

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

August 16, 2005 Board Meeting

7-12

Subject

Authorize amending the agreement with Mojave Water Agency to demonstrate the feasibility of water exchange program

Description

The Board is requested to authorize the Chief Executive Officer to amend the existing agreement between Mojave Water Agency (Mojave) and The Metropolitan Water District of Southern California for a demonstration water exchange program. The amendment would provide a one-year extension of the period for Metropolitan to deliver up to the maximum amount of 75,000 AF for an exchange from December 2004 to February 2006. Currently, the storage balance in the existing program is approximately 25,000 AF. In addition, the date for the return of water supply to Metropolitan (through State Water Project Table A water exchange) would also be extended from December 2014 to December 2015.

Background. On October 14, 2003, the Board authorized the Chief Executive Officer to enter into an agreement with Mojave to demonstrate the feasibility of a water exchange program. This agreement established an exchange program that would enhance Metropolitan's capability to: (1) take full delivery of available 2003 State Water Project supplies; (2) improve dry-year supplies for future years; and (3) broaden partnerships with water agencies in San Joaquin Valley and Southern California.

In August 2003, the Board approved the Principles of Agreement and authorized the development of a final agreement with Mojave for the demonstration program.

Mojave Program. A final agreement was executed on October 20, 2003, for a demonstration water exchange program. Under this agreement, Metropolitan would deliver up to 75,000 AF of its SWP water to Mojave. Mojave would be obligated to return Metropolitan's water through an exchange of Mojave's SWP water. In years when Metropolitan requests the completion of the exchange, Mojave would provide its SWP deliveries to Metropolitan in the amount requested by Metropolitan or the amount available under Mojave's full SWP deliveries less its current demand of 5,000 AF, whichever is less. The estimated annual return rate in multiple dry-years, assuming 40 percent SWP allocation, is about 25,000 AFY. Under the existing agreement, Metropolitan stored 25,000 AF in 2003.

The payment terms for this program are structured according to a cost basis. Metropolitan would be responsible for the full SWP costs associated with the delivery of Metropolitan's SWP water to Mojave's turnout on the California Aqueduct, the variable costs, and off-aqueduct Operation Maintenance Power and Replacement costs associated with the conveyance of water returned to Metropolitan through the California Aqueduct by exchange. This program does not require any annual or storage fee payments.

Policy

This agreement would implement the storage strategy that will help meet future water supply and quality needs of Metropolitan's service area as outlined in Metropolitan's March 1996 Integrated Resources Plan.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, Mojave, acting as the Lead Agency, adopted a Mitigated Negative Declaration (MND), which included a mitigation monitoring and reporting program (MMRP), on September 11, 2003, for the Mojave Water Agency Groundwater Recharge and Exchange Demonstration Project. On October 14, 2003, Metropolitan, acting as a Responsible Agency under CEQA, certified that it had reviewed and considered the information in the adopted MND and adopted the Lead Agency's finding of no significant impact and MMRP related to the proposed action. The Board's adoption of the Lead Agency's finding of no significant impact and MMRP in 2003 includes coverage for the current board action, which is solely based on maintaining the existing agreement requirements with a minor one-year extension with Mojave consistent with the adopted MND. Accordingly, because the Board has already made a CEQA determination on the MND for its actions as a Responsible Agency, no further findings or environmental documentation are necessary for the Board to approve the proposed action.

The CEQA determination is: Determine that the proposed action has been previously addressed in the adopted 2003 MND and the MMRP and that no further findings or environmental documentation are required.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize the Chief Executive Officer to enter into an amendment to the existing demonstration water exchange program with Mojave, in form approved by the General Counsel.

Fiscal Impact: None

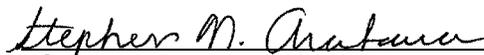
Option #2

Do not authorize the Chief Executive Officer to enter into an amendment to the existing demonstration water exchange program with Mojave.

Fiscal Impact: None. However, non-approval of the proposed amendment could decrease the amount of SWP to be stored as planned in the 2005 water supply strategy.

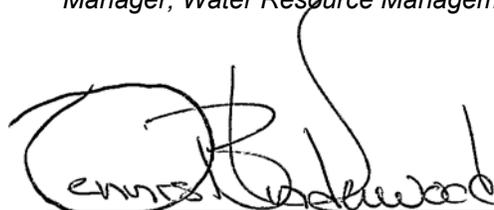
Staff Recommendation

Option #1


 Stephen N. Arakawa
 Manager, Water Resource Management

7/22/2005

Date



Dennis B. Underwood
 CEO/General Manager

7/29/2005

Date