



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

6/8/2010 Board Meeting

8-5

Subject

Authorize payments of \$2,578,548 for participation in the State Water Contractor, Inc. and up to \$866,831 to the State Water Project Contractors Authority for fiscal year 2010/11

Description

Authority is requested to renew participation in the State Water Contractors, Inc. (SWC) and participation in the State Water Project Contractors Authority (SWPCA). Participation in these organizations is important in advancing Metropolitan's interest in the management of the State Water Project (SWP), particularly with respect to Bay-Delta activities. The SWC provides a unified voice among the contractors to influence Department of Water Resources (DWR) decision-making regarding the SWP. The SWPCA provides a means for DWR to utilize the talent and capability of interested SWP contractors through service agreements.

The Organizations

Attachment 1 is a schematic showing the financial support mechanisms for elements of the SWC and SWPCA, which are discussed below.

State Water Contractors

The SWC is a nonprofit association of 27 public agencies from northern, central and southern California that have contracts to purchase water from the SWP. Metropolitan benefits from participating with the SWC organization and its member contractors by influencing the activities of the DWR and other state, federal and local entities. The SWC aligns its work effort similar to Metropolitan's SWP strategic initiatives and collects payments in three basic groupings:

1. Basic Dues Fund: cost management, infrastructure reliability, supply reliability, and water quality;
2. Energy Fund: cost-effective energy; and
3. Bay-Delta Fund: protect existing operations, collect scientific data, and plan for the future.

Experience has shown that the united voice of the SWC provides value in achieving favorable outcomes. It is especially focused on restoring supply benefits currently impaired by Delta constraints.

State Water Project Contractors Authority

The SWPCA was formed in 2003, and is a joint powers organization of SWP contractors, with the objective of providing DWR a vehicle for contracting specified projects and services. It consists of an overarching organization, and three specific project committees, each an individual joint powers organization formed to accomplish a specific purpose. The SWPCA has the potential to improve the reliability and efficiency of the SWP by helping to fund specific projects DWR may have difficulty handling.

Within SWPCA, Metropolitan participates in three Specific Project Committees:

(1) Delta Specific Project Committee (DSPC)

The DSPC serves as a mechanism to allow all interested SWP contractors to participate in the Bay-Delta Conservation Plan and the Delta Habitat Conservation and Conveyance Program.

(2) Municipal Water Quality Investigation (MWQI)

The MWQI provides close coordination between DWR and the participating SWP contractors to ensure that municipal water quality issues are brought to DWR's attention through comprehensive water quality monitoring and analyses.

(3) East Branch Enlargement Specific Project Committee (EBESPC)

The EBESPC serves as a mechanism for participating SWP contractors to participate in the design and review of the enlargement of the SWP's East Branch.

Summary of Cost

Both the SWC and the SWPCA require payments from Metropolitan as summarized in the tables below:

<u>SWC Payments</u>	FY 2009/10	FY 2010/11
Dues Fund	\$ 1,076,920	\$ 718,740
Energy Fund	\$ 409,298	\$ 352,060
Bay-Delta Fund	\$ 1,282,940	\$ 1,507,748
Total:	\$ 2,769,159	\$ 2,578,548

<u>SWPCA Payments</u>	FY 2009/10	FY 2010/11
SWPCA	\$ 61,612	\$ 59,224
DSPC	\$ 171,466	\$ 673,607
MWQI	\$ 134,000	\$ 134,000
EBESPC	\$ 0.0	\$ 0.0
Total:	\$ 373,078	\$ 866,831

The SWC and SWPCA forums are developing and pursuing strategies that benefit from the collective knowledge and experience of the participating contractors. Detailed review of the scope and purpose of the SWC and SWPCA along with their proposed budgets and recent accomplishments are included as [Attachment 2](#), [Attachment 3](#), and [Attachment 4](#).

Policy

Metropolitan Water District Administrative Code Sections 11202 and 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 Item No. 45348, the Board, at its May 13, 2003, meeting, authorized entering into an agreement with the State Water Project Joint Powers Authority.

By Minute Item No. 47735, the Board, at its December 9, 2008, meeting, authorized the General Manager to execute the Delta Habitat Conservation and Conveyance Program Memorandum of Agreement and three related funding and management agreements.

By Minute Item No. 47925, the Board, at its June 10, 2009, meeting, authorized the General Manager to make payment of \$2,769,159 for FY 2009/10 to the State Water Contractors, Inc.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (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 CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and, by a two-thirds vote,

- a. Authorize the General Manager to make payment of \$2,578,548 to the State Water Contractors for
 - (1) Dues Fund
 - (2) Energy Fund
 - (3) Bay-Delta Fund
- b. Authorize the General Manager to make payment of \$866,831 to the State Water Project Contractors Authority for
 - (4) State Water Project Contractors Authority
 - (5) Delta Specific Project Committee
 - (6) Municipal Water Quality Investigation

Fiscal Impact: \$3,445,379 from the Operations and Maintenance Fund under the General District Requirement budget. \$3,412,000 has been budgeted in Metropolitan's FY 2010/11 Operations and Maintenance Fund for the SWC and SWPCA. MWQI is budgeted in the charges from the State Water Project. The unbudgeted difference of \$33,379 will be funded from savings in other operating costs.

Business Analysis: Metropolitan would benefit from the SWC and SWPCA representing positions with DWR, legislators, regulatory and third-party groups that advance its SWP strategic initiatives.

Option #2

Adopt the CEQA determination and, by a two-thirds vote, authorize the General Manager to make payments to a selected grouping of one or more of the components comprising Metropolitan's FY 2010/11 SWC and SWPCA payments.

Fiscal Impact: Less than \$3,445,379 from the Operations and Maintenance Fund under the General District Requirement budget. \$3,412,000 have been budgeted in Metropolitan's FY 2010/11 Operations and Maintenance Fund.

Business Analysis: Metropolitan would be less effective in advancing its SWP and SWPCA strategic initiatives if the full membership suite is not approved. Reduced participation would limit Metropolitan's representation on key issues and activities. Metropolitan would need to develop alternative means to manage the risk of higher costs or greater operational restrictions on supply deliveries. In Metropolitan's absence, other participating contractors could gain influence over DWR's actions.

Staff Recommendation

Option #1



Deven N. Upadhyay
Manager, Water Resource Management

5/25/2010
Date



Jeffrey Kightlinger
General Manager

5/26/2010
Date

Attachment 1 – Organization Schematic

Attachment 2 – Accomplishments of the State Water Contractors

Attachment 3 – State Water Contractors Budget

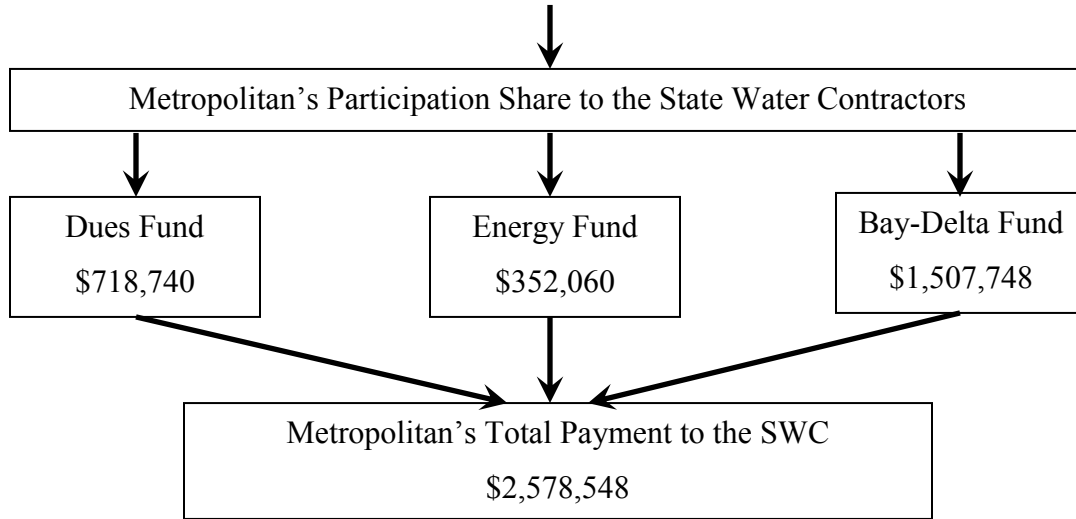
Attachment 4 – State Water Project Contractors Authority

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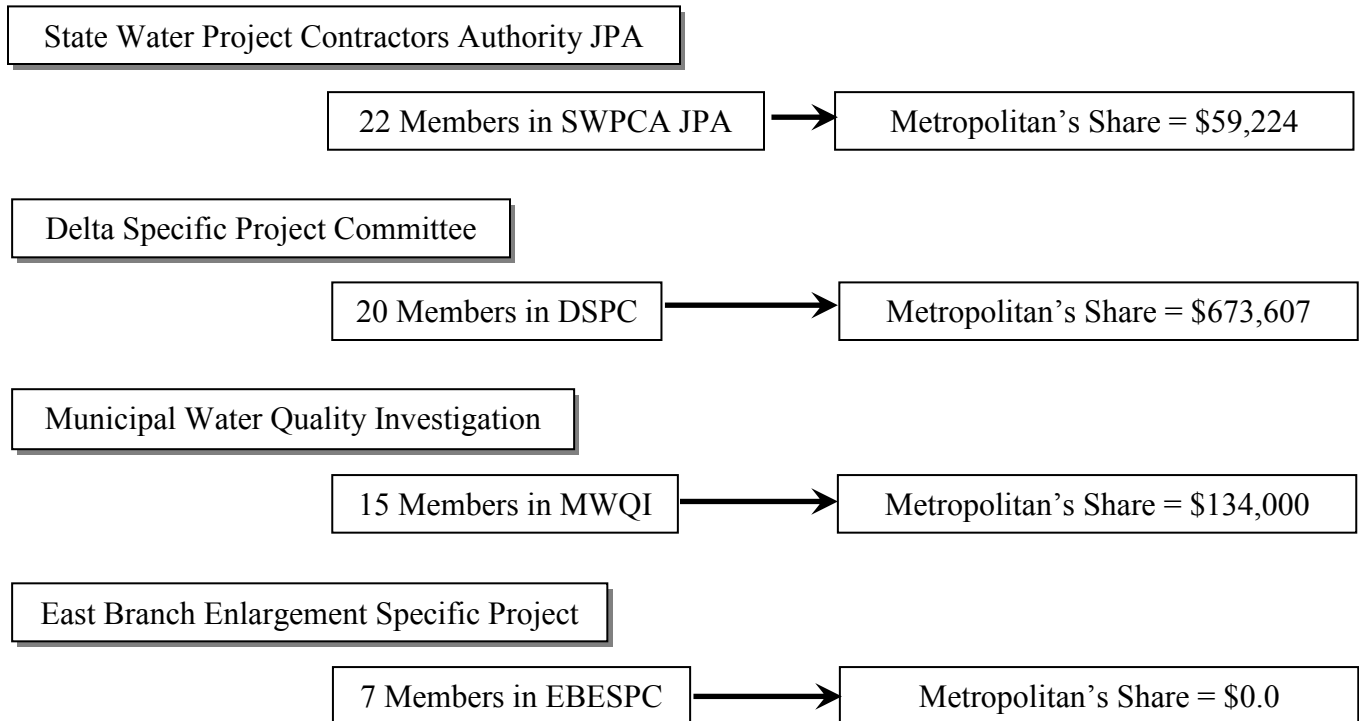
Organizational Schematic Financial Pathways

State Water Contractors

27 Members in the State Water Contractors



State Water Project Contractors Authority



Accomplishments of the State Water Contractors

Significant recent accomplishments include:

Monterey Amendment

- Department of Water Resources (DWR) certified the final Monterey Plus environment impact report on February 1. The State Water Contractors (SWC) coordinated with DWR on comments to complete the Final Environmental Impact Report (FEIR). The SWC are currently coordinating with DWR on plans for making a record of decision on the project and will then await the close of the period for challenges to the FEIR. The SWC are also participating in the Plumas Watershed Forum as outlined in the Monterey Settlement Agreement.

Delta Regulatory Issues

- The SWC staff and members have been active participants in the Bay Delta Conservation Plan (BDCP). In December 2008, the Draft Conservation Strategy was completed. The SWC is actively participating in BDCP efforts related to water supply operations, habitat restoration, other stressors actions, and governance.
- SWC efforts were coordinated with San Luis Delta Mendota Water Authority to identify a means to minimize water supply impacts and identify alternatives to reduced water supply. This effort included focused research on other stressors, particularly ammonia in the Delta.
- SWC coordinated with DWR to provide comment and input on the Delta smelt and anadromous fish Biological Opinions. Once the Delta smelt Biological Opinion was released in December 2008 and the salmonid Biological Opinion was released in June 2009, SWC initiated litigation against both Biological opinions. SWC attorneys have been directly engaged in the progress on the litigation, with support from SWC staff and consultants. The SWC staff is currently tracking water supply costs associated with implementation of the Biological Opinion.
- SWC commented on the Longfin smelt emergency regulation and listing under the California Endangered Species Act. The SWC initiated litigation against the emergency regulation once it was adopted and against the listing determination.
- SWC staff and members participated in Vernalis Adaptive Management Plan interim program planning for the period between 2010 and 2012.

Delta Conveyance and Water Supply Reliability

- SWC staff and members have developed a dry year water transfer program in 2010 for SWC members. The program development was coordinated with DWR and Central Valley Project contractors. Contracts to purchase water have been developed with numerous Sacramento Valley water users and have been provided to interested State Water Project (SWP) contractors.
- SWC staff and members are developing and evaluating Delta conveyance alternatives to meet various goals including water supply, estuarine habitat, and water quality improvements. Environmental documentation for a Delta Conveyance Alternative, the 2-Gate Project, is currently being developed by DWR.
- SWC staff and members have also developed an understanding and agreement with DWR indicating responsibilities and decision-making power for the Delta Conveyance Alternatives and developed a financing plan to fund initial planning costs, which are currently estimated at \$224 million. The SWC is currently developing an amendment to the funding agreement to fund the increased planning costs.
- Metropolitan worked with SWC members and staff in identifying approaches to assure water supply reliability in the Delta with the existing conveyance configuration. Implementation of the initial phase of “no regrets” actions was completed.

- The SWC and members worked with DWR to develop one-year amendments to the Lower Yuba River Accord Water Purchase Agreement. The SWC staff is working with DWR and Yuba County Water Agency to ensure sufficient long-term account accounting methods and pricing agreements are in place.

Oroville Federal Energy Regulatory Commission (FERC) Relicensing

- The SWC participated in DWR's ongoing efforts to relicense Oroville power facilities with FERC. Following DWR's release of the FEIR in July 2008, both Butte and Plumas Counties filed CEQA suits challenging specific items in the FEIR. SWC staff and members have coordinated the SWC and SWC agencies participation in the suits and related activities. Lake Oroville Relicensing Team and SWC staff also coordinated submittals to the SWRCB supporting the Settlement Agreement, filed comments on the South Feather Project's DEIS regarding water temperature issues, submitted comments to the SWRCB regarding an amendment of the license for the California Aqueduct Project 2426 and participated in the Supplemental Benefit Fund Steering Committee, the Habitat Expansion Agreement Steering Committee and Oroville Recreational Area Committee.

State Water Project Energy Management

- Assessment of long-term power and transmission options: The SWC staff coordinated with DWR on its potential participation in the Lodi Energy Center including interfacing with DWR on financing and plant participation options. The plant is now permitted and activities will focus on operations including risk management. Staff also analyzed and provided feedback on the draft DWR Integrated Energy Resource Plan which guides DWR near- and long-term power purchases, risk management, performance assessment decisions. Staff has undertaken extensive activities to coordinate and support DWR in reducing the cost of transmission services associated with existing and future SWP facilities. Staff has initiated the outreach program that will be necessary to achieve transmission cost reductions.
- Risk Management Implementation: The SWC staff continued to interface with DWR at a technical level through the periodic Power Planning Meeting. The review of DWR's natural gas hedging program via a contract with Enterprise Risk Consulting was also continued, and as a result, staff coordinated with DWR on terminating the futures contract based natural gas hedging program when margin requirements depleted the available funding and encouraged DWR to market surplus capacity in the mid-term market. Staff has worked with DWR to unwind the risk management program and return the remaining funds to the SWP Contractors. SWC staff also participated in the close-out of the Nevada Power Company Reid Gardner contract. Staff also participated in PG&E's Existing Transmission Contract/ Transmission Owner 11 and 12 (ETC/TO 11 and 12) rate filing settlements and SCE's ETC and TO 4 and 5 transmission rate filings settlement proceedings. Additionally, SWC staff interfaced with DWR on their procurement of Congestion Revenue Rights, resource adequacy reporting and MRTU readiness and implementation activities.
- Monthly Energy Invoicing: SWC staff actively participated in the development of the 2010 SOC assumptions, the 2009 initial invoicing rate, and monitored the 2008 and 2009 invoicing and underlying mill rate. The SWC staff also developed a graphic presentation for the SWC board package that, monthly, tracks the projected, actual and invoicing mill rates.
- Greenhouse Gas/Renewables Policies: Staff has coordinated with DWR, California Air Resources Board (CARB) and the California Municipal Utilities Association in the design of CARB Renewable Electricity Standards and Cap-and-Trade program to mitigate the operational and economic interests of the SWP. The SWC staff and the Energy Committee obtained board approval for a set of carbon emission reduction principles that included a renewables policy element. The SWC also supported DWR's procurement of renewable energy consistent with SWC board policy. Staff has analyzed and commented on the DWR RFP for wind produced energy and working with the Northern California Power Agency and the Southern California Public Power Authority to potentially partner with these entities in their renewable procurement efforts.

Protection of Rate Management Credits (RMC)

- The SWC staff worked with DWR through the Audit-Finance Committee to quantify cash available to Metropolitan and other contractors and to develop management measures to increase available funds. The SWC staff and members have participated in the Protest Resolution Workgroup with a goal to provide closure on protest items.

Water Quality

- The SWC staff and consultants participated in and planned for SWRCB workshops to discuss new information including South Delta salinity conditions, the Pelagic Organism Decline, Climate Change, Delta flow criteria and San Joaquin River flows. Staff also coordinated participation in SWRCB Delta Strategic Plan development, a workgroup to identify and analyze impact of other stressors on the Pelagic Organism Decline and participated in an analysis of water rights of in-Delta diverters.
- The SWC staff participated in State Water Resource Control Board workshops on south Delta salinity and San Joaquin River flow.
- The SWC staff managed CEQA litigation by the SWC, Metropolitan and several SWC member agencies against the Sacramento Regional County Sanitation District (SRCS) wastewater treatment plant expansion project through budget maintenance, litigation review, and modeling effort review. The court ruled in favor of SWC; however, SRCS appealed the case. In addition to the litigation, relief is being sought through the Regional Water Quality Control Board (Regional Board) National Pollutant Discharge Elimination System (NPDES) permit renewal process. The NPDES renewal process began in spring of 2007 is expected to continue through the summer of 2009, requiring preparation of materials for and attendance at applicable Regional Board meetings.

Department of Water Resources Business Processes

- The SWC committed staff to directly work with DWR staff and managers on the development of SWP-related business reports.

Fiscal Year (FY) 2010/11 Objectives of the State Water Contractors

Key objectives of the SWC for FY 2010/11 include:

Operate the State Water Project as a Business

- The SWC staff will continue to develop mechanisms with DWR to provide greater customer value. The SWC views managing and operating the SWP as a business as a top priority for the DWR director. A Business Committee has been formed to serve as a regular forum for SWC Staff, SWC Directors, and DWR Executives to review progress on SWP business issues as well as areas that need attention. In the upcoming year, focus will be placed on the optimization of the new business process software, the development of management tools that effectively monitor costs, and the use of sound business cases for the initiation of new programs/projects and/or the addition of staff (similar to a capital investment program prioritization process).

Advance Bay-Delta Improvements

- SWC will continue to work with DWR and other agencies to provide input for completion of the Delta Risk Management Strategy and will participate in the development of a multi-species conservation plan for the Bay-Delta for completion by 2010.

Develop Long-term State Water Project Energy Portfolio

- SWC staff and consultants will continue to interface with DWR in its development of a Strategic Energy Resource Plan (SERP). The SERP will lay out a long-term power sales and procurement strategy for the SWP. Strategic planning issues anticipated for FY 2010/11 include: assessing long-term power procurement options including taking ownership type positions in power plants, pursuing physical alteration of the SWP pumping and generation system, continuing to support DWR's mid-term power procurement and power marketing efforts, and supporting DWR in its renewable energy initiatives. The SWC staff and consultants will work with DWR to reduce the cost of SWP transmission and the cost of AB 32 implementation.

Complete New Environmental Impact Report for Monterey Settlement

- The SWC staff will support DWR in any efforts required to respond to legal challenges on the FEIR certified on February 1, 2010.

Oroville Relicensing

- The SWC staff will continue to support FERC acceptance of the filed Settlement Agreement and to defend the settlement agreement against legal or regulatory challenges that are detrimental to the Settlement Agreement. SWC staff will coordinate the review and filing of comments on the draft EIS, the Clean Water Act (Section 401) certification and review of the project under the Endangered Species Act.

Water Quality

- The SWC staff will continue to take actions to protect SWP water quality. These will include participating in efforts to prevent impacts from the Sacramento Regional County Sanitation District's planned expansion and implementation of a groundwater pump-in policy. The SWC staff will participate in State Water Resources Control Board South Delta salinity and San Joaquin River flow workshops.

State Water Contractors Budget

Introduction

The State Water Contractors, Inc. (SWC) was formed in 1982 under the Nonprofit Mutual Benefit Corporation Law to advance the common interests of the water supply agencies who have contracts for State Water Project (SWP) water supply. Advocacy roles include: reviewing and/or entering into litigation; and presenting the views to legislative and administrative agencies, to the general public, and to other interested groups. In addition, SWC undertakes and provides support for technical studies.

The SWC staff maintains active relationships with the California Department of Water Resources (DWR). Metropolitan's staff participates in the SWC board and SWC committees to craft positions and strategies, and participates in litigation support and settlement negotiations. Additionally, the SWC provides Metropolitan a valuable forum to learn of and influence proposals submitted by other contractors before they are presented to DWR, regulatory agencies, and other decision makers affecting our SWP benefits.

Metropolitan's membership in the SWC advances Metropolitan's SWP strategic initiatives. Metropolitan received an invoice from SWC totaling \$2,578,552 to fund Metropolitan's share of the SWC activities for fiscal year (FY) 2010/11.

State Water Contractors and Metropolitan Participation

The SWC has eight full-time staff consisting of a general manager, six professional specialists and one office administrator. The SWC relies on specialized technical consultants and legal counsel services as needs arise. Each year, Metropolitan staff reviews the SWC prior year's actual costs and budget, and the next year's proposed budget for reasonableness and appropriateness.

Metropolitan's participation includes crafting positions and strategies to be presented to DWR and others; participating in litigation support and settlement negotiations; resolving issues among the contractors; exchanging ideas and concerns; selecting consultants; and guiding their work.

State Water Contractor Budget Summary and Metropolitan's Allocated Costs

The SWC's combined budget of the Dues Fund, Energy Fund, and Bay-Delta Fund for FY 2010/11 is \$7,527,500, a 14 percent decrease from the previous fiscal year. The table below summarizes the costs that will be collected from the SWC's members, a combined total of \$6,470,000. A "beneficiaries pay" approach is used to allocate payments among SWC's members. Metropolitan's allocated share for FY 2010/11 is \$2,578,552, representing a 7 percent decrease from last fiscal year.

Summary of State Water Contractor's Fiscal Year 2010/11 Budget Expense & Revenue

SWC Expense & Revenue	Dues Fund	Energy Fund	Bay-Delta Fund	Total All Funds
Expenses (Budget)	\$2,710,000	\$967,000	\$3,850,000	\$7,527,500
Carryover from prior year	\$1,345,000	\$487,000	(\$23,000)	\$1,809,000
Estimated Carryover to FY 2011/12	\$270,000	\$100,000	\$382,000	\$752,000
Revenues (Cost Allocated to SWC's members)	\$1,635,000	\$580,000	\$4,255,000	\$6,470,000
Metropolitan's Share FY 2010/11	\$718,746	\$352,060	\$1,507,746	\$2,578,552
Metropolitan's Allocated Share (%)	43.96	60.70	35.43	

- Dues Fund. The SWC's general operating expenses are funded through the Dues Fund. The fund is allocated among the contractors based on the maximum Table A amount and prior year's actual delivery.

- **Energy Fund.** The Energy Fund includes the direct and indirect costs for SWC staff working on energy issues, energy consultants and other costs related to energy. The fund is allocated among the contractors based on power use for maximum Table A delivery and prior year's actual power use.
- **Bay-Delta Fund.** The Bay-Delta funding supports activities in the SWP/Central Valley Project coordinated projects, Bay-Delta Policy advice, San Joaquin River water quality improvement projects; and development of an emergency response strategy in the event of levee failures. The fund is allocated among the contractors based on a blend of maximum Table A amount and a fixed percentage. Metropolitan is fixed at 25 percent for non-legal related expenses and maximum Table A percentage for legal expenses.

Dues Fund

The Dues Fund provides basic funding for the SWC activities; Energy and Bay-Delta activities are excluded. Basic funding includes general operating expenses and support activities such as promoting cost-effective business practices, ensuring sufficient infrastructure reliability, and ensuring accurate and reasonable water supply costs. The Dues Fund is allocated among SWC members based partially on prior year's water use and partially on Maximum Table A amounts.

The Dues Fund budget total for FY 2010/11 is \$2,710,000 and is shown in the table below. Some of the Dues Fund will pay for Monterey Settlement Legal activities and half of the Federal Energy Regulatory Commission (FERC) relicensing cost. The other half of the FERC relicensing is paid from the Energy Fund. Current staff level, salaries, and benefits would be the same as the previous fiscal year.

Energy Fund

The Energy Fund includes the direct and indirect costs for SWC staff working on energy issues, energy consultants and other costs related to energy. Activities include working with SWP energy management and staff at both the strategic and technical levels in developing and implementing energy strategies and resolving issues in close coordination with SWC staff, SWC consultants, SWC agency representatives and the SWP. Half of the cost related to FERC-Relicensing cost is included in the Energy Fund. The allocation for the Energy Fund is based partially on annual energy usage for water deliveries and partially on the energy required to convey Maximum Table A amounts. The projected expenditure from the previous year and the FY 2010/11 adopted budget for Energy Fund is shown in the table below.

Bay-Delta Fund

The SWC board of directors initiated the Bay-Delta Fund in 1986 to support the interests of the SWP contractors in the State Water Resources Control Board's (SWRCB) Bay-Delta Hearings. Today, in addition to monitoring SWRCB process, the Bay-Delta Fund is used to support SWC involvement in Delta fish monitoring, environmental review process and facilities planning process, such as, coordinated activities with the Central Valley Project, and the Bay-Delta Conservation Plan. Metropolitan staff's participation is recognized by other contractors and reduces Metropolitan's cost. In addition, through staff's efforts, greater influence is achieved.

Metropolitan pays a fixed 25 percent for expenses that are non-legal related in the Bay-Delta budget. These activities include the SWC's effort in the SWP/Central Valley Project coordinated projects and fisheries support. Legal related expenses are allocated among the SWC's members based on their maximum Table A.

**State Water Contractors
Fiscal Year 2010/11 Adopted Budget**

	FY 2007/08	FY 2008/09	FY 2009/10		FY 2010/11
	Actual	Actual	Approved	Projected	Proposed
Dues Fund	\$1,821,819	\$2,311,631	\$3,005,000	\$2,260,000	\$2,710,000
Energy Fund	\$490,125	\$581,272	\$741,500	\$514,600	\$967,500
Bay-Delta Fund	\$1,554,017	\$2,498,359	\$3,485,000	\$4,070,000	\$3,850,000

State Water Project Contractors Authority

Purposes and Powers of the State Water Project Contractors Authority

The purpose of the State Water Project Contractors Authority (SWPCA) is to establish a framework for provision of various services to Department of Water Resources (DWR). These services would be provided pursuant to agreements that the entire SWPCA, or groups of its members, would enter into with DWR. They could include operation and maintenance of portions of the State Water Project (SWP) and the acquisition and operation of related facilities as well as acquisition of water and water rights. These latter activities could be either by the SWPCA alone or in cooperation with DWR, the United States or other entities. The SWPCA has all of the powers necessary to accomplish these purposes, including the power to enter into contracts, incur debts and liabilities, to hire staff and consultants, to issue bonds, notes and other indebtedness.

Membership in the State Water Project Contractors Authority

The SWPCA is a joint power authority consisting of SWP contractors that elected to become parties to the SWPCA. In order to become effective, the SWPCA must be executed by five or more State Water Contractors (SWC) having a combined total of at least 75 percent of the Maximum Annual Table A amounts of all SWCs. Members may withdraw from the SWPCA by giving 30 days written notice, provided that such withdrawal does not in any way impair any contracts or other indebtedness of the SWPCA then in effect.

The members of the SWPCA are divided into eight classes in the same manner as now provided for in the SWC bylaws. The full membership shall meet at least once annually and more often as needed. Each member shall appoint a representative [or an alternate] to represent it at membership meetings. A quorum for meetings of the members consists of a majority of the representatives. The voting in the membership meetings will be one vote for each member.

Board of Directors

The SWPCA is governed by a board of not less than three, or not more than nine directors. Each class of members elects one director and alternate(s), except Class 8 (Southern California East Branch Contractors) shall elect two directors and alternates. Metropolitan and Kern County Water Agency are the sole members of their respective classes and thus appoint their own directors. This is the same procedure that is provided for in the SWC bylaws. If no contractors from a class elect to join the SWPCA, there will be no director from that class on the Board of Directors. The term of office for directors is one year. Nominations for directors are to be made by the members in each class for the director for that class. Vacancies on the board are to be filled by the members of the appropriate class.

Specific Projects

The SWPCA can undertake specific projects that may involve less than all the members of the SWPCA, provided that no member shall be required to be involved in a specific project without its approval. The details of each specific project involving less than all members must be set forth in a project agreement executed by the participating members and approved by the Board of Directors as to nonfinancial impact upon nonparticipating members.

Delta Specific Project Committee

The Delta Specific Project Committee (DSPC) provides a mechanism for broad SWP contractor participation in the Bay Delta Conservation Plan (BDCP) and Delta Habitat Conservation and Conveyance Program (DHCCP). The DSPC serves as the most efficient way to ensure all interested SWP contractors participate in the entire BDCP and DHCCP processes. The DSPC has been empowered to execute the Memorandum of Agreement and State and Federal Contractors Water Authority (SFCWA) Agreement on behalf of the participating SWP contractors. The purpose of the SFCWA is to have a public entity, comprising of federal and state contractors that provide funding support, to pursue and implement efforts to have a successful DHCCP. Funding of the SFCWA is provided through the DSPC.

Municipal Water Quality Investigation

The Municipal Water Quality Investigation (MWQI) ensures that comprehensive water quality monitoring and analyses are conducted and allow the 15 SWP contractors to coordinate their supply issues, water quality concerns, and SWP operational needs. Through close coordination with DWR, the importance of water quality to municipal water supplies can be brought to DWR’s attention.

East Branch Enlargement Specific Project Committee

The East Branch Enlargement Specific Project Committee was formed to provide a mechanism for seven SWP contractors to participate in the design and review of the enlargement of the SWP’s East Branch. This provides SWP contractors participation role in DWR’s design process of the enlargement of the East Branch.

Accomplishments of State Water Project Contractors Authority

- SWPCA completed review of and produced a white paper on DWR staffing issues.
- Set up the DSPC to enable collection and payment mechanism for DHCCP costs.
- DSPC provides ongoing reporting and oversight mechanism to SWP contractors regarding DWR expenditures and schedules for DHCCP effort.
- DSPC provides SWP Contractor representation structure to the State and Federal Water Contractors Authority.
- The EBESPC convinced DWR to defer design activities to enlarge the East Branch until water supply issues in the Delta have improved.

Proposed Total Budget for FY 2010/11 and Prior Fiscal Years

	FY 2008/09 (Actual)	FY 2009/10 (Approved Budget)	FY 2010/11 (Proposed)
State Water Project Contractors Authority:			
Total Allocation	\$132,755	\$183,300	\$126,400
Delta Specific Project Committee & State and Federal Water Contractors Authority:			
Total Allocation	\$3,558	\$336,738	\$1,424,509
Municipal Water Quality Investigation:			
Total Allocation	\$149,576	\$200,000	\$200,000

Metropolitan’s Share for Fiscal Year (FY) 2010/11 and Prior Fiscal Year

Allocation of Metropolitan’s share of the proposed FY 2010/11 budgets is based on the participating SWC’s maximum Table A.

Fiscal Year	SWPCA	DSPC	MWQI	EBESPC	Total
2009/10	\$61,612	\$171,466	\$134,000	\$0	\$373,078
2010/11	\$59,224	\$673,607	\$134,000	\$0	\$866,831