

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

September 11, 2001 Board Meeting

9-8

Subject

Approve rates for previously authorized emergency water service for Tijuana, Mexico

Description

Overview

Metropolitan's Board of Directors, in 1992, authorized the General Manager to enter into agreements for the delivery of Mexican Treaty (Treaty) water for Tijuana, Mexico. This letter seeks authorization for the delivery charges through June 30, 2002 and provides an option for the Board to withdraw the previous authority for emergency water service for Mexico. Rates beyond June 30, 2002 would be proposed in subsequent board letters.

Previous Deliveries to Tijuana

Since 1972, the government of Mexico has periodically requested assistance from the United States for emergency water deliveries for the Tijuana region. Metropolitan, in conjunction with the United States Section of the International Boundary and Water Commission (IBWC), the San Diego County Water Authority (Authority), Otay Water District (Otay), and the United States Bureau of Reclamation (Reclamation) has participated in these emergency deliveries of Mexico's Colorado River Treaty water. In the past, drought conditions as well as construction of and repairs on Mexico's Acueducto Rio Colorado-Tijuana have made emergency water deliveries necessary. Between 1976 and 1980, emergency deliveries at the international boundary ranged from a maximum of 10,258 acre-feet (AF) in 1976 to a minimum of 251 AF in 1979. More recently, emergency deliveries at the international boundary totaled 301 AF in 1989, and 231 AF in 1992.

New Request

In January 2000, in response to the United States Commissioner of the IBWC's request, Metropolitan responded that it would consider participating in an arrangement whereby Tijuana could take delivery of water on an emergency basis from Otay, through the Authority. The deliveries would be made, once again, through Metropolitan's Colorado River Aqueduct and distribution system on an *as available* basis.

These emergency deliveries are likely to be necessary due to multi-year below average local water supply conditions and possible interruptions in local as well as Acueducto Rio Colorado-Tijuana supplies. Average demand within the Tijuana service area is about 105 cubic feet per second (cfs). Peak demand in the summer, which Mexico is currently unable to meet due to lack of local supplies and storage reserves, can reach 141 cfs. Emergency water deliveries would help maintain emergency storage in the Tijuana system while Mexico prepares to implement upgrades to its water treatment and conveyance facilities. Additionally, an emergency connection would assist the Tijuana region in the event that an earthquake disables a portion of its water delivery system or if operational failures occur to the Tijuana Aqueduct. The United States Section of the IBWC, in its Final Environmental Assessment on the proposed emergency deliveries to Tijuana, states that a water shortage in Tijuana, with a population of 1.3 million, could lead to serious public health and economic problems that could impact inhabitants on both sides of the international boundary.

A new connection would replace the existing connection and be used solely for emergency deliveries to Tijuana. The connection facility would include about 200 feet of 24-inch steel pipe, a water meter, backflow prevention device, and other appurtenant equipment. The facility would have a maximum design flow rate of 22 cfs or about 15,900 AF per year. The Otay water system will be able to provide between 11 cfs and 22 cfs due to existing

commitments for excess capacity. This rate of flow will decrease over time as demands increase. Mexico has not yet indicated the volume of emergency deliveries it will require on an annual basis. Mexico would be required to submit an annual estimate of requests projecting, to the extent possible, the need for water based on the inadequacy of its supplies. As in past arrangements, Mexico would pay for all construction and delivery costs.

Proposed Rates

The Authority would act as the coordinator for all payments of charges between the United States and the California agencies. The Otay Water District has approved a charge to Mexico of \$183 per acre-foot for use of a portion of its delivery system. This value includes power costs, which account for just over half of the charge. The Authority has adopted a temporary emergency service fee of \$19.25 per acre-foot for delivery of emergency supplies for Tijuana. The proposed Metropolitan charges through June 30, 2002 are as follows:

	<u>Per Acre-Foot</u>
Use of Metropolitan’s existing diversion and conveyance works	\$148
Water treatment	<u>82</u>
Subtotal	\$230
Electrical energy, the greater of \$90/AF or the average cost of supplemental energy purchased for the month (\$/megawatt hour) that the water was delivered multiplied by 2.38 (includes pumping costs, loss of Parker Power Plant energy and loss of Southern California Edison Company benefit energy)	<u>90</u> (estimated)
Total	\$320 (estimated)

Mexico is exploring the potential of providing the necessary energy. Metropolitan’s proposed charges are based on costs through June 30, 2002 as the rate structure may undergo future Board revisions. Metropolitan's charges for emergency deliveries to the Authority for Mexico would be subject to annual revision thereafter through the term of the Agreement. The Government of Mexico is interested in the term of the Agreement being five years from the beginning of the first calendar year after the effective date of the Agreement. This would cover the period that it plans to upgrade its water treatment and conveyance facilities which may interrupt its sources of supply.

Water Management Provisions

The following water management provisions are consistent with the Board's previous authority to deliver water for Mexico.

The conveyance losses associated with the delivery of water for Tijuana would be debited against Mexico’s Treaty deliveries. Metropolitan would not be held accountable to the United States, the Yuma County Water Users’ Association, nor the Imperial Irrigation District for the loss of production of electric energy at Parker Dam, Siphon Drop, nor the Pilot Knob power plants resulting from the diversion of Treaty water from Lake Havasu. In addition, Metropolitan would not be held accountable to the United States, Mexico, the states of Arizona and California, nor any water user for any increase in salinity downstream of Lake Havasu due to the diversion of Treaty water for Tijuana.

Water service deliveries to Metropolitan's member agencies would have priority. Delivery of Treaty water would be limited to the available capacity in Metropolitan’s distribution system and at its Robert A. Skinner Filtration Plant.

Relations in the International Border Region

Continued support of emergency service for Tijuana would have the overall benefit of acceding to the request of a neighboring country to deliver water at relatively little inconvenience to California in order to prevent public health and economic problems that could impact both California and Baja California. Also, continued support of emergency service for Tijuana could reinforce relations regarding the international border region that affect Metropolitan’s fiscal interests including, but not limited to, the environment, water quality, groundwater, conservation, and long-term water supplies. There are numerous issues and projects at stake.

Policy

By Minute Item 39895, dated October 13, 1992, the Board authorized the General Manager to enter into agreements with the United States, San Diego County Water Authority, and Otay Water District for the delivery of Mexican Treaty water for Tijuana, subject to the agreements being in a form approved by the General Counsel.

CEQA

Options #1 and #2

The proposed action is not defined as a project under the California Environmental Quality Act (CEQA), because the proposed action 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 for Options #1 and #2 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

Option #1

Adopt the CEQA determination and set the charges to be obtained for emergency deliveries for Tijuana at a rate of \$230, plus the greater of \$90 per acre-foot or the average cost of supplemental energy purchased for the month that the water was delivered (\$/megawatt hour) multiplied by 2.38 through June 30, 2002.

Fiscal Impact: None. Mexico will pay for all construction and delivery costs.

Option #2

Adopt the CEQA determination and do not set the reimbursement according to Option #1 and authorize the Chief Executive Officer to negotiate another rate and return for subsequent approval.

Fiscal Impact: None.

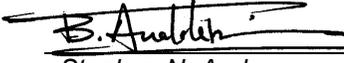
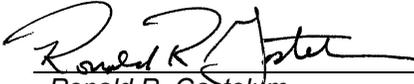
Option #3

Do not enter into an agreement for emergency water service for Tijuana.

Fiscal Impact: None.

Staff Recommendation

Option #1

	8/27/2001
for <u>Stephen N. Arakawa</u> Manager, Water Resource Management	<u>Date</u>
	8/27/2001
<u>Ronald R. Gastelum</u> Chief Executive Officer	<u>Date</u>