

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

October 9, 2007 Board Meeting

8-5

Subject

Adopt a resolution to provide notice of potential discontinuance of interim agricultural service of surplus water from October 1, 2008 through September 30, 2009

Description

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. Metropolitan sells water for agricultural purposes under this provision at a discounted rate, providing that Metropolitan has the 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.

Through the Interim Agricultural Water Program (Program), Metropolitan offers lower water rates for agricultural users. Under this Program, agricultural users are on notice that Metropolitan may reduce deliveries to agricultural water users participating in the Program by up to 30 percent prior to any mandatory reduction to municipal and industrial users. Metropolitan reserves the right at all times to take other actions, as it deems necessary. In connection with the adoption of the Program, the Board adopted a notice of a potential whole or partial discontinuance of surplus water deliveries pursuant to Section 132 of the MWD Act. As stated in the April 20, 1994 board letter authorizing the Program, "A similar Resolution should be adopted every year thereafter while the Interim Agricultural Water Program is in effect." The most recent resolution was adopted by the Board on October 10, 2006. Because almost 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 Program, and the proposed Resolution ([Attachment 1](#)) is attached.

Policy

Metropolitan Water District Act Section 132: Sale of Surplus Water

Metropolitan Water District Administrative Code Sections 4900 – 4906: 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 surplus water from October 1, 2008 through September 30, 2009.

Fiscal Impact: None. The adoption of the resolution has no fiscal impacts on Metropolitan. Actions the Board takes in the future, should changes in State Water Project or Colorado River supplies occur, might have fiscal impacts based on the reduction in sales of surplus water.

Business Analysis: Allows surplus agricultural water to become available to meet firm demands in the event of a water shortage

Option #2

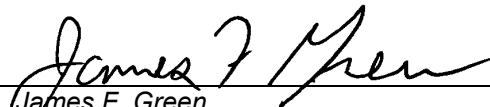
Do not adopt the attached Resolution (**Attachment 1**).

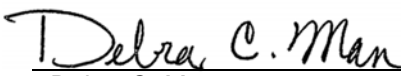
Fiscal Impact: Potential impact is contingent upon how the Board decides to meet surplus water demand should changes in State Water Project or Colorado River supplies occur. The Board may decide to purchase transfer water, produce from storage accounts, or allocate other water deliveries under the Water 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
for Eddie A. Rigdon
Manager, Water System Operations
9/18/2007
Date


Debra C. Man
for Jeffrey Kightlinger
General Manager
9/18/2007
Date

Attachment 1 – Resolution

BLA #5670