

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

April 11, 2006 Board Meeting

8-4

Subject

Authorize agreements to create surplus water for storage in Lake Mead

Description

Authorization is requested to (1) enter into an agreement with the U.S. Bureau of Reclamation to store a portion of Metropolitan's Colorado River supplies in Lake Mead during 2006 and 2007 and (2) enter into forbearance agreements with the Arizona Department of Water Resources and Colorado River Commission of Nevada to preserve the stored water for Metropolitan's use. These agreements constitute a major step in Metropolitan improving its ability to manage its water resources in response to fluctuating wet and dry conditions.

The development and recovery of storage credits, known as "Intentionally Created Surplus", is an element of the Colorado River Basin states representatives' February recommendation to the Secretary of the Interior to improve Colorado River management. The representatives suggested that contractors be able to begin accruing credits derived from extraordinary conservation measures in 2006 as a demonstration program. The Secretary of the Interior has undertaken a process to develop shortage guidelines for the Lower Colorado River Basin and evaluate strategies to better coordinate Colorado River reservoir management. Once the Secretary adopts a long-term program that includes Intentionally Created Surplus as part of the coordinated operation of Lakes Powell and Mead, Metropolitan would be able to use any stored water to sustain supply reliability or rebalance its internal system at its discretion. Should the Secretary not include recovery of Intentionally Created Surplus as an element of the decision on coordinated operation of Lakes Powell and Mead, an affected entitlement holder may request consultation with representatives of Reclamation and the Colorado River Basin states to explore other possible arrangements for the release or use of the Intentionally Created Surplus.

Demonstration Program Description

The Demonstration Program advances a long-term objective of Metropolitan to accumulate water in Lake Mead for subsequent use. Increasing storage in Lake Mead until the water is released would also help mitigate the effects of the recent Colorado River Basin drought by avoiding or delaying future shortages in the Lower Colorado River Basin. The program would provide incidental benefits to power generation and recreational activities at Lake Mead.

Under the Demonstration Program, in 2006 and 2007, Metropolitan would be allowed to store up to 200,000 acre-feet annually through the implementation of extraordinary conservation measures. This extraordinary conservation would be derived from Metropolitan's Imperial Irrigation District and/or Palo Verde Valley programs. The terms of the Demonstration Program are summarized below:

- water may only be stored on the basis of extraordinary conservation measures;
- water may only be stored in 2006 and 2007;
- California may store up to 200,000 acre-feet per year, for a two-year maximum storage amount of 400,000 acre-feet;
- forbearance agreements with Arizona and Nevada are required before water can be stored;
- surplus water cannot be stored in Lake Mead;

- water stored is subject to a five percent initial reduction to benefit the Colorado River system, plus evaporation losses;
- water stored would be lost if flood control releases were required from Lake Mead; and
- a separate agreement would be needed to recover the water.

Reclamation has proposed that other entities with Colorado River water delivery contracts with the Department of the Interior and holders of present perfected rights and federal reservations of water could enter into similar agreements. The Colorado River Basin states representatives proposed separate interstate forbearance agreements to guarantee creation and recovery of Intentionally Created Surplus credits. Discussions are under way with the staff of the Arizona Department of Water Resources and Colorado River Commission of Nevada to develop such agreements. It is not anticipated that such agreements would require any separate monetary or other consideration be provided to those entities or water users in those states. Should any valuable consideration be demanded by those entities, the Board would be provided with a recommendation on how to proceed.

Reclamation Authority

Reclamation can choose to implement the demonstration program under existing authorities held by the Secretary of the Interior under the Boulder Canyon Project Act and other acts. Metropolitan's contract with the Secretary for the delivery of Colorado River water explicitly provides for the accumulation and retention in Lake Mead, and the subsequent release and withdrawal, of Metropolitan's allotted water on such terms as the Secretary may set. Reclamation is completing its process to comply with the National Environmental Policy Act.

Policy

By Minute Item 42820, dated Feb. 10, 1998, the Board approved a policy principle to protect Metropolitan's interests and increase its dependable entitlements to Colorado River water, while collaborating with other California Colorado River agencies.

California Environmental Quality Act (CEQA)

CEQA determination for Staff Recommendation:

The proposed action of authorizing and entering into the Agreement is not defined as a project under CEQA because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). The proposed action is also statutorily exempt under the provisions of CEQA and the State CEQA Guidelines. In particular, the proposed action consists of a demonstration program in which Lake Mead would be operated by Reclamation in accordance with the terms and conditions of the Agreement. As Lake Mead is located outside California, and Reclamation is completing environmental impact review pursuant to the National Environmental Policy Act of 1969, this proposed action is exempt from CEQA under a Statutory Exemption (Public Resources Code Section 21080(b)(14) and Section 15277 of the State CEQA Guidelines). Additionally, the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves the creation of a demonstration program and minor modifications to the operations of existing public facilities with negligible or no expansion of use, is consistent with existing contracts between Metropolitan and the Secretary of the Interior, and has no possibility of significantly impacting the physical environment. In addition, the proposed action consists of basic data collection and resource evaluation activities, which does 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, which a public agency has not yet approved, adopted, or funded. Accordingly, the proposed action 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 Section 21080(b)(14) of the Public Resources Code and Sections 15301, 15306, 15277, and 15378(b)(2) of the State CEQA Guidelines.

