

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

August 20, 2001 Board Meeting

9-9

Subject

Adopt principles regarding proposed cooperative water management activities with the Kings River Water Association

Description

Approval is requested to authorize the Chief Executive Officer to pursue water management activities with the Kings River Water Association (Association) based on the principles in **Attachment 1**. (The Board authorized the CEO to pursue similar activities with the Friant Water Users Authority in July 2000.) Metropolitan's primary interest is to develop water management programs with the Association and/or the Association's member units, including the exchange of State Water Project (SWP) water for Sierra water that could improve the quality of water Metropolitan receives via the California Aqueduct. Other benefits could include: reduced treatment costs; cost savings resulting from reduced SWP water deliveries needed to meet blending targets; and reduced salinity damages to the region. The Association's primary interest in pursuing the activities is to develop infrastructure improvements and/or programs that will improve surface water and groundwater supply reliability and affordability for its members.

Approving these principles is the first step in developing mutually advantageous water management programs that have both short- and long-term benefits and address water supply and quality management issues. The principles will provide the framework to guide development of a workplan that could include, but not necessarily be limited to: preparing feasibility studies; conducting modeling and technical analyses; designing pilot projects; and designing water management facilities. Proposition 13 monies that have been provided (\$20 million) will be used to initiate these activities, including hiring consulting resources acceptable to both the Association and Metropolitan.

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 service area." Pursuing these activities could possibly result in actions to help meet the future water quality needs of Metropolitan's service area.

CEQA

The proposed action is not defined as a project under the California Environmental Quality Act (CEQA), because the proposed action involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) 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 15061(b)(3) of the State CEQA Guidelines.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize the CEO to pursue water management activities with the Association based on the principles in **Attachment 1**.

Fiscal Impact: Authorizing the CEO to pursue water management activities with the Association will not likely result in direct fiscal impacts, above staffing costs, since Proposition 13 monies will be provided to initiate the activities, including hiring consultant resources acceptable to both the Association and Metropolitan. However, implementing specific activities to improve Metropolitan’s water quality will result in fiscal impacts that will be evaluated on a case-by-case basis. The precise value of these fiscal impacts cannot be quantified at this time, but will be provided to the Board as specific actions are recommended for approval.

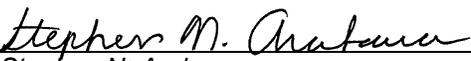
Option #2

Do not authorize the CEO to pursue water management activities with the Association based on the principles in **Attachment 1**.

Fiscal Impact: The precise fiscal impacts cannot be quantified at this time.

Staff Recommendation

Option #1

 _____ Stephen N. Arakawa Manager, Water Resource Management	7/20/2001 _____ Date
 _____ Ronald R. Gastelum Chief Executive Officer	7/27/2001 _____ Date

Attachment 1 - Principles Regarding Proposed Cooperative Water Management Activities Between The Kings River Water Association, On Behalf Of Its Member Units, And The Metropolitan Water District Of Southern California

**PRINCIPLES REGARDING
PROPOSED COOPERATIVE WATER MANAGEMENT ACTIVITIES
BETWEEN THE KINGS RIVER WATER ASSOCIATION, ON BEHALF OF
ITS MEMBER UNITS, AND THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA**

MUTUAL GOALS

The attached Principles are agreed to in furtherance of developing cooperative water management activities (Activities) between the Kings River Water Association (Association), on behalf of its member units, and the Metropolitan Water District of Southern California (Metropolitan) that will enhance and optimize their respective water supplies and water management capabilities. These mutually advantageous Activities will explore water management opportunities utilizing Kings River water (perhaps in combination with other water sources) that have both short- and long-term benefits and address water supply and water quality management issues. Activities may include, but are not necessarily limited to: sharing information; preparing feasibility studies; conducting modeling and technical analyses; implementing pilot projects; and designing and constructing water management facilities. The Activities will be pursued in an open process with full participation of interested parties.

Metropolitan's primary interest in pursuing the Activities is to develop water management programs, including water quality exchanges, with the Association and/or the Association's member units, that could result in a net improvement to the quality of water supplies Metropolitan receives via the California Aqueduct. The Association's primary interest in pursuing the Activities is to develop infrastructure improvements and/or programs that will improve surface water and groundwater supply reliability and affordability for its member units, and will permit enhanced water management capabilities.

Nothing herein reduces the importance of pursuing improvements to water conveyance facilities or other improvements in the Sacramento-San Joaquin River Delta (Delta) that will improve the reliability of water supplies exported from the Delta and will provide higher quality water for Delta exporters. Similarly, nothing herein reduces the importance of pursuing improvements to water storage and conveyance facilities or other improvements on the Kings River that will improve the reliability of Kings River water supplies for the benefit of the Association's members and those they serve. Further, it is the intent of both parties for the Activities and programs proposed in connection therewith to be consistent with, and to facilitate activities under, the Kings River Fisheries Management Program and the associated Framework Agreement adopted May 28, 1999.

By: _____
Tim O'Halloran, Watermaster
Kings River Water Association

By: _____
Ronald R. Gastelum, Chief Executive Officer
Metropolitan Water District of Southern California

Date: _____

Date: _____

PRINCIPLES

1. The Activities will be consistent with the “Principles Governing Flood Water Arrangements Between the Kings River Water Association and Parties Outside the Kings River Service Area,” approved by the Kings River Water Association’s Executive Committee on March 21, 2000 (Attachment A).
2. The Activities will enhance water management capabilities of the Association, its member units and Metropolitan.
3. The Activities will be consistent with the “Kings River Fisheries Management Program” and the associated “Framework Agreement,” adopted May 28, 1999, as it may be amended from time to time. Whenever feasible, the Activities will enhance or supplement that Program.
4. The Activities may include exploration, evaluation, and development of infrastructure improvements and/or programs that will improve surface water and groundwater supply reliability and affordability for the Association's member units and those they serve.
5. The Activities may include pursuing water management actions, including exchanges, which provide Metropolitan with water quality improvements at the Edmonston Pumping Plant at a cost acceptable to Metropolitan.
6. The Activities will not negatively impact water supply, operations, or financial conditions of the Association, its member units or Metropolitan.
7. The Association’s participation in the Activities will not restrict the Association or its member units from pursuing water storage and water supply projects involving Kings River water independent of the Activities or with other parties, and will not restrict or affect in any way the operation of the Kings River by the Association and its members as they see fit. Metropolitan, which holds no rights to Kings River water or storage, will not acquire any such rights as a result of the Activities except as expressly agreed to in writing by the Association.
8. Any program implemented as a result of the Activities will result in water quality for each Association member unit that is acceptable to that member unit.
9. The Activities will be consistent with sustaining long-term groundwater management capabilities for all beneficial uses within the Kings River service area.
10. The Activities will be conducted in a manner that will not jeopardize the water rights or contractual water supplies relied upon in order to make water available to the Association’s member units or Metropolitan.
11. The Activities will not negatively impact the availability, quality or costs of existing water supplies to other San Joaquin Valley interests, fully recognizing the water rights and contractual water supplies of the Association, its member units and Metropolitan.

12. Metropolitan will coordinate all Activities through the Association, including Activities with individual Association member units or parties claiming rights to Kings River water through Association member units.
13. The Association will act as a clearinghouse for all Activities on behalf of its member units including, but not limited to, distributing information relating to any of the Activities received from Metropolitan to its member units.
14. The Association acknowledges the existence of a relationship between Metropolitan and the Friant Water Users Authority that is similar to the relationship between Metropolitan and the Association with respect to the Activities. The Activities are not intended to adversely impact or undermine the potential success of the relationship between Metropolitan and the Friant Water Users Authority.
15. Metropolitan will assume all risks associated with its State Water Project supplies delivered from the Sacramento-San Joaquin Delta including, without limitation, any shortages that may occur.
16. The Association and Metropolitan have the right to terminate the Activities and their relationship with respect thereto at any time until such time as the parties enter into a long-term contract. Upon any such termination, neither the Association nor Metropolitan will assert any obligation of the other under these Principles.
17. The Activities will be developed and carried out in an open process that provides for public participation of all interested parties.
18. All Activities will be by consensus of the parties and selected based on criteria to be developed by the parties that will include economic considerations, ability to proceed in a timely manner, and any other factors that might contribute to an activity's feasibility. Neither party will have the right to bind the other without the other's express written consent.
19. These Principles establish a set of voluntary parameters by which the parties intend to conduct themselves in connection with the Activities. These Principles do not create a binding agreement between the parties.

ATTACHMENT A

Approved by the KRWA Executive Committee March 21, 2000

**PRINCIPLES GOVERNING FLOOD WATER ARRANGEMENTS BETWEEN
THE KRWA AND PARTIES OUTSIDE THE KINGS RIVER SERVICE AREA**

All arrangements developed by the Kings River Water Association with parties located outside the Kings River Service Area involving the use of Kings River flood flows will comply with the following principles:

1. All such arrangements will be voluntary, and will be administered by the KRWA. All facilities or property within the Kings River Service Area utilized in such arrangements will be owned or controlled by the KRWA, one or more of the member units, and/or other acceptable local agencies.
2. All such arrangements will be consistent with the water rights licenses issued to the KRWA by the State Water Resources Control Board, the Blue Book Agreements (including without limitation the Flood Water Agreement, the Framework Agreement and the Implementation Agreement), the Corps of Engineers' Reservoir Regulation manual, and all other agreements, criteria or authorizations governing Kings River operations.
3. All such arrangements will be structured to protect, preserve and make more secure the water rights and water supplies relied upon by KRWA member units and their water users.
4. All such arrangements will advance programs and policies of importance to the KRWA and its member units (such as flood control and the fisheries management program), while maximizing water supplies available to KRWA member units and their water users.
5. All such arrangements will be structured to ensure that they cause no unmitigated adverse impacts to any KRWA member units or their water users, and that they benefit the Kings River Service Area as a whole (recognizing that benefits can take many different forms).
6. All such arrangements will maintain or improve the existing reliability of Kings River water supplies and, to the maximum extent feasible, will retain Kings River water for use by KRWA member units and their water users.
7. All such arrangements will only utilize Kings River floodwater which is otherwise unusable within the Kings River Service Area by member units or their water users.
8. All such arrangements will be selected based on criteria to be developed and approved by the KRWA. Those criteria will include (i) cost/benefit ratio, (ii) ability to proceed in a timely manner, (iii) environmental impacts/enhancement, (iv) preference to adjacent agricultural water users, and (v) other factors contributing to a project's feasibility. In addition, each KRWA member unit will maintain a right of first refusal for each arrangement.