



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

8/17/2010 Board Meeting

8-6

Subject

Authorize \$4,173,350 appropriation to purchase up to 18,145 acre-feet of water transfer supplies from San Luis Water District and Westlands Water District

Description

The Board previously authorized 2010 Sacramento Valley water transfer purchases under the State Water Contractors Buyers Group and the Yuba Accord at its meetings of March and July, 2010, respectively. A new opportunity to purchase up to 18,145 acre-feet of water transfer supplies from San Luis Water District and Westlands Water District (Sellers), which are located in the San Joaquin Valley, is available.

The Sellers originally purchased this water to ensure adequate water supplies to irrigate permanent crops in 2010. In order to have the water delivered the sellers entered into an exchange with the Kern County Water Agency (Kern) under which the water was delivered to Kern for use in the Kern service area and in return Kern would turn over a like amount of its Table A water stored in San Luis Reservoir to Sellers. But, with recent improvements in the Sellers' water supplies, this water is now surplus to their 2010 irrigation needs and remains in San Luis Reservoir. as such, the Sellers' now desire to sell this supply, rather than carry it over the 2011 and risk the loss due to spill. Since the transfer supply is currently stored in San Luis Reservoir it will not be subject to Delta carriage losses and Delta conveyance issues. The cost of the water is \$230 per acre-foot, which is lower than any of the prices Metropolitan paid for Sacramento Valley transfer supplies delivered south of the Delta in 2010 after considering 20 percent Delta carriage losses.

Staff recommends that Metropolitan purchase these supplies because it will improve water supply reliability for Metropolitan's service area for 2010 and beyond.

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 appropriate \$4,173,350 to purchase up to 18,145 acre-feet of water transfer supplies from San Luis Water District and Westlands Water District.

Fiscal Impact: Assuming Metropolitan purchases the entire 18,145 acre-feet, Metropolitan’s cost would be approximately \$4,173,350.

Business Analysis: Approval will help improve dry-year water supplies in the current year.

Option #2

Do not authorize \$4,173,350 appropriation for water transfer payments.

Fiscal Impact: None

Business Analysis: Not purchasing these water transfer supplies could result in a lost water supply opportunity, potentially resulting in lower water supply reliability in 2010 and beyond.

Staff Recommendation

Option #1

	8/2/2010
Deven N. Upadhyay Manager, Water Resource Management	Date

	8/3/2010
Jeffrey Kightlinger General Manager	Date