



- Board of Directors  
*Water Planning and Stewardship Committee*

1/13/2015 Board Meeting

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**8-2**

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## **Subject**

Authorize an exchange of up to 50,000 acre-feet with Westside Mutual Water Company and Kern County Water Agency to enhance Metropolitan's operational flexibility in 2015

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## **Executive Summary**

Metropolitan is seeking ways to further improve the region's water supply reliability. One approach would be to coordinate operations with Westside Mutual Water Company (Westside) and Kern County Water Agency (KCWA) to increase flexibility in the timing of water delivered. Authorization is requested to enter into a one-for-one exchange agreement that would provide operational flexibility for 2015. This exchange program for up to 50,000 acre-feet would provide staff with an additional tool to respond to hydrologic uncertainty allowing Metropolitan to take supplies early in the calendar year when the State Water Project supplies are expected to be low and return them at a later time.

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## **Details**

On January 17, 2014, the Governor made a Proclamation of a Drought State of Emergency that called for the implementation of contingency plans. Then on January 30, 2014, the Governor met with Southern California water leaders leading to Metropolitan's declaration of a water supply alert, increasing conservation, and sponsoring actions to help other areas of the state, where feasible. While there has been a good start to the water year to date, it remains unknown what water supplies will be for 2015.

Westside is a private mutual water company that provides water to farming activities in the San Joaquin Valley. They are also a participant in the Kern Water Bank. As a participant in the water bank they have capability to pump previously stored water into the California Aqueduct. Westside receives water from KCWA, which is the SWP Contractor that serves their area. This supply can either be backed up into the State Water Project system or exchanged with other parties when not needed for farming activities.

Authorization is requested to enter into an even exchange agreement with Westside and KCWA that will improve Metropolitan's operational flexibility for 2015. For every acre-foot Metropolitan receives, Metropolitan will return one acre-foot. The exchange will be in an amount of up to 50,000 acre-feet. The exchange provides water at a time in the calendar year when State Water Project supplies (SWP) are expected to be low and provides flexibility on timing of returning water. The water provided as part of the exchange will allow Metropolitan to more effectively operate its other water management programs, such as central valley groundwater banking programs and transfer supplies.

There are no fees to be paid to Westside or KCWA as part of the exchange. Metropolitan will incur typical transportation and operational costs associated with moving the water supply into the service area. However, these expenses are already included in the State Water Project budget.

The SWP supplies in 2014 were limited as a result of the five percent SWP allocation and the SWP allocation for 2015 is expected to likewise be low at the beginning of the upcoming year, although it is likely the allocation will rise as the year progresses. The exchange supplies would make water available during the early months of the year while other supplies are not available. Metropolitan would then return the water later as mutually agreed by

the parties. This will allow Metropolitan to more effectively manage its storage supplies, pump back programs and SWP allocation. It also benefits Westside and KCWA with flexibility on timing of their deliveries.

## **Policy**

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Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

Metropolitan Water District Administrative Code Section 4207: Exchange of Water

## **California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

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).

In addition, 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. Accordingly, the proposed action qualifies for a Class 1, Categorical Exemption (Section 15301 of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA and is categorically exempt pursuant to Sections 15378(b)(4) and 15301 of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

## **Board Options**

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### **Option #1**

Adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt, and authorize the General Manager to enter into the necessary agreements to facilitate an exchange with Westside Mutual Water Company and Kern County Water Agency, in a form approved by the General Counsel.

**Fiscal Impact:** There are no projected fiscal impacts related to the program. Each party will cover the costs to deliver water as part of the exchange.

**Business Analysis:** Reduces the short-term risk associated with a lack of State Water Project supplies allocated early in the calendar year. The exchange improves Metropolitan's ability to meet the water supply demands of the member agencies.

### **Option #2**

Do not authorize the General Manager to enter into an exchange with Westside and KCWA to improve water supply reliability.

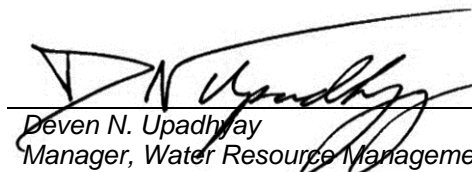
**Fiscal Impact:** \$0

**Business Analysis:** Increased risk that Metropolitan would not have the available supplies to meet member agencies' water supply demands early in 2015 and would fail to support coordinated efforts with other water districts and agencies consistent with the Governor Drought State of Emergency.

**Staff Recommendation**

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Option #1



12/22/2014  
Date  
Deven N. Upadhyay  
Manager, Water Resource Management



12/26/2014  
Date  
Jeffrey Kightlinger  
General Manager

Ref# wrm12634470