

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

May 14, 2002 Board Meeting

9-5

Subject

Authorize entering into an Interim Surplus Guidelines Implementation Agreement with the Southern Nevada Water Authority

Description

The Secretary of the Interior's (Secretary) January 2001 "Record of Decision, Colorado River Interim Surplus Guidelines Final Environmental Impact Statement", anticipated that Metropolitan would enter into agreements with the Southern Nevada Water Authority (SNWA) and the state of Arizona creating contractual responsibilities regarding the implementation of the Interim Surplus Guidelines (Surplus Guidelines). These contracts dictate how surplus waters are to be shared among the agencies of the lower basin states and are essential to the administration of the Surplus Guidelines. Metropolitan and Arizona have already executed such an agreement and this proposed agreement with SNWA completes this step in implementing the Surplus Guidelines.

The proposed agreement with SNWA provides Metropolitan with a definitive allocation of unused Arizona basic apportionment—50 percent of the amount made available by the Secretary. Also, the agreement binds SNWA to respect the provisions of the Surplus Guidelines and the May 23, 2001 Metropolitan-State of Arizona Interim Surplus Guidelines Agreement through a contractual framework. The agreements with SNWA and Arizona will allow the Secretary to specifically deliver Colorado River water under the Surplus Guidelines to Metropolitan to support California's Colorado River Water Use Plan. [Attachment 1](#) describes the key contractual responsibilities with SNWA.

Policy

By Minute Item 43767, dated Oct. 18, 1999, the Board approved the use of the *Key Terms for Quantification Settlement Among the State of California, IID, CVWD, and MWD* (Key Terms) as the basis for completing a new Quantification Settlement Agreement among the parties. Metropolitan supports the implementation of Interim Surplus Guidelines for the Colorado River reservoir system that increases the availability of water in the Lower Basin on an interim basis (Minute Item 42820, Feb. 10, 1998).

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2

The proposed action, i.e., the execution of the Interim Surplus Guidelines Implementation Agreement with SNWA, is categorically exempt under the provisions of the CEQA. In particular, the proposed action consists of the leasing, licensing, and operating of existing facilities with no expansion of use beyond that existing at the time of the lead agency's determination. In addition, it will not have a significant effect on the environment. As such, this proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

The CEQA determination for both Options #1 and #2 is: Determine that pursuant to CEQA, the proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize the Chief Executive Officer (CEO) to enter into the proposed agreement in a form approved by the General Counsel.

Fiscal Impact: None. Consideration of a subsequent recommendation or agreement could entail fiscal impacts, which will be reported to the Board at the time authorization to adopt a recommendation or enter into an agreement is presented for the Board's consideration.

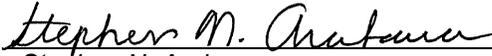
Option #2

Adopt the CEQA determination and direct the CEO to renegotiate the terms of the agreement.

Fiscal Impact: Additional staff time to renegotiate the agreement with a delay in the implementation of California's draft Colorado River Water Use Plan.

Staff Recommendation

Option #1

 Stephen N. Arakawa Manager, Water Resource Management	4/30/2002 Date
 Ronald R. Gastelum Chief Executive Officer	4/30/2002 Date

Attachment 1 – Contractual Responsibilities Under Proposed Metropolitan-Southern Nevada Water Authority Agreement

BLA #1260

Contractual Responsibilities Under Proposed Metropolitan-Southern Nevada Water Authority Agreement

The contractual responsibilities under the proposed Metropolitan-Southern Nevada Water Authority (SNWA) agreement regarding implementation of the Interim Surplus Guidelines (Guidelines) include:

Unused Apportionment and Surplus Water

1. Agreement as to the allocation of unused Arizona basic apportionment water made available by the Secretary of the Interior--50 percent to Metropolitan and 50 percent to SNWA, first for direct delivery domestic use, and secondly for off-stream banking, with any remaining unused water to be allocated to the other party;
2. Concurrence as to allocation of any remaining unused Arizona basic apportionment water to meet other needs in California in accordance with the Seven Party Agreement as supplemented by the proposed Quantification Settlement Agreement (QSA);
3. Utilization of surplus water and unused Arizona basic apportionment water only in accordance with the allocations and purposes of use specified in the Guidelines;
4. Agreement by SNWA to not use any unused California basic apportionment that results from Metropolitan foregoing use of water to fulfill an obligation under the May 23, 2001 Metropolitan-State of Arizona Interim Surplus Guidelines Agreement (Arizona Agreement);

Colorado River Water Quality Improvement

5. Support by Metropolitan, to the extent reasonably practicable, for efforts regarding improvement of Colorado River water quality, including Las Vegas Wash water quality as water from the wash flows into Lake Mead;

Water Banking in Arizona

6. Agreement as to SNWA having the first priority to have the Arizona Water Banking Authority (AWBA) arrange:
 - a. to store up to 1.2 million acre-feet of water in Arizona for the credit of SNWA at an annual rate of no more than 200,000 acre-feet, with Metropolitan having the next priority to have AWBA arrange to store any remaining water that is not stored for SNWA, and
 - b. for the withdrawal of the water from storage in Arizona to the full extent allowed by Arizona law for the term of the interstate water banking agreement among SNWA, AWBA, and the Colorado River Commission of Nevada;

Future Negotiations

7. Negotiations in good faith with SNWA on offsetting compensation if SNWA believes in the future that it is incurring significant additional costs due to implementation of the Guidelines;

Other Metropolitan Agreements

8. Agreement by Metropolitan to comply with the Arizona Agreement provisions should an Arizona water user seek to use water to which the State of Arizona has waived its right under the Arizona Agreement, and not waive, amend, or terminate any provision of the Arizona Agreement without the prior written consent of SNWA;
9. Agreement by Metropolitan to comply with the provisions of the proposed Quantification Settlement Agreement limiting the rights of Imperial Irrigation District and Coachella Valley Water District to order, take delivery of, or use surplus Colorado River water should IID or CVWD order, seek delivery of, or use surplus water contrary to the Guidelines.

Agreement Suspension and Termination

10. Suspension of agreement terms related to unused apportionment and surplus water and the Metropolitan-Arizona agreement should the Guidelines be suspended or terminated;
11. Termination on December 31, 2016 except with respect to the provisions relating to banking water in Arizona which would continue in effect until the SNWA-Colorado River Commission of Nevada-AWBA July 3, 2001 Agreement for Interstate Water Banking terminates on June 1, 2050 or when all of the water in storage for SNWA has been recovered, whichever occurs sooner.