

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

July 12, 2005 Board Meeting

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**8-15**

**Subject**

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Approve revised cost-sharing agreement for Colorado River Board funding; and authorize \$377,327 for payments to the Six Agency Committee and Colorado River Association for fiscal year 2005/06

**Description**

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This letter seeks authorization to pay Metropolitan’s newly negotiated share of the Six Agency Committee and Colorado River Association’s costs for fiscal year 2005/06. The funds are used by Colorado River Board of California staff to secure the represented agencies’ water and power rights in the Colorado River system, and by the Colorado River Association to support public outreach and education. Over the past few months, a proposal was developed to redistribute CRB and related costs among the participating agencies. Metropolitan’s share of the Six Agency Committee and Colorado River Association’s total expenses would be \$377,327 or 32 percent for fiscal year 2005/06.

The state of California no longer offers co-funding for the CRB, a state agency, leaving funding entirely up to the six water agencies with seats on the board. The Six Agency Committee is a joint powers authority funded by the six agencies, and releases funds to the state to support CRB functions. These funds are used to pay the salaries and expenses of the CRB employees and activities in support of protecting and enhancing California and its agencies’ rights and interests in the resources of the Colorado River. Under the original funding formula, urban water agencies contributed the majority of the funds.

Last year, the six agencies entered into a one-year agreement to revise their cost-sharing arrangement. This year, based on agreement among the participating agencies, Metropolitan’s contribution would be 32 percent. This contribution is higher than last year (27.5 percent) but much less than what it was in previous years when Metropolitan’s share was 44.4 percent. Under the new cost-sharing arrangement, urban agencies would pay 50 percent and agricultural agencies would pay 50 percent of the costs over the next 5 years. The proposed cost-sharing percentages for the urban agencies are listed below.

	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>
Metropolitan	32	32	32	32	32
DWP	10	10	8	8	8
SDCWA	8	8	10	10	10
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

**Attachment 1** and **Attachment 2** respectively provide background and budget information for the Six Agency Committee and the Colorado River Association. Additionally, a letter is going before this Board requesting authorization to enter into an updated joint powers authority agreement for the Colorado River Association. The updated JPA will not affect Metropolitan’s costs.

**Policy**

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Metropolitan Water District Administrative Code Section 11202 and Section 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 Items 21641 and 33322, dated Sep. 12, 1961, and July 8, 1980, the Board authorized amending the Six Agency Committee Agreement.

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

**California Environmental Quality Act (CEQA)**

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CEQA determination for Staff Recommendation:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves 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).

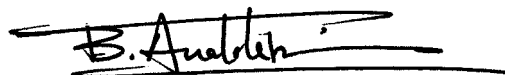
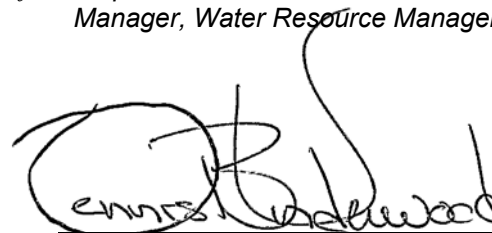
The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

**Staff Recommendation**

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Adopt the CEQA determination and, by a two-thirds vote, approve the new funding arrangement based on the proposed cost-sharing percentage, and authorize the Chief Executive Officer to make payments totaling \$377,327 for the Six Agency Fund and the Colorado River Association for FY 2005/06.

**Fiscal Impact:** \$377,327 from the Operations and Maintenance Fund under the General District Requirement budget. Sufficient funds are included in Metropolitan's FY 2005/06 Operations and Maintenance Fund.

	6/22/2005
B. Anatole Falagan for Stephen N. Arakawa Manager, Water Resource Management	Date
	6/22/2005
Dennis B. Underwood CEO/General Manager	Date

**Attachment 1 – Colorado River Board and Six Agency Fund**

**Attachment 2 – Colorado River Association Fund**

## **Colorado River Board and Six Agency Fund**

### **Six Agency Committee & the Colorado River Board**

**\$368,191 (32 percent)**

Created in 1950, the Six Agency Committee's primary function is to support the CRB through the collection and administration of funds. The funds are used by CRB staff for purposes of:

- 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.

The participating agencies of the Six Agency Committee are the Coachella Valley Water District, Imperial Irrigation District, Los Angeles Department of Water and Power, Palo Verde Irrigation District, San Diego County Water Authority, and Metropolitan. Metropolitan has contributed to the Six Agency Fund since its inception. The Committee approved its budget for fiscal year 2005/06 on June 15, 2005. The CRB budget for fiscal year 2005/06 is shown below.

**COLORADO RIVER BOARD AND SIX AGENCY FUND**

	<u>Current Year Authorized Budget FY 2004/05</u>		<u>Anticipated Expenditures FY 2004/05</u>		<u>Proposed Budget FY 2005/06</u>	
<b>A. COLORADO RIVER BOARD BUDGET</b>						
<b>Sources of Funding</b>						
State Share (CELPF)	\$ -	0%	-		\$ 0	0%
Six Agency Share	\$ 1,224,000	100%	1,008,200		\$ 1,237,000	100%
<b>Colorado River Board Budget<sup>1</sup></b>	<b>\$ 1,224,000</b>		<b>1,008,200</b>		<b>\$ 1,237,000</b>	
<b>B. BUDGET REQUIREMENTS OF SIX AGENCY COMMITTEE</b>						
1. Support of Colorado River Board Budget	\$ 1,224,000		\$ 1,008,200		\$ 1,237,000	
2. Washington, D.C. Services	\$ 50,000		\$ 30,000		\$ 50,000	
3. Consulting Services/Special Projects	\$ 100,000		\$ 30,000		\$ 100,000	
4. Unscheduled Board Activities	\$ 10,000		\$ -		\$ 10,000	
5. Computer Replacement, Maintenance & Supplies	\$ 6,000		\$ -		\$ 6,000	
6. 3% Reserve for Contingency	\$ 25,000		\$ -		\$ 25,000	
7. LCR MSCP						
A. MSCP Implementation	\$ 15,000		\$ 13,948		\$ 6,000	
B. Other Studies	\$ -		\$ -		\$ -	
<b>Six Agency Committee Budget</b>	<b>\$ 1,430,000</b>		<b>\$ 1,082,148</b>		<b>\$ 1,434,000</b>	
<b>C. SOURCES OF FUNDING FOR SIX AGENCY COMMITTEE</b>						
8. Refund from State for FY 02/03					\$ (21,370)	
9. Estimated Carry-Over					\$ (161,800)	
10. Prior Assessment					\$ (132,030)	
11. Electric Utility Contribution (Item #7A)					\$ -	
12. Transfer from Reserve Fund					\$ -	
13. Assessments not Received					\$ (31,796)	
<b>14. TOTAL CONTRIBUTION NEEDED</b>	<b>\$ 1,054,204</b>				<b>\$ 1,150,596</b>	

<sup>1</sup> The Board's Budget includes \$34,000 for Colorado River Basin Salinity Control Forum support in FY 2005/06.

## Colorado River Association Fund

### Colorado River Association

**\$9,136 (32 Percent)**

Formed in 1947, the Six Agency Colorado River Association (Association) is a Joint Powers Authority that functions as the public affairs entity of the Committee. It prepares news releases, newsletters and brochures, as well as sponsoring field inspections for legislative and congressional staff. Metropolitan has been a member since the Association's inception. Unlike the Six Agency Committee fund, the Colorado River Association fund is not used to fund state employees' costs. The Colorado River Association budget for fiscal year 2005/06 is shown below.

### COLORADO RIVER ASSOCIATION FUND FY 2005/06 Budget

Account No. 1	Awards & Honoraria	\$ 300
Account No. 2	Miscellaneous Postage	\$ 1,000
Account No. 3	Miscellaneous Supplies and Services	\$ 5,000
Account No. 4	Travel, Conference Expenses, and Field Inspections for State and Federal Legislative Representatives	\$ 65,000
Account No. 5	Oral Histories, News Releases & Brochure	\$ 32,100
Account No. 6	Telephone	\$ 300
Account No. 7	Contingency Reserve	\$ 3,200
<b>ESTIMATED CRA BUDGET</b>		<b>\$ 106,900</b>
<b>PRIOR ASSESSMENTS</b>		<b>\$ (78,350)</b>
<b>TOTAL CONTRIBUTION NEEDED</b>		<b>\$ 28,550</b>