



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

3/9/2010 Board Meeting

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**8-4**

**Subject**

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Authorize executing a one-year water transfer agreement with Delta Wetlands Properties

**Description**

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**Summary**

Metropolitan staff is pursuing the development of water transfers to improve water supply for 2010. As part of this effort, Metropolitan has identified a water transfer with Delta Wetlands Properties that could produce up to 18,000 acre-feet of new supply for Metropolitan before losses. The transfer would be made available through land fallowing and crop shifting. Staff recommends that the Board authorize executing a one-year water transfer agreement with Delta Wetlands Properties. The water transfer would cost \$225 per acre-foot plus actual Department of Water Resources (DWR) administrative costs. Assuming standard losses for water transfers, the effective cost for the water would be approximately \$300 per acre-foot delivered south of the Delta. The total water transfer costs including DWR costs are estimated up to \$4,110,000.

**Background**

The Delta Wetlands transfer would be in addition to other transfers Metropolitan is pursuing north of the Delta. [Attachment 1](#) is a term sheet that would provide the basis for a water transfer agreement between Metropolitan and Delta Wetlands Properties.

The Delta Wetlands project is located within the Delta, around 20 miles north of the Banks pumping plant. Fallowing would occur on both the Webb Tract and Bouldin Island. Transfer water would be made available from May through September. The transfer could also establish a precedent for in-Delta water transfers that could increase the amount of transfer supplies available in the future.

The amount of water available to Metropolitan will be based upon how much water is conserved through fallowing and crop shifting as determined by DWR consistent with its guidelines. The State Water Resources Control Board (SWRCB) will need to approve the temporary transfer of water to Metropolitan. The water would be conveyed through the State Water Project on a space-available basis pursuant to a conveyance agreement with DWR.

Should export pumping capacity be restricted in the Delta during May and June, deliveries of transfer water would be reduced accordingly. Metropolitan would, to the extent possible, endeavor to store this water in Lake Oroville so that the water can be released and diverted in the Delta at a later time when export capacity becomes available. Metropolitan would be responsible for all carriage and conveyance losses or other regulatory restrictions associated with exporting the water similar to other water transfers.

**Water Transfer Cost**

The water transfer cost is competitive with other programs Metropolitan is pursuing. Metropolitan would pay \$225 per acre-foot for the transfer water that DWR determines is made available before losses. Assuming standard water transfer losses of 20 percent carriage losses and 3 percent conveyance losses, the effective cost of the transfer water is approximately \$300 per acre-foot delivered south of the Delta. The total water cost would be up to \$4,110,000 based on 18,000 acre-feet of transfer water and DWR costs to administer the transfer. Last year those administrative costs were in the range of \$60,000.

**2009 Delta Wetlands Water Transfer**

In January 2009 the Board authorized a pilot water transfer agreement with Delta Wetlands Properties that resulted in the fallowing of crops on Webb Tract. Fallowing crops within the Delta requires more monitoring than north of Delta transfers because the fallowed land is located below the water line and the soil will absorb subsurface flows from the adjacent canals. DWR determined that 3,010 acre-feet of water was conserved during the summer months. DWR based the amount conserved on information gathered from satellite imagery of the fallowed land, monitoring equipment that measured evapotranspiration rates, and on-site field inspections. The 2009 Delta Wetlands water transfer provided a precedent and procedure for future water transfer programs within the Delta. Based on the successful completion of the 2009 water transfer, Metropolitan staff is evaluating the opportunity to develop a long-term conservation program with Delta Wetlands Properties that could provide water supply benefits to Metropolitan and help to manage the Delta.

**Policy**

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Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed actions are statutorily exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed project involves temporary changes in the point of diversion, place of use, of purpose of use due to a transfer or exchange of water or water rights as set forth in Section 1729 of the Water Code. Accordingly, this proposed action qualifies under the Other Statutory Exemption (Section 15282(v) of the State CEQA Guidelines). In addition, the authorization of funds 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 actions are statutorily exempt and not subject to CEQA pursuant to Sections 15282(v) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options**

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**Option #1**

Adopt the CEQA determination and

- a. Authorize executing a one-year water transfer agreement with Delta Wetlands Properties consistent with the attached term sheet (**Attachment 1**);
- b. Authorize executing a conveyance agreement with DWR; and
- c. Appropriate \$4,110,000 for the water transfer.

**Fiscal Impact:** \$4,110,000 from the Water Transfer Fund

**Business Analysis:** The water transfer will improve the water supply available for 2010. The new supply will improve water supply reliability, help mitigate a water supply allocation, and contribute to the implementation of the Integrated Resources Plan.

**Option #2**

Do not authorize executing a one-year water transfer agreement with Delta Wetlands Properties.

**Fiscal Impact:** Potential lost water sales revenue

**Business Analysis:** Not authorizing the execution of the water transfer agreement with Delta Wetlands Properties would result in a lost opportunity in securing additional supplies for 2010, along with reduced revenue.

**Staff Recommendation**

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Option #1

 2/25/2010  
 Stephen N. Arakawa Date  
 Manager, Water Resource Management

 2/25/2010  
 Jeffrey Krontlinger Date  
 General Manager

**Attachment 1 – Delta Wetlands Water Transfer Term Sheet**

Ref# WRM12604431

### **Delta Wetlands Water Transfer Term Sheet**

- **Policy:** The water transfer will be consistent with Metropolitan's Administrative Code Section 4203.
  
- **Water Transfer Amount:** Delta Wetlands proposes to make up to 18,000 acre-feet available for transfer in 2010 through temporary land fallowing and crop shifting. The amount of water available for the transfer will be determined by the Department of Water Resources and consistent with its guidelines as approved by the State Water Resources Control Board.
  
- **Purchase Amount:** Metropolitan would pay a total of \$225 per acre-foot for transfer water that is made available before losses.
  
- **DWR Administration Costs:** Metropolitan would be responsible for paying up to the actual administrative costs that are incurred by the Department of Water Resources.
  
- **Losses:** Metropolitan will bear all carriage losses or other regulatory restrictions on Department of Water Resources' ability to export the transfer water.
  
- **Agreement Term:** Termination December 31, 2010 or upon full completion of all obligations under the agreement, whichever occurs later.