

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

July 10, 2001 Board Meeting

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**8-6**

**Subject**

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Authorize payments for State Water Contractors membership dues, Monterey Amendment litigation, State Water Contractors Bay-Delta Fund, and Bay-Delta Urban Fund

**Description**

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Metropolitan is a member of the State Water Contractors (SWC), an association that safeguards the rights and promotes the interests of Metropolitan and 26 other State Water Project (SWP) contractors. Metropolitan received an invoice totaling \$1,179,750 due September 1, 2001 from the SWC. The statement requests payments of (1) \$502,875 for FY 2002 members dues, (2) \$502,875 for Monterey Amendment Litigation, (3) \$150,000 for Bay-Delta Fund, and (4) \$24,000 for Bay-Delta Urban Fund. Sufficient funds are included in Metropolitan's FY 2001-02 Operation and Maintenance Fund for these four payments.

**(1) State Water Contractors FY 2002 Members Dues** **\$502,875**

The SWC promote the interests of its members by pursuing the following goals:

- ◆ Assure proper and effective operation of the SWP
- ◆ Protect and acquire necessary water rights for the SWP
- ◆ Present the view of the SWC's membership to the Legislature, administrative agencies, and the public
- ◆ Conduct related studies on the SWP.

The SWC budget provides funding for staff and engineering, biological, and legal consultants to address contractor issues. Objectives for the next fiscal year include:

- ◆ Reach agreement with Northern California water interests regarding meeting Bay-Delta water quality standards (related to State Water Rights Control Board Phase 8 hearings)
- ◆ Facilitate DWR's 2001 water purchase program for contractors
- ◆ Participate in workgroups to renew the Federal Energy Regulatory Commission license for Oroville power facilities
- ◆ Improve DWR cash balances, impaired by the state's energy emergencies
- ◆ Improve planning and construction activities at Edmonston pumping plant, East Branch Enlargement, and Tehachapi Afterbay facilities
- ◆ Promote legislation to improve water wheeling transactions
- ◆ Participate in CALFED process

The SWC board established dues on March 15, 2001, at a rate of \$0.25 for each acre-foot of SWP entitlement. Metropolitan holds entitlement rights to 2,011,500 acre-feet.

**(2) Monterey Amendment Litigation FY 2002 Assessment** **\$502,875**

Extraordinary expenses to fund past and ongoing litigation and mediation related to the Monterey Amendment litigation required an extra assessment of \$0.25 for each acre-foot of SWP entitlement. Any excess funds will be available for expenses during the following fiscal year.

**(3) Bay-Delta Fund FY 2002 Assessment \$150,000**

The SWC board approved a separate contribution of \$600,000 for ongoing legal, biological, and engineering assistance associated with the State Water Resources Control Board’s water rights hearings, review of Endangered Species Act activities and associated technical studies and negotiations. By prior agreement, Metropolitan contributes 25 percent of the annual budget for this fund.

**(4) Bay-Delta Urban Fund FY 2002 Assessment \$24,000**

The SWC board approved an additional contribution of \$42,000 from six Bay-Delta Urban Coalition (BDUC) contractors for specific BDUC activities related to issues of primary interest to urban water uses: increased water supply reliability and drinking water quality protection. Metropolitan’s share was negotiated with other BDUC members.

The following table compares Metropolitan’s contributions for FY 2001 with proposed contributions for FY 2002.

	<b>FY 2001</b>	<b>FY 2002</b>
SWC Member Dues	\$ 502,875	\$ 502,875
Monterey Amendment Litigation	\$ 0	\$ 502,875
Bay-Delta Fund	\$ 150,000	\$ 150,000
Bay-Delta Urban Fund	\$ 32,000	\$ 24,000
<b>TOTAL</b>	<b>\$ 684,875</b>	<b>\$1,179,750</b>

**Policy**

Metropolitan Water District Administrative Code, Sections 11202-3

**CEQA**

The proposed action is not defined as a project under the California Environmental Quality Act (CEQA), because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to 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 sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

**Board Options/Fiscal Impacts**

**Option #1**

Adopt the CEQA determination and authorize the Chief Executive Officer to make payments of \$502,875 for SWC member dues; \$502,875 for Monterey Amendment Litigation; \$150,000 for Bay-Delta Fund; and \$24,000 for Bay-Delta Urban Fund from Metropolitan’s FY 2001-02 Operations and Maintenance Fund under the General District Requirement and the Water Resource Management budgets.

**Fiscal Impact:** \$1,179,750

**Option #2**

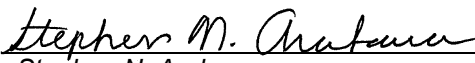
Do not authorize the Chief Executive Officer to make payments to one or more of the four funds.


**Fiscal Impact:** Unknown but potentially substantial because Metropolitan’s rights and interests in the SWP system may not be safeguarded effectively without SWC support.

**Staff Recommendation**

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Option #1

	6/22/2001
Stephen N. Arakawa	Date
Manager, Water Resource Management	

	6/29/2001
Ronald R. Foster	Date
Chief Executive Officer	

BLA #779