



- Board of Directors
Water Planning and Stewardship Committee

10/12/2010 Board Meeting

8-2

Subject

Adopt resolution to approve notice of potential discontinuance of interim agricultural service of surplus water from October 1, 2011 through December 31, 2012

Description

It is recommended that the Board adopt a resolution declaring notice of a potential discontinuance of surplus water for agricultural purposes within The Metropolitan Water District of Southern California (Metropolitan) service area at any time from October 1, 2011 through December 31, 2012. Section 132 of the Metropolitan Water District Act (MWD Act) states that Metropolitan may provide, sell, and deliver surplus water not needed for domestic or municipal uses within Metropolitan's service area for any beneficial use. This provision allows Metropolitan to sell water for agricultural purposes at a discounted rate under its Interim Agricultural Water Program (IAWP), and provides Metropolitan a right to discontinue surplus water service, in whole or in part, upon one year's written notice to the purchasers or users of the surplus water. Such notice shall be given when the Board determines by a two-thirds vote that the surplus water is needed for domestic or municipal uses. Additionally, changes to the MWD Act in 1999 provide that agricultural water not sold at a discounted rate is deemed to be for domestic and municipal uses and not surplus water. For 2010, the maximum IAWP delivery, prior to reductions, is 74,938 acre-feet for the three member agencies that remain in the IAWP. This amount compares to a prior maximum IAWP delivery of 155,190 acre-feet in effect as recently as 2007.

This recommendation follows board policy adopted in conjunction with the IAWP. Upon establishing the IAWP, the Board adopted a notice of potential whole or partial discontinuance of surplus water deliveries pursuant to Section 132 of the MWD Act. The April 20, 1994, board letter authorizing the IAWP stated, "A similar Resolution should be adopted every year thereafter while the Interim Agricultural Water Program is in effect." Furthermore, the policy gave the General Manager authority to reduce delivery of IAWP water by up to 30 percent during a supply shortage, prior to allocating water served for domestic or municipal uses under a water supply allocation plan.

In October 2008, the Board approved a plan to phase out the IAWP by concurrently reducing the discount available for IAWP water while lowering mandatory reductions of IAWP deliveries during water supply shortages. This phase out, beginning January 1, 2009, called for mandatory reductions of IAWP water deliveries by up to 24 percent in 2010 and 18 percent in 2011, prior to any mandatory reduction to municipal and industrial users. However, an allocation of domestic and municipal water in response to a water supply shortage could result in reductions in IAWP water beyond these levels. For example, the Board most recently approved such an allocation in response to a Level 2 Regional Shortage, effective July 1, 2010, through June 30, 2011. The implementation of the water supply allocation resulted in a deeper reduction in IAWP water to 25 percent in 2010. It should be noted that adoption of this resolution is necessary to reduce IAWP deliveries, even under a future allocation of domestic and municipal water, for the period of October 1, 2011, through December 31, 2012. Adopting this resolution, effective through December 31, 2012, will provide notice for a potential discontinuance of IAWP through the end of the IAWP phase-out period.

The most recent resolution was adopted by the Board on October 13, 2009. If dry conditions continue that result in significant depletion of storage reserves or reductions in State Water Project supply due to regulatory actions that require a whole or further partial discontinuance of interim agricultural, this notice is required. Because one year has elapsed since the last notice was given, it is necessary at this time to issue a new notice. The proposed notice of discontinuance of surplus water deliveries will apply only to those agricultural users participating in the IAWP, and the proposed resolution is attached ([Attachment 1](#)).

Policy

Metropolitan Water District Act Section 132: Sale of Surplus Water

Metropolitan Water District Administrative Code Sections 4900 – 4907: Interim Agricultural Water Program Service Regulations

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and the Resolution of the Board of Directors ([Attachment 1](#)) giving notice of potential discontinuance of service of Interim Agricultural Water Program water in 2011 and 2012.

Fiscal Impact: None. The adoption of the resolution has no fiscal impacts on Metropolitan. Actions the Board may take in the future to reduce or discontinue surplus agricultural water service might have fiscal impacts based on the reduction in sales of surplus water.

Business Analysis: Allows Metropolitan to reduce or discontinue surplus agricultural water service to meet firm demands in the event of a water shortage

Option #2

Do not adopt the attached Resolution ([Attachment 1](#)).

Fiscal Impact: Potential impact is contingent upon how the Board decides to meet surplus water demand should changes in State Water Project or Colorado River supplies occur. The Board may decide to purchase transfer water, produce water from storage accounts, or allocate other water deliveries under the Water Surplus and Drought Management plan.

Business Analysis: Unable to reduce or discontinue surplus agricultural water service to meet firm demands in the event of a water shortage

Staff Recommendation

Option #1


James F. Green
Manager, Water System Operations

9/28/2010
Date


Jeffrey Lightlinger
General Manager

9/29/2010
Date

Attachment 1 – Annual IAWP Resolution 2011

Ref# wrm12607783

RESOLUTION**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DIRECTING THE GIVING OF NOTICE OF POTENTIAL DISCONTINUANCE
OF SERVICE OF SURPLUS WATER IN 2011 - 2012**

Whereas, an earthquake, other catastrophe, or unforeseen events could cause a shortage of water in Metropolitan's service area in the future; and

Whereas, insufficient precipitation and runoff in the 2006/07 through 2009/10 water years and a Federal ruling on State Water Project operations has resulted in a reduction of Southern California's State Water Project deliveries during 2008 through 2010 and possibly beyond; and

Whereas, drought, the region's limited water reserves, and more stringent environmental and continued regulatory conditions in Northern California's Sacramento-San Joaquin Delta has resulted in the implementation of a Water Supply Allocation Plan for a second consecutive fiscal year; and

Whereas, under Section 132 of the Metropolitan Water District Act, Metropolitan may serve surplus water if such water is in excess of the domestic and municipal needs or requirements within Metropolitan; and

Whereas, heretofore water for agriculture has been supplied on the condition that such supply can be discontinued subject to the giving of the notice required by said Section 132; and

Whereas, Section 132 of the Metropolitan Water District Act requires that Metropolitan give the purchaser or user of surplus water one year's written notice that Metropolitan will discontinue the supply of surplus water; and

Whereas, it is possible that Metropolitan will not have available for delivery water that is surplus to the municipal and domestic needs or requirements within Metropolitan; and

Whereas, pursuant to the Interim Agricultural Water Program approved by Metropolitan on May 10, 1994, in a water shortage agricultural water deliveries may be cut back up to 30 percent prior to imposition of mandatory targets for firm deliveries; and

Whereas, on January 1, 2008, the General Manager authorized a reduction in Interim Agricultural Water Program deliveries of 30 percent due to record dry hydrologic conditions and reduced supplies of Colorado River and State Water Project resources; and

Whereas, on January 1, 2009, the Board approved the phase-out of the Interim Agricultural Water Program; and

Whereas, the action proposed by this Resolution is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines; and

Whereas, Metropolitan's Water Planning and Stewardship Committee has invited member public agencies and other interested parties to come before the Committee and present their views on a proposal to give the one year's notice called for by Section 132 of the Metropolitan Water District Act discontinuing in whole or in part the supply of surplus water from Metropolitan, and has considered those views.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California, with two-thirds of the votes of its members concurring:

1. That this Board determines and declares that all or a portion of the water presently served as surplus water may be needed for domestic or municipal uses within Metropolitan between October 1, 2011, and December 31, 2012, and that Metropolitan may discontinue supplying surplus water in whole or in part at any time; and
2. That the General Manager is directed to give notice of such potential discontinuance to each member public agency presently receiving service of surplus water and to any user who has requested in writing to be notified by mailing a copy of this Resolution forthwith; and
3. That this Board hereby delegates to the General Manager its authority to take action with respect to such discontinuance on the terms provided in the Interim Agricultural Water Program, and that any such discontinuance shall only take place upon further action of the General Manager, but without further notice to users of surplus water; and
4. That except pursuant to the Interim Agricultural Water Program, such discontinuance shall only take place upon further action of this Board but without further notice to users of surplus water.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by a two-thirds vote of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on October 12, 2010.

Board Executive Secretary
The Metropolitan Water District
of Southern California