

● **Board of Directors**  
**Budget, Finance, Investment and Insurance Committee**

July 12, 2005 Board Meeting

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8-5

**Subject**

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Authorize payment of \$1.83 million for participation in the State Water Contractors, Inc. for fiscal year 2005/06

**Description**

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Authorization is requested to pay \$1.83 million in the upcoming fiscal year for participation in the State Water Contractors, Inc., a non-profit mutual benefit corporation. This organization benefits Metropolitan in advancing Metropolitan's interests ranging from water supply to water quality through the collective influence of the other State Water Project contractors. Significant recent accomplishments by the SWC include:

1. Influencing the California Department of Water Resources to secure appropriate power supplies to meet increased real-time sales, purchase and operational challenges to provide the contractors' with water supplies at a reasonable and predictable cost, now that the beneficial Southern California Edison exchange contract has expired,
2. Assisting DWR in its Federal Energy Regulatory Commission re-licensing application for Oroville power facilities on time, reflecting appropriate protection, mitigation and enhancement measures,
3. Influencing DWR to initiate construction of the Tehachapi 2<sup>nd</sup> Afterbay project to minimize SWP peak energy costs while maintaining deliveries through the East Branch to Metropolitan and other contractors,
4. Influencing DWR to improve its management reporting tools to provide cost and operational information,
5. Working with DWR to complete the Memorandum of Understanding and draft Environmental Impact Report on the Delta Improvement Program, which would result in water supply and water quality benefits to Metropolitan and other contractors, and
6. Participating in the oversight group to ensure timely and defensible completion of the new Monterey Amendment EIR, subject to the Settlement Agreement requirements.

In cooperation with the SWC, staff is moving forward with our strategic priorities identified at the March 2005 board meeting. The initiatives call for us to constantly improve our position by: (1) ensuring costs are accurate and reasonable, (2) promoting efficient business practices, (3) ensuring cost-effective and reliable energy resources, (4) ensuring sufficient infrastructure reliability, (5) ensuring cost-effective water supplies, and (6) protecting and improving water quality. **Attachment 1** includes a description of the SWC, its purpose, last year's accomplishments, and the upcoming year's objectives.

**Summary of Cost**

The SWC board approved its budget for FY 2005/06 at its March 2005 board meeting. **Attachment 1** contains a description of the five components that comprise the budget, and **Attachment 2** provides the corresponding costs. Metropolitan's payments, due on Sept. 1, 2005, total \$1.83 million. This year's invoice includes a 16 percent increase because of increased activity related to energy resources and a revision of the cost-sharing formula reflecting a "beneficiaries pay" approach (the details of this formula are described in Section C of **Attachment 1**). Metropolitan's share of the current and coming years' dues allocations are listed below:

<b>Component</b>	<b>FY 2005</b>	<b>FY 2006</b>
SWC Dues Fund	\$1,262,472	\$ 938,505
Energy Fund	N/A	\$ 680,156
Bay-Delta Fund	\$ 150,000	\$ 50,000
Bay-Delta Urban Fund	\$ 22,500	\$ 22,500
Municipal Water Quality Investigation Program Fund	\$ 136,665	\$ 136,665
<b>TOTAL</b>	<b>\$1,571,637</b>	<b>\$1,827,826</b>

## **Policy**

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Metropolitan Water District Administrative Code Sections 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 No. 44942, the Board, at its July 9, 2002 meeting, authorized entering into a renewed MWQI agreement, and authorized payment to the SWC for a portion of the MWQI effort.

## **California Environmental Quality Act (CEQA)**

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CEQA determination for Options #1 and #2:

The proposed actions on the funding components associated with the membership dues are not subject to CEQA because they involve 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 carrying out a variety of studies in conjunction with the participation through these memberships, the proposed actions are exempt under the provisions of CEQA and the State CEQA Guidelines, since they involve basic data collection and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These activities may be strictly for information gathering purposes, or as part of a study leading to actions that a public agency has not yet approved, adopted, or funded. Accordingly, these proposed actions qualify under a categorical exemption (Class 6, Section 15306 of the State CEQA Guidelines). For proposed projects identified within the context of this funding mechanism, the appropriate lead agencies will be responsible for complying with all applicable federal and state environmental laws and regulations.

The CEQA determination is: Determine that the proposed actions are exempt from CEQA pursuant to Sections 15306 and 15378(b)(4).

## **Board Options/Fiscal Impacts**

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### **Option #1**

Adopt the CEQA determination and, by a two-thirds vote, authorize the CEO/General Manager to make payment of \$1,827,826 to the SWC.

**Fiscal Impact:** \$1,827,826 from the Operations and Maintenance Fund under the General District Requirement budget. Sufficient funds are included in Metropolitan's FY 2006 Operations and Maintenance Fund.

### **Option #2**

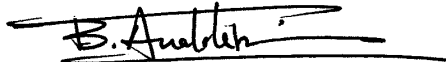
Adopt the CEQA determination and withhold payment to one or more of the five components comprising Metropolitan's FY 2005/06 SWC dues.

**Fiscal Impact:** Reduced use of budgeted funds.

**Staff Recommendation**

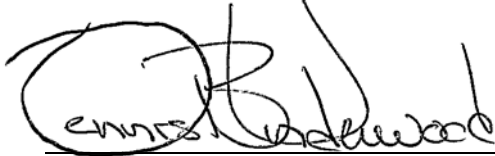
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Option #1

  
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B. Anatole Falagan  
for Stephen N. Arakawa  
Manager, Water Resource Management

6/16/2005

Date

  
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Dennis B. Underwood  
CEO/General Manager

6/21/2005

Date

**Attachment 1 – Detailed Report**

**Attachment 2 – Summary of State Water Contractors, Inc. FY 2005/06 Budgets, Dues and Metropolitan Share**

BLA #3424

## Detailed Report

### Introduction

Metropolitan received from the State Water Contractors, Inc. (SWC) an invoice due September 1, 2005, totaling \$1.83 million, which represent an increase of 16.3 percent over fiscal year 2004/05. The statement requests payments of (1) \$938,505 for FY 2006 Members Dues, (2) \$680,156 for Energy Fund, (3) \$50,000 for Bay-Delta Fund, (4) \$22,500 for Bay-Delta Urban Fund, and (5) \$136,665 for FY 2006 Municipal Water Quality Investigation (MWQI) Fund. Attachment 2 provides a summary of related SWC dues and budget information. **Section A** of this report discusses the purpose and need for the SWC and **Section B** explains current budget and previous years actual expenditures. **Section C** describes the restructuring of the SWC Dues and the formula for assigning dues, including the formation of the New Energy Fund and its allocation method. The Bay-Delta Fund, Bay-Delta Urban Fund and Municipal Water Quality Investigation Fund are briefly explained in **Sections D, E** and **F**, respectively. Lastly, the recent accomplishments and upcoming objectives of the SWC are described in **Section G**.

### Section A - Purpose and Need of State Water Contractors, Inc.

The SWC was organized in 1982 under the Nonprofit Mutual Benefit Corporation Law. The purpose of the SWC is to engage in activities that further the common interests of its membership with respect to the State Water Project (SWP). These interests include: (1) the timely completion of the project facilities; (2) proper and effective operation of the SWP; and (3) protection and acquisition of the water rights needed for the delivery of water through the SWP. The SWC accomplishes these objectives through a variety of means, including: (1) reviewing and/or entering into litigation affecting the SWP; (2) presenting the views of the SWC to legislative and administrative agencies, to the public generally, and to other interested groups; (3) undertaking studies affecting the SWP; and (4) maintaining a public information program about the SWP. Also, the SWC and its staff maintain active relationships with management and staff of the California Department of Water Resources (DWR).

DWR and the SWP contractors are facing challenges that require constant attention and vigilance. There are competing needs for water supplies among agricultural, urban, environmental, and recreational users of California's water supply system. The SWP is subject to increasing regulation of its water supply operations. Regional growth is increasing the demand for water in the Delta area and throughout the state. Increasingly stringent water quality standards are making water treatment more difficult and costly for agencies relying on Delta water. Aging of the SWP facilities requires innovative approaches to management of SWP operations and source supply.

DWR is a more effective advocate for resolving these types of issues with its contractors' involvement. The SWC is a mechanism for SWP contractors to effectively represent their collective interests and to contribute toward resolving the issues described above. Additionally, the SWC provides an important forum that gives Metropolitan an opportunity to learn of and influence proposals by other contractors before they are presented to DWR, regulatory agencies and other decision makers affecting our SWP benefits.

### Section B - Current Budget and Previous Years Actual Expenditures

The SWC's combined budget for the 2005/06 fiscal year reflects an increase of 12 percent. This is due primarily to a \$400,000 increase in costs associated with the management of energy-related issues. Cost allocation among the members has been adjusted between the Dues and new Energy Fund as described in **Section C**. The Bay-Delta Fund and MWQI budgets have remained flat.

### Section C – SWC Dues and Energy Fund

#### **The Restructuring of the SWC Dues**

In March 2005, the SWC board restructured its dues allocation. In the past, SWC dues (excluding voluntary contributions through the Bay-Delta Account, the Bay-Delta Urban Coalition and the Municipal Water Quality Investigation) were allocated entirely on the Table A Annual Entitlement amount. The change in dues allocation

was prompted by an increase in energy-related objectives and expenses, and a desire to align costs with beneficiaries. To implement these changes, the SWC members have approved modifications to the SWC by-laws.

The adopted changes are as follows:

- The energy-related expenses in the current SWC Dues Fund have been segregated into a new Energy Fund. The Energy Fund includes the direct and indirect costs for SWC staff working on energy issues, energy consultants and other costs related to energy. Lake Oroville Federal Energy Regulatory Commission (FERC)-Relicensing Costs have been assigned half to the new Energy Fund (reflecting pursuit of energy interests) and half to the SWC General Fund (reflecting protection of water supply).
- The new Energy Fund has been allocated among contractors half based on proportional energy use in the prior year and half based on proportional energy use needed to deliver a contractor's Maximum Table A Entitlement amount.
- The remaining SWC General Fund has been allocated half based on actual total California Aqueduct water deliveries in the prior year and half based on Maximum Table A Entitlement amounts. The water supply deliveries the prior year include all SWP water use, including carryover from the prior year, Turnback Pool purchase, and Article 21 Water.
- The annual dues of each member have been adjusted to account for those members who pay the minimum dues provided under the SWC by-laws and will be adjusted to provide credit to the member for in-kind consulting services approved by the SWC board of directors. For Metropolitan, in-kind consulting services to be credited are projected at \$135,000.

#### **Section D - Bay-Delta Fund**

The SWC board of directors initiated the Bay-Delta Fund in 1986 to support the interests of the SWP contractors in the State Water Resources Control Board's (SWRCB) Bay-Delta Hearings. Those hearings continued through seven phases ending in the late 1990s. Phase 8 of that process, the determination of who should provide the water to meet the requirements of the 1995 Water Quality Control Plan, was suspended to allow the parties to develop a settlement agreement. Implementation of the Sacramento Valley Phase 8 Water Management Agreement, which was signed by the parties in 2001, is now underway. The SWC has been actively involved in the environmental documentation for the overall ten-year program, which could yield up to 185,000 acre-feet. Participating with the other contractors through the SWC helps reduce Metropolitan's cost and enhances our influence.

In addition to participating in the Bay-Delta Hearings, Bay-Delta funding supports implementation of the CALFED Record of Decision, including efforts to increase the Banks Pumping Plant capacity to 8,500 cfs; implementation of the Vernalis Adaptive Management Program for the San Joaquin River; and successfully challenging the listing of the Sacramento Splittail under the Endangered Species Act.

Annually, the SWC board of directors approves the proposed budget and establishes member dues to pay for Bay-Delta activities. The Bay-Delta Fund expenditures have been adjusted over time to address areas of critical interest to the contractors related to the Delta. Attachment 2 shows the Bay-Delta Fund budget and actual expenditures for previous years. In addition to staff support, Metropolitan provides outside legal counsel in support for Bay-Delta activities. The support that Metropolitan provides is recognized in the reduced assignment of contributions by Metropolitan for the Bay-Delta Fund. Metropolitan's share is 25 percent of the overall total budget of the Bay-Delta Fund.

#### **Section E - Bay-Delta Urban Fund**

The Bay-Delta Urban Fund was established in 1993 for the payment of Bay-Delta Urban Coalition (BDUC) contributions on behalf of SWP contractors who are also members of BDUC. BDUC activities of primary interest to urban water users include support for increased water supply reliability, protection of drinking water quality, salinity management, securing CALFED funding, and coordinating tours and briefings in Washington, D.C. and Sacramento on Bay-Delta issues. Metropolitan and three of its member agencies are members of BDUC. SWC incorporates the BDUC contributions into the annual invoice for SWC BDUC members. The SWC board approved a separate budget of \$45,000 from six BDUC contractors for specific BDUC activities related to issues

of primary interest to urban water uses: increased water supply reliability and drinking water quality protection. To achieve equity, SWC BDUC members allocate costs based on a variety of factors including regional contributions.

### **Section F - Municipal Water Quality Investigation Fund**

The purpose of the MWQI Fund is to provide participating contractors and DWR with greater operating flexibility in the administration of the MWQI Program. The MWQI Program develops information used to guide compliance with future drinking water standards and source water quality protection. SWC expenditures will reduce DWR's budget on a dollar for dollar basis. The total approved SWC MWQI Fund FY 2006 Assessment is \$200,000. MWQI Fund contributions are assessed based on the Table A amount for each of the 16 participating SWC members. Metropolitan's amount is 68 percent of the total. Implementation of the MWQI Fund in 2005 enabled DWR to overcome staffing restrictions and contracting delays for some of the key work elements.

### **Section G - Accomplishments of the State Water Contractors**

Significant recent accomplishments include:

#### **SWP Energy Portfolio**

- Assessment of Long-term Power and Transmission Options: SWC staff and consultants participated and provided leadership in SWP power resource planning and analysis processes. This included developing baseline targets for power purchases and sales to be executed prior to the current water delivery year. The SWC staff also produced a screening-level analysis of the long-term options for supplying pumping energy needs. Additionally, SWC staff led the SWC participation in the CPUC's Resource Adequacy Requirements workshops that will lead to reserve margin requirements for utilities in California. SWC staff and consultants have also participated in formulation of alternative transmission arrangements to reduce costs.
- Risk Management Implementation: SWC staff participated in efforts to improve the underlying tools and led the development of additional spreadsheet tools for developing a power purchase and marketing strategy to balance exposure to the potential run up in market energy costs against maintaining acceptable expected mil rate targets.
- 2005 Forward Sales: SWC staff participated and provided leadership in developing the baseline sales targets for 2005. Staff continued working on this effort throughout the year in order to refine the process. Staff set revised sales targets for 2006 that balanced both dry year and heavy delivery supply considerations and incorporated required capacity reserve margins.
- SWP Staffing Plan: SWC staff and consultants developed a recommended plan to augment the DWR staffing plan developed by DWR. The SWC plan identified several key positions that needed to be addressed in moving forward. SWC and DWR staff met and agreed on the need for these positions, with DWR laying out an action plan for filling the positions. One of the first gaps filled was a new Term Trader position. The new Term Trader has been instrumental in successfully addressing weekly to monthly power sales and purchase needs.
- Metered Subsystem: SWC consultant and staff have taken the lead in pushing the formation of a metered subsystem. This included the development of a preliminary business case supporting the formation of the metered subsystem.

#### **Oroville Relicensing**

- Represented the contractors in DWR's ongoing efforts to relicense Oroville power facilities with the FERC. Provided periodic feedback to DWR's relicensing team and consultants on positive and negative aspects of their relicensing approach.
- Continued outreach to the Oroville community by meeting with city, county and Feather River Recreation Park District elected and appointed officials, which culminated in negotiation of a Supplemental Benefits Fund (SBF) that provides funds for local investment that meets licensing goals. The SBF has fostered significant local support for the overall recreation settlement package.

- Met with NOAA Fisheries and FERC commissioners/staff to promote successful outcome of the relicensing process.
- Supported DWR in its submittal of a timely application for a new license in January 2005. Continued to support post-application negotiations.

#### **Statement of Charges Improvement Project**

- A SWC Consultant, working with DWR staff, developed an initial screening of potential options for improving the SWP Statement of Charges. This project will re-engineer the annual Statement of Charges process and simplify and improve the accuracy of the Statement of Charges. The next step will be development of an implementation plan for specific proposals that have been identified by the State Water Project Analysis Office, SWC members and others.

#### **Protecting Rate Management Credit (RMC)**

- SWC staff worked with DWR through the SWC Audit/Finance Committee to quantify cash available for RMC. The completion of the cash reconciliation in January 2005 identified available funding for RMC and assured future understanding of SWP cash flow status.

#### **Water Quality**

- The SWC advanced water quality monitoring of SWP supplies through the ongoing monitoring and analysis of Delta water quality and initial development of the Real-Time Data and Forecasting Project.
- A new water quality-monitoring site for organic carbon was installed along the San Joaquin River.
- The SWC provided emergency water quality monitoring, sampling, and assessment of water affected by the Lower Jones Tract Levee failure.
- The SWC provided staffing assistance for SWP data management and dissemination.

#### **Monterey Amendment**

- The SWC's representatives have participated in regular meetings of the Monterey Plus EIR Committee. Through these meetings, they have raised SWC concerns with the EIR process, provided technical input into sections of the EIR and the associated documents, argued points raised by the plaintiffs, and provided review of the EIR and the supporting technical studies.
- The SWC representatives organized an extended resource group to develop strategy for and responses to plaintiff's issues and concerns, which are raised through the Monterey Plus EIR Committee.

#### **FY 2006 Objectives of the State Water Contractors**

Key objectives of the SWC for FY 2006 include:

##### **Operate the State Water Project as a Business**

- The SWC has been working to develop partnerships with the DWR to provide greater customer value. The SWC views managing and operating the SWP as a business as a top priority for the new DWR director. Monthly management meetings with DWR are held to review SWP business issues. SWC will continue to work with DWR on management systems to ensure that costs are effectively monitored and controlled.

**Complete South Delta Improvement Program EIR/EIS (Banks Pumping Plant 8,500 cfs)**

- A key component of the South Delta Improvement Program (SDIP) is increasing the export capacity of Banks Pumping Plant in the south Delta from 6,680 cfs to 8,500 cfs. The Operations Criteria and Plan (OCAP) Biological Opinion was released in the fall of 2004, and the final SDIP EIR/EIS is scheduled to be released in 2006. Full operation at 8,500 cfs is anticipated in 2008, but SWC representatives are working with DWR staff to determine whether pumping rates could be allowed to approach 8,500 cfs, prior to 2008, depending on water quality and flow-level conditions.

**Develop Long-term SWP Energy Portfolio**

- The SWC is addressing challenges of increased State Water Project participation in the energy market that began with termination of the SCE exchange agreements at the end of 2004. DWR focused on near-term energy needs in 2005. SWC staff and consultants will continue to work to support DWR in their efforts to procure and market power in the near-term. SWC staff and consultants will continue their leadership roles in refining the planning and risk management processes and associated tools. SWC staff will also participate as appropriate, which will include taking the lead role when required, on longer-term strategic issues. Important strategic issues anticipated to be addressed in FY 2005/06 include: completion of a metered subsystem agreement with the California Independent System Operator, the development of a long-term power procurement strategy, and assessing transmission options that reduce energy wheeling and access fees.

**Complete New EIR for Monterey Settlement**

- The Draft EIR is targeted late 2005.

**Oroville Relicensing**

- DWR submitted its application to FERC for a new license for the Lake Oroville power facilities in January within the time required by statute. Negotiations with local stakeholders and regulatory agencies were not concluded regarding protection, mitigation and enhancement measures to be submitted to FERC for inclusion in the new license. As a result, the submitted application will be supplemented once negotiations are completed on settlement issues. Negotiations have continued regarding resource actions that might be added to those already included in DWR's application, with a major emphasis on resolution of actions to improve cold-water fisheries. Negotiations are scheduled to conclude later in 2005 and the application would be amended by DWR to incorporate any settlement.

**Water Quality**

- Provide consultant support for completion of the development of the Real-Time Data and Forecasting Project.
- Provide staffing support for unexpected water quality analysis or needs that cannot be met due to state administrative constraints.



**Summary of State Water Contractors, Inc.  
FY 05-06 Budgets, Dues  
and Metropolitan's Share**

SWC Budget Component					
	FY 05-06 Budget	Reserve Adjustment	Cost Allocated To Members	Metropolitan Share	
Dues Fund ( 1 )	\$1,971,700	(121,700)	\$1,850,000	50.73%	\$938,505
Energy Fund ( 1 )	835,000	85,000	920,000	73.93%	680,156
Bay-Delta Fund ( 1 )	750,000	(550,000)	200,000	25.00%	50,000
Bay-Delta Urban Fund	45,000	N/A	45,000	50.00%	22,500
MWQI	321,000	(121,000)	200,000	68.33%	136,665
<b>Total</b>	<b>\$3,922,700</b>		<b>\$3,215,000</b>		<b>\$1,827,826</b>

( 1 ) Budgets are shown on the following sheets.

**State Water Contractors, Inc.**  
**FY2005-06 Approved**  
**Dues Fund and Energy Fund FY 2005/06 Budget**

	Actual FY 2002-03	Actual FY 2003-04	Approved FY 2004-05	Dues Fund	Energy Fund	Combined Total
<b><u>CONSULTANT SERVICES</u></b>						
Engineering	\$8,553	\$1,253	\$0	\$0	\$0	\$0
Water Operations	0	0	40,000	0	0	0
Operations & Maintenance	0	0	40,000	25,000	0	25,000
Public Information	25,877	3,818	10,000	10,000	0	10,000
Business Processes	119,252	106,762	80,000	60,000	0	60,000
Monterey Settlement Legal	155,093	157,682	100,000	100,000	0	100,000
FERC Relicensing	242,245	528,096	665,000	200,000	200,000	400,000
Yuba River Accord Mediation	0	5,521	40,000	0	0	0
Control Systems	7,929	11,778	10,000	10,000	0	10,000
Energy Resources	118,686	134,927	150,000	0	485,000	485,000
Financial	49,857	54,018	40,000	40,000	0	40,000
SWPCA	24,073	100,018	0	0	0	0
SWP-CVP Public Outreach	0	185,788	12,000	25,000	0	25,000
SWP Consultant	0	20,209	55,000	150,000	0	150,000
Misc. Legal Costs	114,965	17,473	0	0	0	0
<b><u>OFFICE EXPENSES</u></b>						
Rent	63,783	79,475	90,000	80,000	0	80,000
Equipment Leasing	10,335	12,192	7,000	8,000	0	8,000
Services	3,618	4,986	5,000	5,000	0	5,000
Telephone	12,906	14,635	15,000	17,000	0	17,000
Postage	2,959	2,973	4,000	2,000	0	2,000
Supplies	6,441	10,728	6,000	5,000	0	5,000
Office Equipment	8,960	5,109	15,000	10,000	0	10,000
	527,550	740,913	600,000	800,000	105,000	\$905,000
<b><u>SALARIES</u></b>						
<b><u>EMPLOYEE EXPENSES</u></b>						
Life Insurance	2,474	2,404	2,500	1,000	500	1,500
Medical Insurance	20,267	41,482	50,000	67,200	6,000	73,200
Disability Insurance	2,810	5,724	5,000	0	0	0
Retirement (PERS)	87,207	123,607	125,000	160,000	20,000	180,000
Retired/Former Employees	12,746	9,364	80,000	15,000	0	15,000
State & Fed Unemployment	5,659	9,526	10,000	8,000	0	8,000
<b><u>OTHER EXPENSES</u></b>						
Travel & Meetings	73,821	88,928	80,000	85,000	13,500	98,500
Auto Allowance & Parking	29,733	23,417	25,000	30,000	5,000	35,000
Insurance & Bonds	12,873	18,842	20,000	25,000	0	25,000
Audit	3,545	3,545	3,700	3,700	0	3,700
Bookkeeping	14,894	17,867	15,000	15,000	0	15,000
Taxes	688	307	800	800	0	800
Printing & Publications	4,740	20,971	8,000	8,000	0	8,000
Miscellaneous	11,951	4,386	6,000	6,000	0	6,000
<b><u>TOTAL EXPENSES</u></b>	<b>\$1,786,490</b>	<b>\$2,568,725</b>	<b>\$2,415,000</b>	<b>\$1,971,700</b>	<b>\$835,000</b>	<b>\$2,806,700</b>

**State Water Contractors, Inc.  
FY 2005-06 Approved  
Bay-Delta Fund Budget**

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		Actual FY 2002-03	Actual FY 2003-04	Approved FY 2004-05	Approved FY 2005-06
<b>LEGAL SUPPORT</b>	<b>Best, Best &amp; Krieger - Legal</b>	\$66,482	\$53,699	\$80,000	\$80,000
	<b>ESA Litigation Support</b>	7,638	5,123	10,000	10,000
	<b>Splittail Litigation</b>	4,295	14,525	10,000	5,000
	<b>KMT&amp;G -- Legal</b>	96,431	88,789	75,000	90,000
	<b>Tulare v. United States</b>	0	0	0	0
	<b>CVPIA B(2) A/C Brief</b>	617	0	0	0
	<b>SWRCB Transcripts</b>	0	0	5,000	5,000
	<b>SWRI -- ISDP/CALFED</b>	140,051	216,119	185,000	85,000
<b>FISHERIES SUPPORT</b>	<b>Jim Buell -- Fish Screens</b>	59,824	9,728	75,000	30,000
	<b>Chuck Hanson -- Fisheries</b>	50,031	69,971	50,000	100,000
	<b>Science Review/OCAP Input</b>	0	127,511	175,000	175,000
<b>OTHER EXPENSES</b>	<b>San Joaquin Agreement</b>	67,510	39,748	60,000	70,000
	<b>Laura King</b>	95,288	0	0	0
	<b>EBMUD</b>	177,618	76,092	0	0
	<b>Contingency Reserve</b>	0	0	100,000	100,000
<b>TOTAL EXPENSES</b>	<b>\$765,785</b>	<b>\$701,305</b>	<b>\$825,000</b>	<b>\$750,000</b>	