

- **Board of Directors**
Water Planning and Stewardship Committee

July 10, 2007 Board Meeting

8-6

Subject

Authorize \$540,544 for payment to the Six Agency Committee and \$13,472 for payment to the Colorado River Association for fiscal year 2007/08

Description

This letter seeks authorization for Metropolitan to fund its share of cost to support the Colorado River Board of California's (CRB) functions as well as support the Colorado River Association efforts to conduct educational and informational campaigns. Metropolitan is one of six agencies that share in the expenses. Our total FY 2007/08 cost would be \$554,016 or 32 percent to accomplish these two missions. Both of these functions help protect Metropolitan's interests regarding Colorado River water supply.

Purpose of Six Agency Committee and Colorado River Association

The CRB provides the official representation for California before the United States and the other six Basin States and engages in activities in support of protecting and enhancing California and its agencies' rights and interests in the resources of the Colorado River. The state of California no longer offers co-funding for the CRB. Although the CRB is a state agency within the Resources Agency, its funding is provided entirely by the six water agencies with seats on its 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 including the salaries of its employees, technical studies and travel.

The Colorado River Association is a voluntary, unincorporated organization of prominent citizens of Southern California. The Association advances the interests of the six agencies and the people of California in the waters of the Colorado River by conducting educational and informational campaigns.

Attachment 1 is a schematic showing how the financial contributions from Metropolitan and the five other cost-sharing agencies meet the intended purposes. In July 2005, Metropolitan's Board:

- Approved revised cost-sharing agreement for funding the Six Agency Committee and the Colorado River Association – Six Agency Committee that sets Metropolitan's funding share at 32 percent, and
- Approved an agreement to replace the Colorado River Association – Six Agency Committee with a new joint powers authority to be called the "Colorado River Joint Powers Authority (Authority)."

The new joint powers authority agreement has been approved by all six agencies, most recently by the city of Los Angeles, and will soon be fully executed. When the Authority is formed, payments to the Colorado River Association will be transferred to the Authority.

Recent Accomplishments

Last fiscal year's accomplishments include:

Colorado River Board/Six Agency Committee

1. Assisted in the development of the Basin States proposal and drafted agreements for a coordinated strategy to operate Lake Mead and Lake Powell that includes providing for Metropolitan storage credits in Lake Mead.
2. Executed the Agreement Concerning Colorado River Management and Operations.

3. Implemented the Lower Colorado River Multi-Species Conservation Program with the CRB's Executive Director serving as steering committee chair.
4. Participated in the Colorado River Basin Salinity Control Forum with the CRB Executive Director serving as chair.
5. Funded weather modifications activities undertaken in the Upper Colorado River Basin by entities in Colorado, Utah, and Wyoming.

Colorado River Association

1. Collected oral histories of Colorado River matters from individuals that included Gerald Davisson, former General Manager of Palo Verde Irrigation District, Duane Georgeson of Metropolitan, and Charles Shreves, former General Manager of Imperial Irrigation District.

Objectives for Upcoming Fiscal Year

In fiscal year 2007/08, the Colorado River Board/Six Agency Committee objectives include:

1. Support negotiations and implementation of Basin States agreements relating to the operation of Lake Mead and Lake Powell including the establishment of an intentionally created surplus/forbearance program that would effectively provide for the storage of water in Lake Mead.
2. Continued funding of the weather modification program in the upper Basin States (cloud seeding).
3. Funding and implementation of the tamarisk control study.
4. Implementation of an electronic data management system for the CRB's files.

Summary of Costs

Details of the approved budget for FY 2007/08 for the Colorado River Board and Six Agency Fund and the Colorado River Association are provided in [Attachment 2](#) and [Attachment 3](#), respectively. Also shown is a breakdown of each agency's contribution along with the percentage of the total. The following table summarizes Metropolitan's costs.

Fund	FY 2006/07	FY 2007/08
Colorado River Board and Six Agency Fund	\$ 456,320	\$ 540,544
Colorado River Association Fund	\$ 26,048	\$ 13,472
Total	\$ 482,368	\$ 554,016

The cost increase for the Colorado River Board and Six Agency Fund is due to (i) increased wages and benefits, (ii) reestablishment of a one-half staff position, (iii) the unfunded amount from the authorized 2006/07 budget, and (iv) implementation of an electronic data management system for the CRB's extensive Colorado River files.

Policy

Metropolitan Water District Administrative Code Section 11202 and Section 11203: Payment of Dues and Participation in Projects or Programs Serving District Purposes; Metropolitan Water District Act Section 126. This item is subject to a two-thirds vote requirement.

By Minute Item 46310, dated July 12, 2005, the Board approved a revision to the Six Agency Committee funding arrangement under which Metropolitan's share is 32 percent.

By Minute Item 40277, dated June 15, 1993, the Board authorized amending the agreement creating the Colorado River Association, and by Minute Item 46291, dated July 12, 2005, the Board authorized replacing the Colorado River Association with the Colorado River Joint Powers Authority.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1, #2 and #3:

The proposed actions are not defined as projects under CEQA because they involve continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve 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 actions are not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Board Options

Option #1

Adopt the CEQA determination, and by a two-thirds vote, authorize the General Manager to make payments of \$540,544 to the Six Agency Fund and \$13,472 to the Colorado River Association (or its successor entity the Colorado River Joint Powers Authority) for a total of \$554,016 for FY 2007/08.

Fiscal Impact: \$540,544 to the Six Agency Fund and \$13,472 to the Colorado River Association from the Operations and Maintenance Fund under the General District Requirement budget. Sufficient funds are included in Metropolitan's FY 2007/08 Operations and Maintenance Fund.

Business Analysis: Provides for continued representation of California in Colorado River matters by the Colorado River Board and continues the educational and informational campaigns undertaken by the Colorado River Association

Option #2

Adopt the CEQA determination, and by a two-thirds vote, authorize the General Manager to make payments totaling \$540,544 to the Six Agency Fund only for FY 2007/08.

Fiscal Impact: \$540,544 to the Six Agency Fund from the Operations and Maintenance Fund under the General District Requirement budget. Sufficient funds are included in Metropolitan's FY 2007/08 Operations and Maintenance Fund.

Business Analysis: Provides for continued representation of California in Colorado River matters by the Colorado River Board. Would not provide for the costs of the Colorado River Association, potentially resulting in cessation of educational and informational campaigns if the other five agencies do not elect to fund Metropolitan's share

Option #3

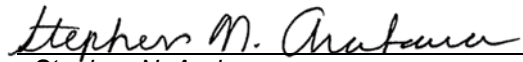
Do not authorize the General Manager to make payments to the Six Agency Fund and the Colorado River Association for FY 2007/08 and direct staff to renegotiate the cost-sharing agreement approved by the Board at its July 12, 2005 meeting.

Fiscal Impact: Unknown. Metropolitan's share of costs under a new agreement would be subject to negotiation. If a revised agreement could not be negotiated, the potential loss of the function served by the Colorado River Board could result in additional Colorado River resources related costs to Metropolitan.

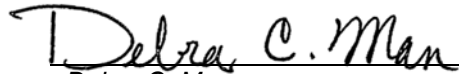
Business Analysis: Without a timely renegotiated cost-sharing agreement, the ability of the Colorado River Board to represent California on Colorado River matters would be compromised and a cessation of educational and informational campaigns by the Colorado River Association could result.

Staff Recommendation

Option #1


Stephen N. Arakawa
Manager, Water Resource Management

6/18/2007
Date


Debra C. Man
for Jeffrey Kightlinger
General Manager

6/20/2007
Date

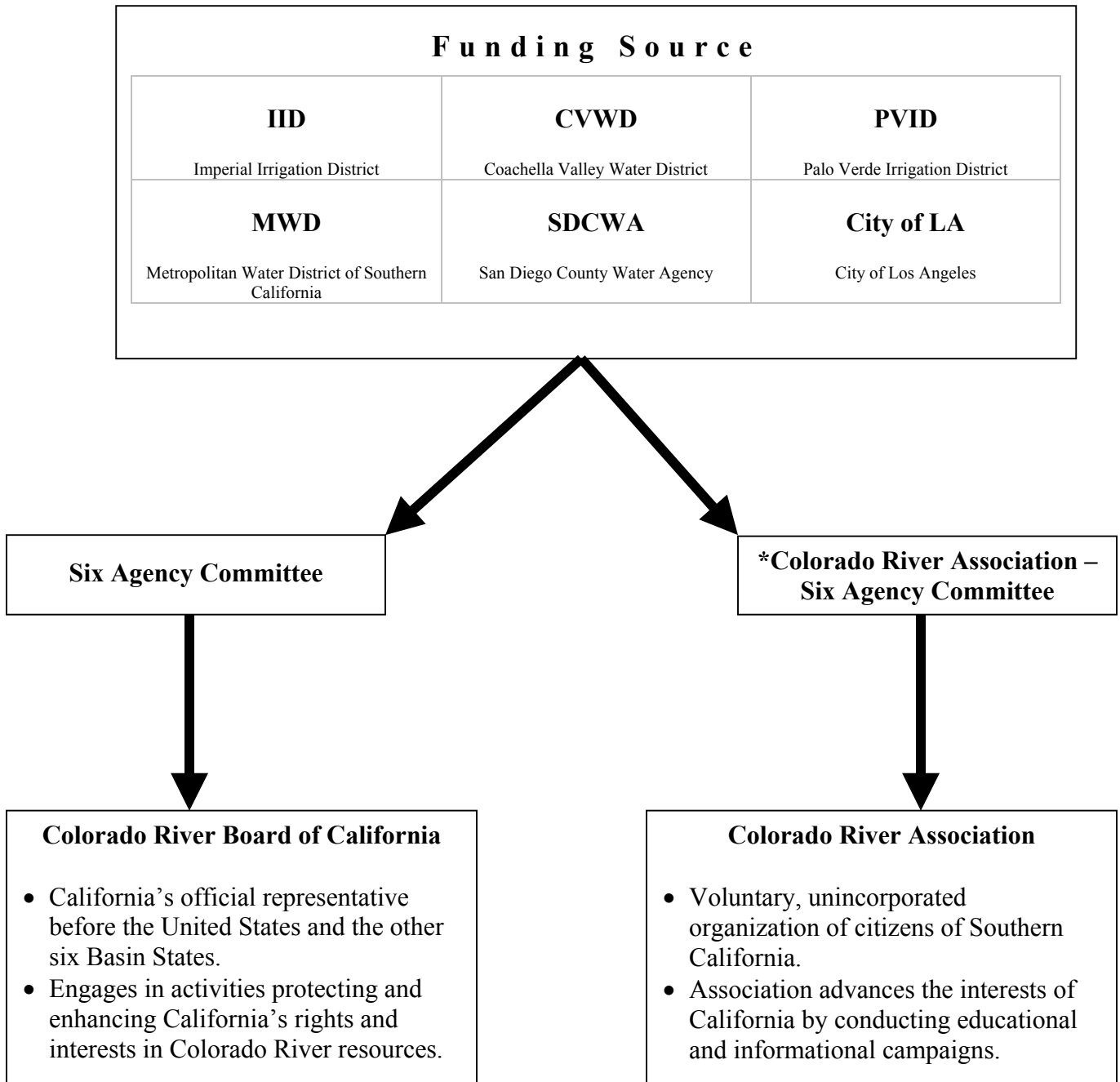
Attachment 1 – Financial Pathways

Attachment 2 – Colorado River Board and Six Agency Fund

Attachment 3 – Colorado River Association Fund

BLA #5295

FINANCIAL PATHWAYS



*Colorado River Association – Six Agency Committee is expected to be replaced by the Colorado River Joint Powers Authority.

Colorado River Board and Six Agency Fund

Colorado River Board and Six Agency Committee

Metropolitan's share: \$540,544 (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 2007/08 on June 13, 2007. The CRB and Six Agency Committee budget for fiscal year 2007/08 is shown on the next page, and funding needed from the six agencies is shown on page 3.

COLORADO RIVER BOARD AND SIX AGENCY FUND

	<u>Current Year's Funded Budget FY 2006/07</u>		<u>Anticipated Expenditures FY 2006/07</u>		<u>Proposed Budget FY 2007/08</u>	
A. COLORADO RIVER BOARD BUDGET						
Sources of Funding						
State Share	\$ ----	0%	----		\$ ----	0%
Six Agency Share	\$ 1,359,000	100%	1,233,191		\$ 1,607,000	100%
Colorado River Board Budget¹	\$ 1,359,000		1,233,191		\$ 1,607,000	
B. BUDGET REQUIREMENTS OF SIX AGENCY COMMITTEE						
1. Support of Colorado River Board Budget	\$ 1,393,000		\$ 1,233,191		\$ 1,607,000	
2. Washington, D.C. Services	\$ 50,000		\$ 30,000		\$ 40,000	
3. Consulting Services/Special Projects	\$ 300,000		\$ 65,000		\$ 500,000	
4. Unscheduled Board Activities	\$ 10,000		\$ ----		\$ 10,000	
5. Computer Replacement, Maintenance & Supplies	\$ 6,000		\$ 4,000		\$ 6,000	
6. Reserve for Contingency	\$ 25,000		\$ ----		\$ 25,000	
7. LCR MSCP						
A. MSCP Implementation	\$ ----		\$ ----		\$ ----	
B. Other Studies	\$ ----		\$ ----		\$ ----	
Six Agency Committee Budget	\$ 1,784,000		\$ 1,332,191		\$ 2,188,000	
C. SOURCES OF FUNDING FOR SIX AGENCY COMMITTEE						
8. Refund from State for FY 2005/06					\$ (47,000)	
9. Estimated Carry-Over					\$ (159,809)	
10. Prior Assessment					\$ (291,991)	
11. Transfer from Reserve Fund					\$ ----	
12. Assessments not Received					\$ ----	
TOTAL CONTRIBUTION NEEDED					\$ 1,689,200	

¹ The Board's Budget includes \$34,000 for Colorado River Basin Salinity Control Forum support in FY 2007/08.

**Colorado River Board and Six Agency Fund
Budget for FY 2007/08**

Funding Contribution Among the Six Agencies

Agency	Funding Commitment	Percent of Total
Metropolitan Water District	540,544	32.00
City of Los Angeles	135,136	8.00
Imperial Irrigation District	485,645	28.75
Coachella Valley Water District	274,495	16.25
Palo Verde Irrigation District	84,460	5.00
San Diego County Water Authority	168,920	10.00
Total	\$1,689,200	100.00

Colorado River Association Fund

Colorado River Association

Metropolitan's share: \$ 13,472 (32 percent)

Formed in 1947, the Colorado River Association – Six Agency Committee (Association) is a Joint Powers Authority that functions as the public affairs entity of the Six Agency 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 Association fund is not used to fund state employees' costs. The Association budget for fiscal year 2007/08 is shown below and funding needed from the six agencies is shown on page 2.

COLORADO RIVER ASSOCIATION FUND FY 2007/08 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, Printing	\$ 32,100
Account No. 6	Telephone	\$ 300
Account No. 7	Contingency Reserve	\$ 3,200
ESTIMATED ASSOCIATION BUDGET		\$ 106,900
PRIOR ASSESSMENTS		\$ (64,800)
TOTAL CONTRIBUTION NEEDED		\$ 42,100

**Colorado River Association Fund
Budget for FY 2007/08**

Funding Contribution Among the Six Agencies

Agency	Funding Commitment	Percent of Total
Metropolitan Water District	13,472	32.00
City of Los Angeles	3,368	8.00
Imperial Irrigation District	12,104	28.75
Coachella Valley Water District	6,841	16.25
Palo Verde Irrigation District	2,105	5.00
San Diego County Water Authority	4,210	10.00
Total	\$42,100	100.00