



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

8/17/2010 Board Meeting

8-5

Subject

Authorize one-year water exchange agreement with Westlands Water District and San Luis Water District

Description

A unique opportunity has developed to maximize water supply benefits for both Central Valley Project (CVP) and State Water Project (SWP) water users. Westlands Water District and San Luis Water District (both referred to hereafter as Exchangers) have requested Metropolitan's assistance to conserve 2010 water supplies to improve water supply reliability in 2011. Under the proposed exchange agreement, Exchangers jointly would deliver up to 150,000 acre-feet of their water currently stored in San Luis Reservoir to Metropolitan before February 28, 2011. For every 3 acre-feet Metropolitan receives from Exchangers, Metropolitan would return 2 acre-feet to Exchangers between July and the end of September 2011.

With recent improvements to Exchangers' water supplies, the exchange water is surplus to their 2010 irrigation needs. Exchangers are concerned that absent entering into an exchange agreement with Metropolitan, the exchange supplies could spill from the CVP share of San Luis Reservoir. Due to differences in operational and water accounting practices, once the water is delivered to Metropolitan in the SWP share of San Luis Reservoir a spill of some of the water is a theoretical possibility, but is not likely. Because Metropolitan is benefiting by receiving up to 50,000 acre-feet under the exchange, the parties will split any spill that might occur on a 50/50 basis.

Since the exchange supply is currently stored in San Luis Reservoir, it will not be subject to Delta carriage losses and Delta conveyance restrictions. However, a number of regulatory issues must be addressed since the transaction is an exchange between CVP and SWP water users. To facilitate this exchange, Metropolitan and Exchangers are working with the Department of Water Resources and U.S. Bureau of Reclamation on regulatory issues including obtaining a consolidated place of use from the State Water Resources Control Board and compliance with National Environmental Policy Act requirements. Staff recommends that the board authorize staff to pursue this opportunity to improve water supply reliability and enhance partnerships with the Central Valley Project contractors.

Policy

Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves an Agreement associated with the leasing, licensing, and operating of existing public water conveyance facilities with negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies for a Class 1, Categorical Exemption (Section 15301 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize one-year water exchange agreement with Westlands Water District and San Luis Water District.

Fiscal Impact: None

Business Analysis: Approval will increase Metropolitan’s water supplies by up to 50,000 acre-feet at no cost and improve statewide water supplies for 2011.

Option #2

Do not authorize one-year water exchange agreement with Westlands Water District and San Luis Water District.

Fiscal Impact: None

Business Analysis: Not approving this exchange agreement could result in a lost opportunity to improve water reliability in 2010 and beyond.

Staff Recommendation

Option #1

	8/4/2010
Deven N. Upadhyay	Date
Manager, Water Resource Management	

	8/5/2010
Jeffrey Lightlinger	Date
General Manager	