

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

June 10, 2003 Board Meeting

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**8-6**

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**Subject**

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Authorize entering into a Wheeling Service Agreement between Metropolitan, Fallbrook Public Utility District, and San Diego County Water Authority for wheeling Fallbrook water and amend the Lake Skinner Memorandum of Understanding and Agreement

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**Description**

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In accordance with the Lake Skinner Memorandum of Understanding and Agreement (Lake Skinner MOU) with the Watermaster for the Santa Margarita River, Metropolitan uses Lake Skinner to regulate releases of storm runoff into Tualota Creek, a tributary of the Santa Margarita River watershed. The Lake Skinner MOU was initially executed in November 1974 when Lake Skinner was constructed. Surface waters in the Santa Margarita River watershed are adjudicated by a Watermaster appointed by the federal court. Fallbrook Public Utility District, a subagency of the San Diego County Water Authority, has a right to a portion of this local water and a permit from the State Water Resources Control Board for its use.

Fallbrook PUD is a party to the Lake Skinner MOU because of its surface water rights in this watershed. Fallbrook PUD is attempting to perfect its water rights through use of these local water supplies within its service area. In November 2001, the SWRCB authorized a change in the point of diversion to Lake Skinner for Fallbrook PUD's water right permit. Fallbrook PUD pursued this change in point of diversion in order to be able to divert these local water supplies through Metropolitan's distribution system and avoid construction of costly capital infrastructure. Fallbrook PUD will have a separate agreement with the SDCWA that will set the delivery schedule.

The change of diversion point has been reviewed and approved by the Watermaster. Fallbrook PUD is responsible for meeting the conditions imposed by the Watermaster for the protection of downstream property owners. Fallbrook PUD is proposing that Metropolitan wheel this water through its distribution system from Lake Skinner to the SDCWA. There are two actions Metropolitan must take to assist in the development of this local water resource. First, the Lake Skinner MOU must be amended, and second, a Wheeling Service Agreement must be executed between Fallbrook, the SDCWA and Metropolitan. The proposed Wheeling Service Agreement Principles ([Attachment 1](#)) is attached for the Board's consideration and action.

The existing Lake Skinner MOU provides that only imported water may be held in Lake Skinner and that all local inflow must be released downstream. The proposed amendment to the Lake Skinner MOU would merely recognize that Fallbrook PUD's local water rights may be diverted and delivered by Metropolitan through Lake Skinner to Fallbrook PUD and establish procedures to account for this water and protect downstream interests.

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**Policy**

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The existing rate structure pursuant to the Metropolitan Water District Administrative Code § 4405, Wheeling Service. Metropolitan will offer wheeling service based upon available capacity.

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**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, the Fallbrook PUD, acting as the Lead Agency, adopted a Mitigated Negative Declaration (MND) and Environmental Initial Study entitled "Fallbrook PUD Proposal to Capture, Store, and Transmit Storm Water Runoff at Lake Skinner" on

Oct. 25, 1999, for the proposed actions. At that same meeting, the Mitigation Monitoring and Reporting Program was also adopted by the Lead Agency. Metropolitan, as Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the MND and adopt the Lead Agency's findings prior to approval of the proposed actions. The environmental documentation is available in the Executive Secretary's office for review.

The CEQA determination is: Review and consider information provided in the adopted 1999 MND and adopt the Lead Agency's findings related to the proposed actions.

CEQA determination for Option #2:

None required

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and

- a. Authorize the CEO to enter into a Wheeling Service Agreement, approved as to form by the General Counsel, between Metropolitan, Fallbrook Public Utility District, and San Diego County Water Authority, consistent with the proposed Wheeling Service Agreement Principles (**Attachment 1**); and
- b. Authorize the CEO to amend the existing Lake Skinner Memorandum of Understanding and Agreement, approved as to form by the General Counsel, as described in this board letter.

**Fiscal Impact:** None. Fallbrook PUD will pay the system access rate, water stewardship rate, and water treatment charge per the existing rate structure per Metropolitan's Administrative Code § 4405.

**Option #2**

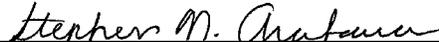
Do not authorize the CEO to enter into a Wheeling Service Agreement with Metropolitan, Fallbrook Public Utility District, and San Diego County Water Authority. Therefore, do not amend the Lake Skinner Memorandum of Understanding and Agreement.

**Fiscal Impact:** None

**Staff Recommendation**

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Option #1

	5/12/2003
Stephen N. Arakawa Manager, Water Resource Management	Date

	5/20/2003
Ronald R. Gastelum Chief Executive Officer	Date

**Attachment 1 – Wheeling Service Agreement Principles Between the Metropolitan Water District of Southern California, the San Diego County Water Authority and the Fallbrook Public Utility District**

**Wheeling Service Agreement Principles Between the Metropolitan Water District of Southern California, the San Diego County Water Authority and the Fallbrook Public Utility District**

1. The Metropolitan Water District of Southern California (Metropolitan) and the San Diego County Water Authority (SDCWA) will authorize use of their facilities to convey water for the Fallbrook Public Utility District (Fallbrook) in accordance with an existing permit. Metropolitan shall have sole discretion in the operation of its facilities to assure continued reliable deliveries to its member agencies. In addition, Metropolitan will have sole discretion in the operation of its Lake Skinner and Diamond Valley Lake facilities during rainfall and runoff events. Fallbrook shall hold Metropolitan harmless for spills and/or flooding from Lake Skinner during the term of this agreement.
2. The water associated with the Fallbrook water right perfected in accordance with Change of Point of Diversion Permit No. 11356 using Metropolitan facilities will be considered Fallbrook's local water.
3. Metropolitan will wheel local water to SDCWA consistent with board policies, rates and charges for wheeling local water. This will also be consistent with rates and charges applied to other wheeling transactions. Specifically, at this time wheeling costs will include the system access rate, water stewardship rate and treatment surcharge as applicable. In addition, local water shall be measured for purposes of billing the readiness-to-serve charge and any pertinent charge.
4. SDCWA will make its own arrangements for wheeling of local water to Fallbrook. SDCWA and Fallbrook shall agree to the method of accounting between the two agencies for local water wheeled to SDCWA by Metropolitan.
5. Local water wheeled by Metropolitan to SDCWA will be the total rainfall runoff inflow from Tualota, Middle and Rawson Creeks above Lake Skinner minus applicable estimated losses due to evaporation, seepage and downstream transmission between Lake Skinner and Fallbrook. Water released or spilled from Lake Skinner during rainfall events will be considered local water when calculating the total amount of water available for wheeling by Metropolitan. Metropolitan will account for local water by modifying currently existing accounting procedures approved by Watermaster, including losses described above.
6. Metropolitan and Fallbrook will work with the Watermaster to obtain agreement for any necessary amendment to the existing MOU for Lake Skinner. Metropolitan will develop operational criteria and accounting procedures for accounting for local water.
7. Fallbrook shall be responsible, at no cost to Metropolitan, for all environmental mitigation in accordance with the Change of Point of Diversion Permit No. 11356 and any permits or approvals, including environmental mitigation to implement these principles.
8. Fallbrook shall have sole responsibility for maintaining its Permit No. 11356 including meeting Watermaster conditions regarding Lake Skinner operation, downstream interests, State Water Resources Control Board conditions and periodic renewal.
9. These principles establish a set of voluntary parameters by which the parties intend to conduct themselves in connection with development of this local water resource. These principles do not create a binding agreement between the parties.