

- **Board of Directors**
Budget, Finance and Investment Committee

July 8, 2003 Board Meeting

9-1

Subject

Authorize \$479,165 for payments to the Six Agency Committee and Colorado River Association for fiscal year 2003/04

Description

Six Agency Committee & the Colorado River Board **\$453,768**

The state of California created the Colorado River Board in recognition of the vital nature of the Colorado River to the state, its agencies, and its citizens. Major public agencies, represented on the Board, collect and administer funds to support CRB staff activities through the Six Agency Committee. The funds are used by CRB staff to secure the represented agencies' rights and interests in Colorado River system water and power resources. Generally, these interests include:

- maintaining California's share of Colorado River water resources;
- implementing joint cooperative programs among the Colorado River Basin states, Indian tribes, the federal government and others that protect California's Colorado River water rights and water quality;
- formulating unified California policies and positions on Colorado River matters; and
- resolving issues among California agencies with Colorado River water and power contracts.

More detail concerning the purpose, need, and benefits of the CRB is presented in [Attachment 1](#).

Metropolitan has contributed to the Six Agency Committee since its inception in 1950. This Joint Powers Authority, on which Metropolitan is represented, approved its budget on June 11, 2003. The Committee's budget supports CRB staff, education and advocacy services in Washington, D.C., consulting services for special projects such as the Lower Colorado Water Supply Project, and Lower Colorado River Multi-Species Conservation Program efforts. Its budget of \$1.34 million would be funded using leftover money from last fiscal year and \$1.02 million to be collected from the six entities, exactly the same as last year. Metropolitan's \$453,768 share equals last year's cost. The Six Agency Fund proposed FY 2004 budget is detailed in [Attachment 2](#).

Colorado River Association **\$25,397**

Formed in 1946, the Colorado River Association is also a Joint Powers Authority that functions as the public affairs entity of the Committee. It prepares news releases, newsletters and brochures for the CRB as well as supporting legal, travel and other expenses for CRB meetings. Metropolitan has been a member since the Association's inception. The Association, on which Metropolitan is represented, has approved a FY 2004 budget of \$152,500. Its budget would be funded using leftover money from last fiscal year and \$57,200 to be collected from the six entities, an increase of \$2,700 from last year. [Attachment 3](#) shows the line items comprising the Colorado River Association proposed FY 2004 budget.

Summary

The following table compares Metropolitan's share of the contributions proposed for FY 2004 with FY 2003:

Organization	FY 2003	FY 2004
Six Agency Committee	\$453,768	\$453,768
Colorado River Association	\$24,198	\$25,397
TOTAL	\$477,966	\$479,165

Policy

Metropolitan Water District Administrative Code §§ 11202 and 11203: Payment of Dues and Participation in Projects or Programs Serving District Purposes. This item is subject to a two-thirds vote requirement.

By Minute Item 10466, dated Nov. 16, 1945, the Board authorized entering into the Six Agency Committee Agreement.

By Minute Items 21641 and 33322, dated Sep. 12, 1961, and July 8, 1980, the Board authorized amending the Six Agency Committee Agreement.

By Minute Item 11138, dated May 9, 1947, the Board authorized entering into the Association Agreement.

By Minute Item 40277, dated June 15, 1993, the Board authorized amending the Association Agreement.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

The proposed action on the funding component associated with Metropolitan's contributions to these joint power authorities is not subject to CEQA because it involves government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). For the minor operational aspects of Metropolitan activities in conjunction with the participation through these financial contributions, the proposed action involves minor modifications to existing public facilities with negligible or no expansion of use and no possibility of significantly impacting the physical environment. In addition, the proposed action consists of basic data collection and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. This may be strictly for information gathering purposes, or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded. As such, the proposed action also qualifies for both Class 1 and Class 6 Categorical Exemptions (Sections 15301 and 15306 of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is exempt from CEQA pursuant to Sections 15301, 15306, and 15378(b)(4) of the State CEQA Guidelines.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize by a two-thirds vote the Chief Executive Officer to make payments totaling \$479,165 for the Six Agency Fund and the Colorado River Association.

Fiscal Impact: \$479,165 from the Operations and Maintenance Fund under the General District Requirement budget. Sufficient funds are included in Metropolitan's FY 2004 Operations and Maintenance Fund.

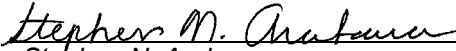
Option #2

Adopt the CEQA determination and do not approve payment of one or both contributions.

Fiscal Impact: Reduced use of budgeted funds.


Staff Recommendation

Option #1


Stephen N. Arakawa
Manager, Water Resource Management

6/13/2003

Date


Ronald R. Gastelum
Chief Executive Officer

6/17/2003

Date

Attachment 1 – Detailed Report

Attachment 2 – Colorado River Board and Six Agency Fund Fiscal Year 2003/04 Budget

Attachment 3 – Colorado River Association Fund Fiscal Year 2003/04 Budget

BLA #2160

Detailed Report

Section A - Six Agency Committee

Purpose of the Colorado River Board of California and the Six Agency Committee

The Colorado River Board (CRB) of California was created in 1937 by the California Legislature in recognition of the vital nature of the Colorado River water and power resources to the general well being of the state, its agencies, and its citizens. As California Water Code Section 12550 permits monies to be contributed in support of the state's funding of the Colorado River Board, the Six Agency Committee was created in 1950 to provide such support.

The Six Agency Committee is a Joint Powers Authority made up of the six major Southern California public agencies with Colorado River water and power interests: Coachella Valley Water District (CVWD), Imperial Irrigation District (IID), Los Angeles Department of Water and Power (LADWP), Palo Verde Irrigation District (PVID), San Diego County Water Authority (SDCWA) and Metropolitan. The Six Agency Committee administers funds contributed by the represented agencies that currently account for about 80 percent of the CRB's budget, with the state of California funding the remainder. The purpose of these entities is to safeguard and protect California's rights and interests in the Colorado River.

Need for the CRB and the Six Agency Committee

More than half of the state's population uses Colorado River water, either entirely or as a supplemental supply, for municipal and agricultural uses. Electricity generated at Hoover Dam and other Colorado River hydroelectric plants provides for delivery of water and for a myriad of uses in millions of homes. The Colorado River provides recreational opportunities and habitat for a variety of fish and wildlife.

The competition for the river's water resources among the seven Basin states and Mexico is very keen, each attempting to secure for its citizens maximum rights to the use of the limited supply. The need for constant vigilance remains if the state, its agencies and citizens are to be assured the continued use of the invaluable resources of the river. It is extremely important for the state of California to safeguard its subdivisions' rights to the water and hydroelectric power resources of the river.

Authority of the CRB

Since its creation, the CRB, as a state agency, has attempted to achieve a cohesive and united front among California's agencies and citizens with Colorado River interests. This is necessary in dealing with interstate and international river issues. The CRB is authorized (California Water Code Sections 12500-12565) to:

- investigate past, present, and potential uses of the Colorado River system within and outside the state,
- investigate, coordinate, and preserve information, facts, and data bearing upon the claims of all states and of all public or private agencies within and outside the state to the water and the use of water of the Colorado River system,
- confer with representatives of the other states in the Colorado River Basin, representatives of the United States, and others concerning problems and measures relating to the development of the Colorado River Basin, the use of the water of the Colorado River system, and the protection of the interests of the state and the United States,
- negotiate, regarding such problems and measures, discuss the same, formulate and recommend to the Governor and Legislature measures, agreements, and legislation deemed for the benefit of the state and the United States, and
- carry out all other actions deemed necessary to achieve the purposes of the CRB.

The CRB carries out its work through investigations and through working with other state agencies, the state legislature, water agencies, and individuals within California, and with the other Colorado River Basin states, federal agencies, the Congress, and the courts. Each of the other six states in the Colorado River Basin has established a state-supported agency to represent its interests in the river's resources. Investigations include analyses of engineering, legal, environmental, operational, and economic matters concerning the Colorado River resources of the seven Basin states and factors involved in the obligations pursuant to the Mexican Water Treaty.

Organization of the CRB

The CRB consists of ten members that are appointed by the Governor: one from each of the six major public agencies with rights or interests to the use of water and power from the Colorado River, two from the general public, and the directors of the California departments of Water Resources and Fish and Game or their designees. Current members and their alternates are:

Agency	Member/Alternate
CVWD	John W. McFadden/Russell Kitahara
IID	Lloyd W. Allen/Rudy Maldonado (Chairman of the CRB)
LADWP	Gerald A. Gewe/James B. McDaniel
PVID	Dana Bart Fisher, Jr./ Charles Van Dyke
SDCWA	James H. Bond/Harold W. Ball
Metropolitan	John V. Foley/Bill D. Wright (Vice Chairman of the CRB)
Public Member	(vacant)
Public Member	Leonard E. Robinson
Director, California Department of Water Resources	Michael J. Spear
Director, California Department of Fish and Game	Robert C. Hight

The CRB appoints an Executive Director, currently Gerald R. Zimmerman. Mr. Zimmerman also serves as the Six Agency Committee's Executive Secretary and Lloyd Allen serves as the Committee's Chairman. The Attorney General's Office provides legal services for the CRB at no cost to the CRB and the agencies.

Budget of the CRB and the Six Agency Committee

The CRB's budget is part of the Governor's annual budget and is subject to review and approval by the state legislature. Attachment 2 shows the state share and the Six Agency Committee share of funding in support of the CRB budget for FY 2002/03 and FY 2003/04, as well as other funds required by the Six Agency Committee. The majority of the Six Agency Committee's \$1.34 million budget supports the ten staff members of the CRB. The remainder of the Six Agency Committee support is for agreed to Colorado River activities and matters of mutual interest to the agencies.

Each year, Metropolitan staff reviews the CRB's and the Six Agency Committee's prior year's actual costs and budgets along with the next year's proposed budgets and objectives. This review focuses on ensuring that the actual and budgeted expenditures are reasonable and appropriate. Metropolitan's representative, John V. Foley, votes on both budgets as a member of the CRB and the Six Agency Committee. The Colorado River Board currently receives about 80 percent of its funding from the Committee. Other significant budget line items include the following:

- Washington, D.C. services provided by Robert P. Will of the firm Will & Carlson.
- Support for the Lower Colorado River Multi-Species Conservation Program (LCRMSCP), which is being developed for purposes of implementing a proactive long-term endangered species conservation and compliance strategy for the lower Colorado River. Its specific goals are to: (1) conserve habitat and work toward the recovery of threatened and endangered species and reduce the likelihood of additional species listings under the Endangered Species Act (ESA); (2) accommodate current water diversions and power production and optimize opportunities for future water and power development; and (3) provide the basis for federal and California ESA compliance through incidental take authorizations.
- Consulting services related to the unauthorized use of Colorado River water on the Yuma Island in California and issues related to the Colorado River Delta and Mexico.

When the Bureau of Reclamation meets with the Basin states on a number of water management issues, it is the CRB, not Metropolitan, that is invited. Hence, it is important to Metropolitan that the CRB has the resources and knowledge to effectively represent our interests.

Formula for Assigning Contributions

Funding percentages for the six entities have been based on the following factors: water quantity, salinity, hydropower, and the institutional value of the CRB to each agency. Also, the financial capabilities of the agencies have been taken into account through assessed valuation. Over the years, these funding percentages have been revisited, with the most recent revision having been included in a 1980 agreement amending the 1950 agreement. Each agency’s percentage contribution to the Six Agency Committee involved a collective determination based on judgment that considered these various values and factors. The current percentage for each factor and the total percentage funding for each agency are:

	Water Quantity	Salinity	Hydro Power	Institutional	Total
CVWD	6.0	2.0	---	2.0	10.0
IID	6.0	5.0	4.0	4.0	19.0
PVID	0.6	1.0	---	1.6	3.2
LADWP	---	---	13.0	7.4	20.4
MWD	17.4	7.0	13.0	7.0	44.4
SDCWA	---	---	---	3.0	3.0
Totals	30.0	15.0	30.0	25.0	100.0

Accomplishments

Significant recent accomplishments include:

- Assisted in reducing the total salinity of the Colorado River by 60 mg/L through participation in the Colorado River Basin Salinity Control Forum and the implementation of salinity control measures;
- Represented the state in discussions with the federal government regarding the Colorado River and Mexico, such as: the Colorado River Delta (Minute Item No. 306) and the 1944 Mexican Treaty (Minute Item No. 242), thereby protecting Metropolitan's Colorado River rights;
- Directed California’s development of the LCRMSCP through a broad-based federal, interstate, Tribal and private partnership, which has, in part, provided the basis for ESA compliance to allow for continued Colorado River operations;

- Represented the state in the Glen Canyon Adaptive Management Program to ensure operation of Glen Canyon Dam for environmental purposes is not in conflict with operation for water and power purposes;
- Obtained Reclamation recognition of unmeasured return flow credit; thus, increasing the water supply available for use in California and Metropolitan in particular;
- Recommended individuals and entities without or with insufficient water rights for eligibility for a legal source of water through Lower Colorado Water Supply Project contracts, for up to 10,000 acre-feet of water annually for municipal and industrial uses, thereby protecting Metropolitan's Colorado River supplies; and
- Facilitated discussions concerning various water rights issues related to the Yuma Island and Palo Verde Mesa, thus reducing Metropolitan's exposure to additional use of higher priority or present perfected rights.

Objectives

The CRB's objectives for FY 2003/04 are:

- Prepare and distribute a revised Colorado River Water Use Plan, hold a public workshop, and finalize the proposed Plan;
- Facilitate implementation of the Lower Colorado Water Supply Project and bring the Project on-line;
- Promote more efficient use and management of the Colorado River in an era of limited water supply working with the other states, and the Department of the Interior on the following issues:
 - Consumptive use policy and Lower Colorado River Accounting System,
 - Long-range operating criteria for the Colorado River reservoirs,
 - 2004 annual operating plan for the Colorado River reservoirs,
 - Use of water in the Yuma area and accounting practices and procedures,
 - Operation of the Yuma Desalting Plant,
 - Water use on the Yuma Island,
 - Unauthorized users of Colorado River water,
 - California's unmeasured return flow credit, and
 - Interbasin water transfers of Colorado River water;
- Complete the LCRMSCP's federal and California environmental compliance process, hold public meetings and move this program into the implementation phase;
- Coordinate action with California's Attorney General's office and California's Colorado River water contractors regarding potential legal and legislative strategies concerning California's interest in the water and power resources in the Colorado River (i.e. *Defenders of Wildlife v. Norton*, *Navajo Nation v. Norton*, Fort Yuma Indian Reservation litigation in *Arizona v. California*);
- Represent the state of California's continuing interests in the Glen Canyon Dam Adaptive Management Program;
- Coordinate among California water agencies the development of a strategy for addressing the constituent concerns in Colorado River water supplies (e.g., selenium and perchlorate, etc.);
- Promote further reduction of salt in the Colorado River water supplies through the Colorado River Basin Salinity Control Forum and Colorado River Basin Salinity Control Advisory Council; and

- Continue participation in the bi-national discussions related to the Mexican Delta issues (e.g., Minute No. 306 process).

Metropolitan Staff Support

The CRB provides a centralized and coordinated means for addressing Colorado River matters of interest and concern to the agencies. It avoids duplication of efforts and allows the agencies to provide additional support and assistance as needed.

Occasionally the CRB will request Metropolitan's assistance with important tasks. An example of this is the CRB's workshop on the Colorado River water supply situation held in Metropolitan's boardroom on July 24, 2002. Metropolitan's staff also assisted in the production of California's Colorado River Water Use Plan. Other examples of this type of support include assistance with the development of presentations or providing technical assistance in support of legal matters regarding the use of Colorado River water which could affect Metropolitan's rights and interests.

Metropolitan, working with the CRB, has helped to prepare a unified California position regarding Colorado River matters on present perfected rights, Indian water right claims, disputed Indian reservation and reclamation project boundaries, non-contract use of Colorado River water, Colorado River system reservoir operations, and other areas of mutual interest. In any event, Metropolitan staff would be involved in such activities in order to protect its vital interests. This close association helps ensure that the CRB represents our needs in forums where Metropolitan may not have standing.

Neither Metropolitan's nor the other agencies' funding obligation of the Six Agency Fund is reduced when they provide support of Board activities.

Section B - Colorado River Association

Purpose of Colorado River Association

The Colorado River Association-Six Agency Committee (Association) is a voluntary organization created in 1947 for the purpose of engaging in study and research, and disseminating information among the citizens of California and representatives in the state legislature and Congress as to the urgent need to preserve California's full rights in the Colorado River system.

Organization of the Association

The Association has a General Manager who administers the Association's affairs. The Association, a Joint Power Authority, provides support to the CRB. Generally, the agencies' representation on the Six Agency Committee and the Association are the same. Lloyd Allen currently serves as Chairman.

Budget of the Association

Attachment 3 lists the FY 2003/04 budget for the Association. Annually, Metropolitan staff reviews the prior year's actual costs and budget along with the next year's proposed budget and objectives. This review focuses on ensuring the actual and budgeted expenditures are reasonable and appropriate for the issues to be addressed by the CRB. Metropolitan's representative, John V. Foley, votes on the Association's budget as a member of the Association. The primary activities of the Association are in outreach, public information and education, including sponsoring Colorado River related field inspections for legislative and congressional staff, and periodically publishing an updated report entitled "California's Stake in the Colorado River." All funding of the Association activities comes from the six agencies that have the major California interests in water and/or power from the Colorado River through annual contributions. No state funds support this work.

Formula for Assigning Dues

The formula for assigning dues for the Association is the same as that for the Six Agency Committee.

Recent Accomplishments

Significant recent accomplishments include:

- Field inspections of Lower Colorado River and agency facilities for Congressional and California legislative staff to inform them of critical issues of concern to Metropolitan and other California users of Colorado River water;
- Field inspection of the Colorado River Delta to permit representatives of the Colorado River Board and the six agencies represented on the CRB to gain a better understanding of the region's resources;
- Publication of informational documents;
- Reproduction of California's Colorado River Water Use Plan;
- Taping of a television program by Huell Howser for broadcast on KCET on the Colorado River emphasizing the significance of the river to California; and
- Preparation of three oral histories per year to serve as reference documents, through interviews of individuals who have had a significant role in protecting California's interests in the Colorado River.

Objectives

The Association's objectives for FY 2003/04 include informing Congressional and California legislative staff of critical issues regarding California's Colorado River needs through the use of field inspections of Lower Colorado River and agency facilities and disseminating information to the public regarding preservation of California's full rights in the Colorado River.

Colorado River Board and Six Agency Fund Fiscal Year 2003/04 Budget

COLORADO RIVER BOARD AND SIX AGENCY FUND

	<u>Current Year Budget FY 2002/03</u>		<u>Anticipated Expenditures FY 2002/03</u>		<u>Proposed Budget FY 2003/04</u>	
A. COLORADO RIVER BOARD BUDGET						
Sources of Funding						
State Share	\$ 240,196	21.2%			\$ 206,000	19.3%
Six Agency Share	\$ 892,804	78.8%			\$ 861,000	80.7%
Colorado River Board Budget¹	\$ 1,133,000				\$ 1,067,000	
B. BUDGET REQUIREMENTS OF SIX AGENCY COMMITTEE						
1. Support of Colorado River Board Budget	\$ 892,804		\$ 892,000		\$ 861,000	
2. Washington, D.C. Services	\$ 50,000		\$ 40,000		\$ 50,000	
3. Consulting Services/Special Projects	\$ 100,000		\$ 65,000		\$ 110,000	
4. Unscheduled Board Activities	\$ 10,000		\$ -		\$ 10,000	
5. Computer, Replacement, Maintenance & Supplies	\$ 10,000		\$ 2,457		\$ 10,000	
6. 3% Reserve for Contingency	\$ 25,000		\$ -		\$ 25,000	
7. LCR MSCP						
A. MSCP Development	\$ 200,000		\$ -		\$ 275,000	
B. Other Studies	\$ -		\$ -		\$ -	
Six Agency Budget	\$ 1,287,804		\$ 999,457		\$ 1,341,000	
C. SOURCES OF FUNDING FOR SIX AGENCY COMMITTEE						
8. Refund from State for FY 00/01	\$ (35,022)		\$ -		\$ (29,170)	
9. Refund From State for FY 99/00	\$ (1,583)		\$ -		\$ -	
10. Estimated Carry-Over	\$ -		\$ -		\$ (804)	
11. Prior Assessment	\$ (229,199)		\$ -		\$ (289,026)	
12. Electric Utility Contribution (Item #7A)	\$ -		\$ -		\$ -	
13. Transfer from Reserve Fund	\$ -		\$ -		\$ -	
14. TOTAL CONTRIBUTION NEEDED	\$ 1,022,000		\$ -		\$ 1,022,000	

¹ The Board's Budget includes \$14,000 for Colorado River Basin Salinity Control Forum support in FY 2003/04.

COLORADO RIVER ASSOCIATION FUND
Fiscal Year 2003/04 BUDGET

Account No. 1	Awards & Honoraria	\$ 300
Account No. 2	Miscellaneous Postage	\$ 1,000
Account No. 3	Miscellaneous Supplies and Services	\$ 47,000
Account No. 4	Travel, Conference Expenses, and Field Inspections for State and Federal Legislative Representatives	\$ 68,000
Account No. 5	Oral Histories, News Releases & Brochure	\$ 32,700
Account No. 6	Telephone	\$ 300
Account No. 7	Contingency Reserve	\$ 3,200
ESTIMATED CRA BUDGET		\$ 152,500
PRIOR ASSESSMENTS		\$ (95,300)
TOTAL CONTRIBUTION NEEDED		\$ 57,200