

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

June 11, 2002 Board Meeting

8-4

Subject

Approve rates for previously authorized emergency water service for Tijuana, Mexico for July 2002 through December 2003

Description

Overview

In September 2001, Metropolitan's Board of Directors approved charges through June 30, 2002 for emergency water service for Tijuana, Mexico. This letter seeks approval of the charges from July 1, 2002 through December 31, 2003. Rates beyond December 31, 2003 will be proposed in subsequent board letters.

Background

Since 1972, the government of Mexico has periodically requested assistance from the United States for emergency water deliveries for the Tijuana region to deal with drought and aqueduct repair situations. United States parties involved with the deliveries include Metropolitan, 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. These entities propose to execute an agreement to facilitate these emergency deliveries through their distribution system facilities on an *as available* basis. The maximum annual delivery which could take place under this agreement is 14,400 acre-feet (AF) per year. Due to potential capacity constraints in the Skinner service area, capacity to meet emergency needs in Mexico may be limited.

The Authority would act as the coordinator for all payments of charges between the United States and the California agencies. Otay has approved a charge of \$105.54 per AF for use of a portion of its delivery system. The Authority has adopted a temporary emergency service fee of \$19.25 per AF for delivery of emergency supplies for Tijuana.

It is recommended Metropolitan charge \$230 per AF for the remainder of 2002, consistent with the existing rate structure, and \$246 per AF for 2003, consistent with the newly adopted rate structure, plus actual net power costs as described below.

Proposed Charges from July 1, 2002 through December 31, 2002:

	<u>Per Acre-Foot</u>
Use of Metropolitan's existing conveyance and distribution works	\$148
Water treatment	<u>82</u>
Total	\$230 plus net power

Proposed Charges from January 1, 2003 through December 31, 2003:

	<u>Per Acre-Foot</u>
System Access Rate	\$141
Water Stewardship Rate	23
Treatment Surcharge	<u>82</u>
Total	\$246 plus net power

Because Mexico will pay actual net electrical energy costs for these emergency deliveries, it is exploring the potential of providing the necessary energy.

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. By Minute Item 44621, dated September 11, 2001, the Board set the charges for emergency deliveries for Tijuana through June 30, 2002.

CEQA

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA, because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves the creation of government funding mechanisms or other 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.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Set the charges for emergency deliveries for Tijuana from July 1, 2002 through December 31, 2002 at a rate of \$230 per AF plus actual net electrical energy costs; and
- b. Set the charges for emergency deliveries for Tijuana from January 1, 2003 through December 31, 2003, at a rate of \$246 per AF, plus actual net electrical energy costs.

Fiscal Impact: None. Mexico will pay all delivery costs.

Option #2

Do not set the charges for emergency deliveries for Tijuana according to Option #1, and direct the Chief Executive Officer to negotiate another rate and return for subsequent approval.

Fiscal Impact: None

Staff Recommendation

Option #1

<i>Stephen M. Arakawa</i>	5/16/2002
Stephen N. Arakawa Manager, Water Resource Management	Date
<i>Ronald R. Gastelum</i>	5/20/2002
Ronald R. Gastelum Chief Executive Officer	Date