



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

4/11/2017 Board Meeting

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**8-4**

**Subject**

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Adopt CEQA determination and authorize the General Manager to enter into Cyclic Storage Agreements with Metropolitan's member agencies

**Executive Summary**

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Authorization is requested to allow the General Manager to enter into Cyclic Storage Agreements (Cyclic Agreements) consistent with the terms in [Attachment 1](#) with Metropolitan member agencies. The Cyclic Agreements would allow Metropolitan the flexibility to regulate available water supplies in local cyclic storage accounts to help meet the delivery needs of the region. The cyclic storage accounts could include groundwater or surface water storage. Water would be stored when available with no additional put or take costs. When water is delivered from the Cyclic Agreements the full service rate would apply, except the Capacity Charge.

**Details**

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The Cyclic Agreements would enhance Metropolitan's operational flexibility during wet and dry periods. In wet years, the cyclic accounts would allow Metropolitan to store available supplies. In dry years, the cyclic accounts would be operated as part of Metropolitan's storage reserves to help meet the water needs within the service area. The storage accounts could include groundwater or surface water storage. There are no charges to Metropolitan to put or to recover water from the cyclic storage accounts. Further, deliveries to the cyclic storage accounts are at Metropolitan's discretion while member agencies have discretion on whether they want to accept the water.

Water delivered from the cyclic storage accounts would be sold at Metropolitan's full service water rate in effect when the water is deducted from the cyclic storage account, except the Capacity Charge. Deliveries from the cyclic storage accounts would not incur a Capacity Charge because the delivery into the accounts is at Metropolitan's discretion. All other components of Metropolitan's full service water rate, including the Readiness-to-Serve Charge, would be charged to the member agency at the time the stored water is sold.

The Cyclic Agreements would provide multiple benefits including improved reliability to the region. Since there are no storage costs, the program is cost competitive with other storage alternatives. The cyclic storage accounts would be located within Metropolitan's service area and would be available to help in the event of an emergency. In addition, water stored in groundwater basins could raise water levels and benefit local groundwater producers by reducing groundwater pumping costs. Metropolitan already has current Cyclic Agreements with Upper San Gabriel Valley Municipal Water District and Three Valleys Municipal Water District with similar terms. This authorization would allow Metropolitan to expand the benefits of the program.

**Policy**

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Metropolitan Water District Administrative Code Section 4209: Contracts

**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action allows Metropolitan the flexibility to regulate available water supplies in local cyclic storage accounts at existing public facilities involving negligible or no expansion of use and no possibility of significantly impacting the physical environment (Class 1, Section 15301 of the State CEQA Guidelines). In addition, 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).

The CEQA determination is: Determine that the proposed action qualifies under a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines). In addition, the continuing administrative activities are not subject to CEQA (Section 15378(b)(2) 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 exempt and not subject to CEQA, and  
Authorize the General Manager to enter into Cyclic Agreements with Metropolitan member agencies consistent with the terms in [Attachment 1](#).

**Fiscal Impact:** None

**Business Analysis:** Metropolitan would benefit by storing water supplies to improve reliability and flexibility in the operation of its supplies. There are no additional costs for storing the water.

**Option #2**

Do not authorize the General Manager to enter into Cyclic Agreements with member agencies.

**Fiscal Impact:** None

**Business Analysis:** Not implementing the program could decrease the available water supplies to the region and force Metropolitan to utilize more costly alternatives.

**Staff Recommendation**

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Option #1

  
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Deven N. Upadhyay  
Manager, Water Resource Management

3/29/2017  
Date

  
\_\_\_\_\_  
Jeffrey Kightlinger  
General Manager

3/29/2017  
Date

**Term Sheet  
Member Agency  
Cyclic Agreements**

**Cyclic Account**

- Cyclic accounts could be either surface water storage or groundwater basin storage.
- Cyclic account storage size up to 200,000 acre-feet with an individual member agency. The size of each cyclic account will be dependent on the local conditions.
- Cyclic accounts may be subject to approval from basin watermasters or managers.
- Water can be delivered to the cyclic account by direct recharge or in-lieu exchange.
- There shall be no losses for delivering water into the cyclic account. Any methodology for losses for water that remains in the cyclic account shall be defined before water is stored and consistent with how losses are charged to other entities that store water.
- Metropolitan and member agency may agree on a mutually agreed recovery schedule for water stored in the cyclic account.
- Water delivered and recovered from the cyclic account shall be documented.

**Cyclic Program Costs**

- Metropolitan shall not incur any additional program costs to place water into storage or to recover water out of storage.
- Member agency pays the full service water rate in effect at the time water is purchased from the cyclic account, except the Capacity Charge.
- Metropolitan's Capacity Charge shall not apply to water sold from the cyclic account because the delivery into the accounts is at Metropolitan's discretion.
- All other components of Metropolitan's full service rate, including the Readiness-to-Serve Charge, shall be charged to the member agency at the time the stored water in the cyclic account is sold to the member agency.

**Term**

- The Cyclic Agreements shall have a term of up to ten years, unless previously terminated or extended upon mutual agreement.