metropolitan's FY 2001-02 Operations and Maintenance Fund.

**Six Agency Committee (Committee)**

Created in 1950, the Committee's primary function is to support the Colorado River Board (CRB) through the collection and administration of funds. The funds are used by CRB staff for purposes that will secure the represented agencies' rights and interests in Colorado River system water and power resources. Generally, these interests include:

- Maintaining California's share of Colorado River water resources,
- Implementing joint cooperative programs among the Colorado River Basin states, Indian Tribes, the federal government and others that protect California's Colorado River water rights and water quality,
- Formulating unified California policies and positions on Colorado River matters, and
- Resolving issues among California agencies with Colorado River water and power contracts.

Metropolitan has contributed to the Six Agency Fund since its inception. The Committee, on which Metropolitan is represented, approved its budget on June 13, 2001.

**Colorado River Association (Association)**

Formed in 1946, the Association is a nonprofit organization that functions as the public affairs entity of the Committee. It circulates a newsletter and performs other informational and public affairs functions. Metropolitan has been a member since the Association's inception. The Association, on which Metropolitan is represented, has approved its budget.

**Contributions**

Funding percentages for the six entities are long-standing negotiated values, last adjusted in 1980 based on the following factors: water quantity, salinity, hydropower, assessed valuation and the institutional value of the CRB to each agency. The funding percentages calculated for the six entities are as follows: Metropolitan (44.4 percent), Los Angeles Department of Water and Power (20.4 percent), Imperial Irrigation District (19.0 percent), Coachella Valley Water District (10.0 percent), Palo Verde Irrigation District (3.2 percent), and San Diego County Water Authority (3.0 percent).

**FY 2001-02 Committee Budget**

The estimated Committee budget of \$1,237,582 would be funded using leftover money from last fiscal year and \$954,000 to be collected from the six entities. Metropolitan's \$423,576 share increases over last year's cost because there are less carryover funds available.

**FY 2001-02 Association Budget**

The estimated Association budget for FY 2001-02 is \$151,000. This amount is reduced to \$30,000 by previously allocated funds that have not been expended. Metropolitan’s share of the total contribution is \$13,320.

The following table compares Metropolitan’s share of the contributions proposed for FY 2001-02 with FY 2000-01.

|                    | <b>Metropolitan’s Proposed Share<br/>FY 2001-02</b> | <b>Metropolitan’s Share<br/>FY 2000-01</b> |
|--------------------|---|--|
| <b>Committee</b>   | \$423,576   | \$397,742                                  |
| <b>Association</b> | <u>\$ 13,320</u>                                    | <u>\$ 13,320</u>                           |
|                    | \$436,896   | \$411,062                                  |

**Policy**

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**Committee**—August 11, 1980 and September 6, 1961 Amendments and January 5, 1950 Agreement by and between Palo Verde Irrigation District, Coachella Valley Water District, San Diego County Water Authority, Imperial Irrigation District, The Metropolitan Water District of Southern California and Department of Water and Power of the City of Los Angeles.

**Association**—November 9, 1993 Amendment and May 13, 1947 Agreement between Palo Verde Irrigation District, Coachella Valley Water District, San Diego County Water Authority, Imperial Irrigation District, The Metropolitan Water District of Southern California and Department of Water and Power of the City of Los Angeles.

**CEQA**

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The proposed action is not defined as a project under the California Environmental Quality Act (CEQA), because it involves government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA per Section 15378(b)(4) of the State CEQA Guidelines.

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and authorize the Chief Executive Officer to pay Metropolitan’s expected share of the total contribution to the Six Agency Fund, approximately \$424,000 for FY 2001-02. Authorize the Chief Executive Officer to pay Metropolitan’s share of the total contribution to the Colorado River Association in the approximate amount of \$13,000 for FY 2001-02.

**Fiscal Impact:** Approximately \$437,000 from the Operations and Maintenance Fund under the General District Requirement budget.

**Option #2**

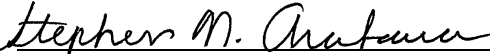

Do not approve payment of one or both contributions.

**Fiscal Impact:** Unknown, but potentially substantial as Metropolitan’s rights and interests in the water of the Colorado River system and the use thereof may not be fully safeguarded.

**Staff Recommendation**

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Option #1

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|--|-------------------|
| <br>Stephen N. Arakawa<br>Manager, Water Resource Management | 6/22/2001<br>Date |
| <br>Ronald R. Foster<br>Chief Executive Officer              | 6/29/2001<br>Date |

BLA #778