



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

9/15/2020 Board Meeting

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7-5

**Subject**

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Adopt the CEQA determination that the proposed action was addressed in prior environmental documentation and authorize amendment to agreement with California Department of Water Resources to purchase surface water supplies from Yuba County Water Agency

**Executive Summary**

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Authorization is requested to amend an agreement with California Department of Water Resources to purchase water supplies from Yuba County Water Agency. The water transfer will improve regional reliability.

**Timing and Urgency**

The California Department of Water Resources is requiring all participating State Water Contractors to execute the agreement by September 30, 2020.

**Details**

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In 2007, the Board authorized an agreement (Agreement) with the California Department of Water Resources (DWR) to purchase water supplies from Yuba County Water Agency (YCWA). Under the Agreement, and amendments approved by the Board in 2009, 2010, 2011, and 2014, YCWA provides water transfer supplies to participating State Water Contractors and the San Luis Delta Mendota Water Authority (Buyers).

YCWA provides: (1) surface water supplies by re-operating its reservoirs; and (2) groundwater substitution supplies by its member units using groundwater instead of surface water supplies. The Yuba Accord has provided a total of 1,282,000 acre-feet, which includes 480,000 acre-feet to the Environmental Water Account and 802,000 acre-feet shared between participating State Water Project Contractors and San Luis Delta Mendota Water Authority through 2019. Metropolitan has purchased approximately 200,000 acre-feet under the Agreement. The current Agreement includes fixed prices for surface water transfer supplies through September 30, 2020 and annual negotiations for groundwater substitution supplies. Metropolitan has benefited from participation in the Agreement.

Under the Agreement, which terminates in 2025, a new amendment is needed to establish fixed prices for surface water supplies purchased after September 30, 2020. Staff worked with the Buyers, DWR and YCWA to negotiate an amendment that would secure pricing of surface water supplies for five years beginning on October 1, 2020. The key terms tentatively agreed to are outlined in greater detail in **Attachment 1**, and include: Increasing prices for surface water supplies to reflect updated market conditions; and retaining annual negotiations for groundwater substitution supplies. The new prices represent a five percent annual escalation from the 2014 agreement, but these prices will be fixed through 2025.

Staff recommends that the Board authorize the amendment to allow Metropolitan to continue to purchase YCWA surface water supplies through 2025. Metropolitan has the flexibility to decide on the amount of water to be purchased each year. Metropolitan would only be obligated to purchase water based proportionately on Metropolitan's Table A should other participating State Water Contractors not want Metropolitan's allocated supply. Under the amendment, staff would continue to seek board approval for groundwater substitution supplies on an annual basis.

## Policy

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Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

### California Environmental Quality Act (CEQA)

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#### CEQA determination for Option #1:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, the YCWA, acting as Lead Agency prepared and processed a Final Environmental Impact Report (Final EIR) for the Lower Yuba River Accord (SCH No. 2005062111). The Final EIR was certified and the project was approved by the Lead Agency on October 23, 2007. The Lead Agency also approved the Findings of Fact, the Statement of Overriding Considerations (SOC), and the Mitigation Monitoring and Reporting Program (MMRP). Metropolitan, as a Responsible Agency under CEQA, reviewed and considered the information in the certified Final EIR and adopted the Lead Agency's findings, SOC, and MMRP on November 20, 2007, and approved the formal terms and conditions for the proposed DWR-Metropolitan water transfer agreement. The current board action involves amendments to the purchase price and administrative provisions of the current Agreement with YCWA, and not on any changes to the approved project itself. Hence, the previous environmental documentation acted on by the Board in conjunction with the proposed action fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is required.

#### CEQA determination for Option #2:

None required

## Board Options

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### Option #1

Adopt the CEQA determination that the proposed action was addressed in prior environmental documentation and authorize the General Manager to execute an amendment to the Agreement with DWR to purchase surface water supplies from Yuba County Water Agency consistent with the key terms outlined herein, in **Attachment 1** and in a form approved by the General Counsel.

**Fiscal Impact:** If needed as a water supply action Metropolitan would secure water supplies YCWA sells to DWR at a low cost of \$64 per acre-foot (AF) during wet years to a high cost of \$447 per AF for consecutive dry or critical dry years prior to losses.

**Business Analysis:** Approval will help improve dry-year water supplies in future years.

### Option #2

Do not authorize the General Manager to execute an amendment to the Agreement with DWR to purchase water supplies from YCWA.

**Fiscal Impact:** None

**Business Analysis:** Not purchasing water transfer supplies from YCWA could result in a lost water supply opportunity, potentially resulting in lower water supply reliability.

**Staff Recommendation**

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Option #1

  
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Brad Coffey  
Manager, Water Resource Management

8/26/2020  
Date

  
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Jeffrey Kightlinger  
General Manager

8/28/2020  
Date

**Attachment 1 – Yuba Amendment Key Terms**

Ref# wrm12674960

<b>Yuba Amendment Key Terms</b>		
<b>Contract Provisions</b>	<b>Existing</b>	<b>With Amendment</b>
<b>Advance Payment</b>	Prepayment secures surface water prices for 5 years	Existing surface water prices in effect until advance payment exhausted
<b>Price for Surface Water Supplies</b>  <b>Component 1 Surface Water</b> <ul style="list-style-type: none"> <li>• Wet Year</li> <li>• Above Normal Year</li> <li>• Below Normal Year</li> <li>• Dry Year</li> <li>• Critical Year</li> <li>• Consecutive Dry or Critical Years</li> </ul> <b>Component 2 Surface Water</b> <ul style="list-style-type: none"> <li>• Dry Year</li> <li>• Critical Year</li> <li>• Consecutive Dry or Critical Years</li> </ul> <b>Component 3 Surface Water</b> <ul style="list-style-type: none"> <li>• Wet Year</li> <li>• Above Normal Year</li> <li>• Below Normal Year</li> <li>• Dry Year</li> <li>• Critical Year</li> <li>• Consecutive Dry or Critical Years</li> </ul>	<ul style="list-style-type: none"> <li>• \$50/AF</li> <li>• \$100/AF</li> <li>• \$150/AF</li> <li>• \$200/AF</li> <li>• \$300/AF</li> <li>• \$350/AF</li> </ul> <ul style="list-style-type: none"> <li>• \$160/AF</li> <li>• \$240/AF</li> <li>• 280/AF</li> </ul> <ul style="list-style-type: none"> <li>• \$50/AF</li> <li>• \$100/AF</li> <li>• \$150/AF</li> <li>• \$200/AF</li> <li>• \$300/AF</li> <li>• \$350/AF</li> </ul>	<ul style="list-style-type: none"> <li>• \$64/AF</li> <li>• \$128/AF</li> <li>• \$191/AF</li> <li>• \$255/AF</li> <li>• \$383/AF</li> <li>• \$447/AF</li> </ul> <ul style="list-style-type: none"> <li>• \$204/AF</li> <li>• \$306.40/AF</li> <li>• \$357.60/AF</li> </ul> <ul style="list-style-type: none"> <li>• \$64/AF</li> <li>• \$128/AF</li> <li>• \$191/AF</li> <li>• \$255/AF</li> <li>• \$383/AF</li> <li>• \$447/AF</li> </ul>
<b>Price for GW Substitution Supplies</b>  <b>Component 4 Water</b>	Annual Negotiations	Annual Negotiations
<b>Agreement Term</b>	Through 2025, provided price renegotiation for post-September 30, 2020 <u>t</u> ransfers.	Through 2025.