



Proposed Staff Recommendation Consent Calendar for March 24, 2011

WATER PLANNING COMMITTEE

- 9- 1. Professional services contract to AECOM for environmental support in obtaining Programmatic General Permits for Compliance with the Clean Water Act.
Award a professional services contract to AECOM to provide environmental support for obtaining U.S. Army Corps of Engineers Section 404 and Regional Water Quality Control Board Section 401 Programmatic General Permits for a not-to-exceed amount of \$246,000.
- 9- 2. Water Planning Committee Goals for 2011 and 2012.
Adopt the Water Planning Committee Goals for 2011 and 2012.
- 9- 3. Approve guiding principles for member agency purchases of Water Authority-owned local water supplies and approve corresponding revisions to the Local Supply Conveyance and Exchange Policy.
Adopt the proposed guiding principles for member agency purchases of Water Authority-owned local water supplies. Approve corresponding revisions to the Local Supply Conveyance and Exchange Policy.
- 9- 4. Professional services contract with RBF Consulting for technical studies for the proposed Camp Pendleton Seawater Desalination Project.
Award a professional services contract to RBF Consulting to conduct technical studies for the proposed Camp Pendleton Seawater Desalination Project for \$2,600,000.

IMPORTED WATER COMMITTEE

- 9- 5. Imported Water Committee Goals for 2011 and 2012.
Adopt the Imported Water Committee Goals for 2011 and 2012.
- 9- 6. Resolution supporting Salton Sea restoration.
Adopt Resolution No. 2011-___ supporting restoration of the Salton Sea.

ENGINEERING AND OPERATIONS COMMITTEE

- 9- 7. Notice of Completion for installation of a heating, ventilation, and air conditioning system for the Escondido Operations Center project.
Authorize the General Manager to accept the Escondido Operations Center heating, ventilation, and air conditioning system project as complete, record the Notice of Completion, and release funds held in retention to Southcoast Heating & Air Conditioning LP within the statutory period.



- 9- 8. Accept the Lakeside 1 Flow Control Facility from Lakeside Water District.
Accept the Lakeside 1 Flow Control Facility as complete from Lakeside Water District.
- 9- 9. Engineering and Operations Committee Goals for 2011 and 2012.
Adopt the Engineering and Operations Committee Goals for 2011 and 2012.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

- 9-10. Legislation Conservation and Outreach Committee Goals for 2011 and 2012.
Adopt the Legislation Conservation and Outreach Committee Goals for 2011 and 2012.
- 9-11. Adopt positions on various state bills.
 - 1. Adopt a position of Support on AB 19 (Fong)
 - 2. Adopt a position of Support on AB 275 (Solorio)
 - 3. Adopt a position of Oppose on AB 550 (Huber)
 - 4. Adopt a position of Oppose, unless amended on AB 576 (Dickinson)
 - 5. Adopt a position of Oppose on SB 200 (Wolk)
 - 6. Adopt a position of Support on SB 328 (Kehoe)

ADMINISTRATIVE AND FINANCE COMMITTEE

- 9-12. Treasurer's report.
Note and file the monthly Treasurer's report.
- 9-13. Resolution amending the designation of authorized officers or employees to act on behalf of the San Diego County Water Authority with respect to banking and investment accounts.
Adopt Resolution No. 2011-___ amending the designation of authorized officers or employees to act on behalf of the San Diego County Water Authority with respect to banking and investment accounts.
- 9-14. Resolution amending the titles of authorized officers and employees to invest in the Local Agency Investment Fund.
Adopt Resolution No. 2011-_____ amending the titles of authorized officers and employees to invest in the Local Agency Investment Fund.
- 9-15. Accept City of San Diego/Water Authority operating strategies and defer the remaining three CIP projects, as recommended by Comprehensive Reliability and Cost Assessment subcommittee and tabled from the January 27, 2011 Board meeting.
Accept operating strategies developed by City and Water Authority staff, direct staff to develop and enter into a letter agreement to mitigate operational affects at the Alvarado and Lower Otay Treatment Plants, and accept the recommended deferment of the remaining three projects from the January 27, 2011 Board Meeting.



- 9-16. Administrative and Finance Committee Goals for 2011 and 2012.
Adopt the Administrative and Finance Committee Goals for 2011 and 2012.
- 9-17. Approve the recommended variable rate debt management strategy and the selection of liquidity facility providers to support the commercial paper program.
Approve the recommended variable rate debt management strategy; Approve the selection of three liquidity facility providers: 1) Barclays Capital; 2) Citibank; 3) Wells Fargo Bank; Approve the amendment to the Bayerische Landesbank Liquidity Facility Agreement; and Adopt Resolution 2011-___ authorizing the issuance and sale of short-term revenue certificates and authorizing and approving certain actions in connection therewith.



Pick-up Packet
Item III. 1-B

March 24, 2011

Attention: Water Planning Committee

Fiscal Year 2011 water supply allocations monitoring (Information)

Purpose

This report provides monthly and cumulative deliveries for fiscal year 2011 compared to allocation targets for the three classes of service: Municipal and Industrial (M&I), Special Agricultural Water Rate (SAWR), and Metropolitan Water District's (MWD's) Interim Agricultural Water Program (IAWP). The report also discusses total water use including local supplies produced and used by member agencies.

Discussion

Water Allocation and Delivery Tracking

The Water Authority monitors monthly member agency water deliveries compared to allocation targets for the three classes of water service: M&I, SAWR and IAWP. To assist with tracking performance, each member agency received a monthly delivery target for the three classes of service. The targets are based upon historical monthly delivery patterns. Similar to fiscal year 2010 tracking, monthly targets for IAWP and SAWR participants were established based upon fiscal year 2007 deliveries, consistent with MWD's IAWP guidelines. Member agencies are not subject to penalties for exceeding monthly targets. Any financial penalties would be assessed at the end of the fiscal year, and only if the Water Authority exceeds its allocation from MWD.

It should be noted that the fiscal year 2011 M&I targets are preliminary and used for tracking purposes. The targets are based on estimated local production data for surface water and groundwater provided by the member agencies. The final allocation targets will be derived after the allocation period is complete and based on actual local production data. Final targets will be utilized as a basis for potential financial penalties.

Fiscal Year 2011 Member Agency Water Deliveries

Figure 1 shows cumulative Water Authority M&I deliveries for the first eight months compared with a cumulative target. M&I deliveries for the month of February 2011 is also compared with the February 2011 allocation target. Actual February 2011 M&I water deliveries were 23,045.5 AF, which is 16.0 percent less than the target of 27,435.8 AF. Cumulative deliveries for first eight months of the fiscal year were 261,464.3 AF, which is 30.3 percent less than the cumulative target of 375,625.0 AF.

Figure 1
Fiscal Year 2011 Water Authority M&I Allocation vs. Actual Deliveries
Cumulative and Monthly Performance

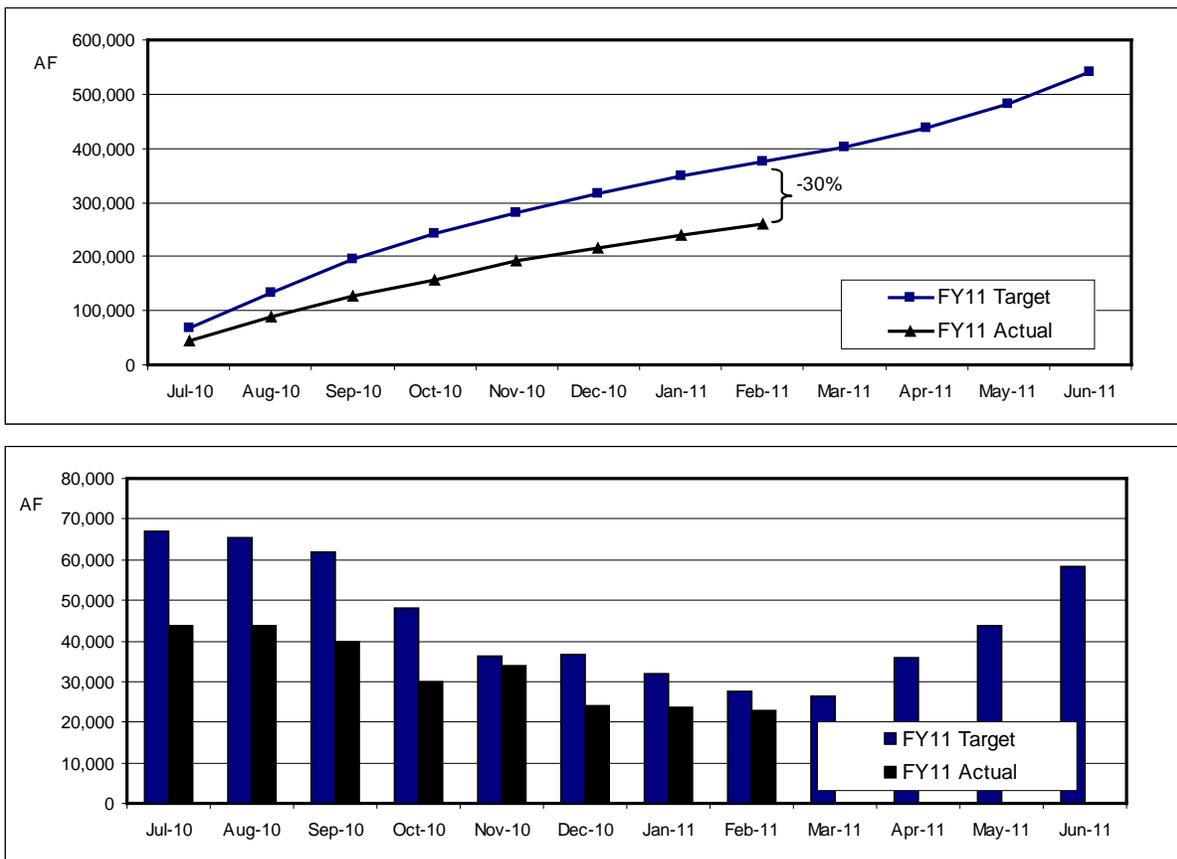


Table 1 provides the same information as Figure 1, except it is provided by member agency and shows the variances between actual deliveries and targets in acre-feet. This chart also provides information for cumulative M&I deliveries as a percentage of the annual allocation for each agency.

Table 1
Fiscal Year 2011 Allocation Tracking
Water Authority Member Agency M&I Target Vs Actual M&I Deliveries

| San Diego County Water Authority M&I Allocation Performance | | | | | | | | |
|---|-----------------|-----------------|------------------|---------------------|-------------------|--------------------|---------------------|--------------------------------|
| FY 2011 Actual Deliveries Compared to Allocation Targets (AF) | | | | | | | | |
| February 2011 | | | | | | | | |
| All figures in acre-feet except where noted. Agency | Current Month | | | Fiscal Year to Date | | | Total Allocation | |
| | Monthly Target | Monthly Actual | Variance | Cumulative Target | Cumulative Actual | Variance | FY11 M&I Allocation | % Allocation Delivered To Date |
| Carlsbad M.W.D. | 987.8 | 890.0 | (97.8) | 14,350.2 | 10,166.2 | (4,184.0) | 21,401.0 | 47.5% |
| Del Mar, City of | 68.1 | 64.1 | (4.0) | 891.5 | 726.9 | (164.6) | 1,304.5 | 55.7% |
| Escondido, City of | 1,067.5 | 754.7 | (312.8) | 15,211.1 | 7,304.2 | (7,906.9) | 22,375.1 | 32.6% |
| Fallbrook P.U.D. | 331.2 | 296.3 | (34.9) | 6,534.0 | 5,139.6 | (1,394.4) | 10,042.1 | 51.2% |
| Helix W.D. | 2,578.7 | 1,840.1 | (738.6) | 23,820.5 | 13,611.1 | (10,209.4) | 32,932.2 | 41.3% |
| Lakeside W.D. | 192.3 | 134.7 | (57.6) | 2,860.3 | 2,051.9 | (808.4) | 4,136.8 | 49.6% |
| Oceanside, City of | 1,491.0 | 1,266.5 | (224.5) | 19,568.1 | 13,673.7 | (5,894.4) | 29,301.5 | 46.7% |
| Olivenhain M.W.D. | 948.8 | 1,000.7 | 51.9 | 14,551.9 | 12,007.4 | (2,544.5) | 21,818.3 | 55.0% |
| Otay W.D. | 2,113.5 | 1,700.0 | (413.5) | 27,037.5 | 19,932.8 | (7,104.7) | 39,680.6 | 50.2% |
| Padre Dam M.W.D. | 666.1 | 643.0 | (23.1) | 9,975.2 | 7,440.2 | (2,535.0) | 14,881.4 | 50.0% |
| Pendleton M. R. | 50.3 | 2.6 | (47.7) | 510.5 | 38.3 | (472.2) | 753.0 | 5.1% |
| Poway, City of* | 565.0 | 519.5 | (45.5) | 9,663.4 | 7,548.6 | (2,114.8) | 14,167.5 | 53.3% |
| Rainbow M.W.D. | 565.5 | 578.4 | 12.9 | 11,312.4 | 7,957.6 | (3,354.8) | 17,061.7 | 46.6% |
| Ramona M.W.D. | 386.0 | 211.4 | (174.6) | 5,660.4 | 2,332.0 | (3,328.4) | 7,974.6 | 29.2% |
| Rincon Del Diablo MWD | 351.0 | 308.3 | (42.7) | 5,253.0 | 3,695.6 | (1,557.4) | 7,624.9 | 48.5% |
| San Diego, City of* | 12,370.3 | 9,565.4 | (2,804.9) | 155,184.3 | 118,578.6 | (36,605.7) | 220,143.8 | 53.9% |
| San Dieguito W.D. | 196.7 | 93.2 | (103.5) | 3,935.2 | 1,217.7 | (2,717.5) | 5,531.6 | 22.0% |
| Santa Fe I.D. | 229.0 | 98.8 | (130.2) | 6,831.9 | 2,628.5 | (4,203.4) | 9,758.8 | 26.9% |
| South Coast W.D.** | 54.3 | 67.8 | 13.5 | 449.1 | 509.0 | 59.9 | 691.6 | 73.6% |
| Sweetwater Authority | 213.5 | 841.4 | 627.9 | 10,628.9 | 1,919.9 | (8,709.0) | 11,994.1 | 16.0% |
| Vallecitos W.D. | 879.9 | 835.2 | (44.7) | 11,969.3 | 9,641.3 | (2,328.0) | 17,869.0 | 54.0% |
| Valley Center M.W.D. | 309.3 | 331.8 | 22.5 | 7,557.8 | 6,301.3 | (1,256.5) | 11,175.8 | 56.4% |
| Vista I.D.* | 819.3 | 1,001.4 | 182.1 | 11,831.1 | 6,993.6 | (4,837.5) | 17,543.6 | 39.9% |
| Yuima M.W.D. | 0.7 | 0.2 | (0.5) | 37.4 | 48.3 | 10.9 | 53.6 | 90.1% |
| Totals | 27,435.8 | 23,045.5 | (4,390.3) | 375,625.0 | 261,464.3 | (114,160.7) | 540,217.1 | 48.4% |

Notes:

FY 2011 allocation targets are preliminary for tracking purposes.

Monthly allocation delivery targets "shaped" in same proportion as average of actual FY2005-2007 monthly M&I deliveries.

*M&I water use is estimated because agricultural deliveries for current month have not been reported.

**Includes deliveries through Metropolitan Water District and South Coast Water District to the following entities within the Water Authority's service area: San Onofre Nuclear Generating Station (65.1 AF), San Mateo Point Housing on Camp Pendleton (2.0 AF) and San Onofre State Park (0.7 AF). Respective deliveries shown in parentheses for current month.

Table 2 shows the monthly and cumulative comparison of deliveries versus target along with total allocation delivered to date for agencies participating in the SAWR. February 2011 deliveries for the agencies that have reported totaled 756.1 AF, or 3.2 percent less than those agencies' combined monthly target. Cumulative SAWR deliveries for the first eight months of the fiscal year for those agencies having reported were 12,107.9 AF, or 37 percent less than their cumulative target of 19,295.4 AF. FY2011 targets have been updated to reflect customers opting out and entering the SAWR program in CY2011.

Table 2
Fiscal Year 2011 SAWR Allocation Vs Actual Deliveries

| San Diego County Water Authority SAWR Allocation Performance | | | | | | | | |
|--|----------------|----------------|---------------|---------------------|-------------------|------------------|----------------------|--------------------------------|
| FY 2011 Actual SAWR Deliveries Compared to Allocation Targets (AF) | | | | | | | | |
| February 2011 | | | | | | | | |
| All figures in acre-feet except where noted. Agency | Current Month | | | Fiscal Year to Date | | | Total Allocation | |
| | Monthly Target | Monthly Actual | Variance | Cumulative Target | Cumulative Actual | Variance | FY11 SAWR Allocation | % Allocation Delivered To Date |
| Escondido, City of | 58.4 | 85.3 | 26.9 | 1,560.7 | 930.6 | (630.1) | 2,867.4 | 32.5% |
| Fallbrook P.U.D. | 108.3 | 60.3 | (48.0) | 2,208.0 | 1,412.4 | (795.6) | 3,343.0 | 42.2% |
| Oceanside, City of | 22.5 | 17.3 | (5.2) | 638.9 | 260.8 | (378.1) | 994.3 | 26.2% |
| Otay W.D. | 1.1 | 0.0 | (1.1) | 32.5 | 8.9 | (23.6) | 43.2 | 20.6% |
| Padre Dam M.W.D. | 0.1 | 0.0 | (0.1) | 1.2 | 0.4 | (0.8) | 1.4 | 28.6% |
| Rainbow M.W.D. | 196.5 | 172.8 | (23.7) | 4,400.4 | 2,819.6 | (1,580.8) | 6,739.7 | 41.8% |
| Ramona M.W.D. | 0.9 | 0.1 | (0.8) | 14.0 | 7.6 | (6.4) | 21.2 | 35.8% |
| Rincon Del Diablo M.W.D. | 0.5 | 0.7 | 0.2 | 10.7 | 10.1 | (0.6) | 16.1 | 62.7% |
| Vallecitos W.D. | 28.8 | 14.7 | (14.1) | 464.7 | 320.0 | (144.7) | 653.1 | 49.0% |
| Valley Center M.W.D. | 363.4 | 404.8 | 41.4 | 9,925.4 | 6,307.2 | (3,618.2) | 14,822.5 | 42.6% |
| Vista I.D. | 1.6 | n.r. | - | 19.8 | n.r. | - | 33.1 | - |
| Yuima M.W.D. | 0.4 | 0.1 | (0.3) | 38.9 | 30.3 | (8.6) | 55.4 | 54.7% |
| Totals | 782.5 | 756.1 | (24.8) | 19,315.2 | 12,107.9 | (7,187.5) | 29,590.4 | 41.0% |

Notes:

1. FY2011 member agency monthly allocation delivery targets "shaped" in same proportion as actual FY2007 monthly IAWP deliveries.
2. Agencies that have not yet reported are shown as "n.r." Totals for actuals, variance and "Percentage Allocation Delivered to Date" exclude those agencies that have not yet reported for the current month.

Table 3 shows the monthly and cumulative comparison of deliveries versus target along with total allocation delivered to date for agencies participating in the IAWP for calendar year 2011. The targets have been updated to reflect the customers that opted out of IAWP at the end of calendar year 2010. Participating agencies that have reported for February were delivered 537.1 AF of IAWP water, which is 51 percent below those agencies' monthly target of 1,090.3 AF. Note that not all agencies reported the February delivery data in time for this report. Effective January 1, 2011, the IAWP cutback rate was reduced from 25 percent to 20 percent per the phase-out by MWD of IAWP.

**Table 3
 Calendar Year 2011 Allocation Tracking
 IAWP Target Vs Actual Deliveries**

| San Diego County Water Authority IAWP Allocation Performance | | | | | | | | |
|--|----------------|----------------|----------------|-----------------------|-------------------|------------------|----------------------|--------------------------------|
| CY 2011 Actual IAWP Deliveries Compared to Allocation Targets (AF) | | | | | | | | |
| February 2011 | | | | | | | | |
| All figures in acre-feet except where noted. Agency | Current Month | | | Calendar Year to Date | | | Total Allocation | |
| | Monthly Target | Monthly Actual | Variance | Cumulative Target | Cumulative Actual | Variance | CY11 IAWP Allocation | % Allocation Delivered To Date |
| Escondido, City of | 28.8 | 42.5 | 13.7 | 174.0 | 48.4 | (125.6) | 1,415.1 | 3.4% |
| Fallbrook P.U.D. | 149.7 | 50.0 | (99.7) | 498.4 | 104.3 | (394.1) | 4,621.8 | 2.3% |
| Olivenhain M.W.D. | 4.5 | 3.4 | (1.1) | 10.9 | 7.6 | (3.3) | 134.6 | 5.6% |
| Padre Dam M.W.D. | 86.3 | 19.6 | (66.7) | 87.0 | 24.3 | (62.7) | 1,019.5 | 2.4% |
| Poway, City of | 5.2 | n.r. | - | 21.1 | n.r. | - | 435.7 | - |
| Rainbow M.W.D. | 139.5 | 103.9 | (35.6) | 463.6 | 183.0 | (280.6) | 4,746.1 | 3.9% |
| Ramona M.W.D. | 207.1 | 40.9 | (166.2) | 671.6 | 97.7 | (573.9) | 4,479.6 | 2.2% |
| Rincon Del Diablo M.W.D. | 17.5 | 8.5 | (9.0) | 49.7 | 16.7 | (33.0) | 546.3 | 3.1% |
| San Diego, City of | 6.3 | n.r. | - | 17.7 | n.r. | - | 195.7 | - |
| Santa Fe I.D. | 0.8 | 0.1 | (0.7) | 3.6 | 0.3 | (3.3) | 68.7 | 0.4% |
| Vallecitos W.D. | 42.6 | 10.1 | (32.5) | 117.3 | 28.8 | (88.5) | 964.8 | 3.0% |
| Valley Center M.W.D. | 393.4 | 254.4 | (139.0) | 1,583.5 | 413.9 | (1,169.6) | 16,021.5 | 2.6% |
| Vista I.D. | 5.1 | n.r. | - | 10.4 | n.r. | - | 103.7 | - |
| Yuima M.W.D. | 20.1 | 3.7 | (16.4) | 187.5 | 34.6 | (152.9) | 2,923.1 | 1.2% |
| Totals | 1,106.9 | 537.1 | (553.2) | 3,896.3 | 959.6 | (2,887.5) | 37,676.2 | 2.6% |

Notes:

1. CY2011 member agency monthly allocation delivery targets "shaped" in same proportion as actual CY2007 monthly IAWP deliveries and include CY2009, CY2010 and CY2011 opt-out volumes.
2. Agencies that have not yet reported are shown as "n.r." Totals for actuals, variance and "Percentage Allocation Delivered to Date" exclude those agencies that have not yet reported for the current month.

Total water use

In addition to tracking imported deliveries, this report includes monitoring of monthly total water usage, which takes into account local production. Table 4 below provides a comparison of monthly and fiscal year cumulative water use. More detailed information on water use, including use by agency, is contained each month in the Water Resources report prepared for the Board's Water Planning Committee.

Table 4
Comparison Estimated Total Water Use*

| Monthly (AF) | | Cumulative to Date (Jul-Jan) (AF) | |
|---------------------|--------|--|---------|
| February 2010 | 23,500 | Fiscal Year 2010 | 367,600 |
| February 2011 | 29,100 | Fiscal Year 2011 | 337,700 |
| Difference (%) | +24% | Difference (%) | -8% |

*Excludes recycled water use

Prepared by: Stu Williams, Water Resources Specialist
Reviewed by: Ken Weinberg, Director of Water Resources



March 24, 2011

Attention: Imported Water Committee

Metropolitan Water District Delegates' Report (Information)

Background

The MWD committees and board met on March 7 and 8. The next regular MWD board and committee meetings are scheduled for April 11 and 12.

Discussion

This section summarizes discussions held and key decisions made at the March MWD committee and board meetings, as reported by the MWD delegates. Attachment 1 is a copy of MWD's March board meeting agenda.

Communications and Education Committee

The committee and board received an oral update on education and outreach messaging on water supply conditions and water use efficiency. Staff reported that a consensus of the Public Information Officers' Working Group was reached on the usage of the term "water-use efficiency" in place of the term "conservation." A discussion arose resulting from Director Brick (Pasadena) and Director Abdo's (Santa Monica) expressed concern over "backing away" from the concept of conservation. Staff clarified that the intent of the group was not to eliminate conservation, only replace the term in the outreach messages. This item is scheduled to return for more discussion at a later date.

Engineering and Operations Committee

The committee and board approved four items; three of the four items dealt with improvements or activities related to the Diemer plant and the fourth item appropriated funds for the La Verne Shop Upgrade. Staff gave an update on the Energy Management Program, particularly on AB 32 regulations. The AB 32 Scoping Plan, which was recently released, contained the recommended strategies California should use to reduce the greenhouse gases (GHG) that cause climate change. Staff reviewed the potential impacts of the measures on MWD, such as an implementation fee that would be charged based on the GHG reported (estimated to be \$10,000 to \$64,000 per year). The cap and trade program, which establishes allowances that offset GHG emissions, would apply to MWD as well. The potential cost of cap and trade to MWD is estimated to be between \$5 million to \$10 million for the first year. Director Barbre (Municipal Water District of Orange County) recommended that a separate line item be added to the budget distinguishing the GHG compliance charge. Director Lewinger added that staff should track MWD's GHG credits from programs such as MWD's planned Blythe project and their value to offset having to pay fees.

The committee also heard an update on MWD's efforts for solar power at the Weymouth treatment plant, and a brief report on water quality regulations.

Finance and Insurance Committee

The committee and board approved an item to amend MWD's administrative code, which increased the total authorized payment limit for Colorado River Aqueduct Forward Energy commitments. In the committee meeting, Lewinger moved staff's recommendation; Director Evans (Western) requested an amendment to the motion to add General Auditor Gerry Riss to the risk oversight committee that oversees the forward energy purchases. The modification was accepted and the motion passed.

Staff also reported on investment and financial activities. Interim Chief Financial Officer Tom DeBacker said the February preliminary estimates for the year-end water deliveries, inclusive of sales and the Water Authority's transfers, are projected to be about 1.68 million acre-feet (maf), or about 250,000 af below budget. As a result of the projected lower water sales, MWD expects its cumulative revenues to be about \$160 million lower than budget. The decreased revenues is attributed to lower water sales of about \$174 million and lower interest income of about \$8 million, offset by about \$11 million received from a Proposition 13 grant and \$12 million returned from the state for a hedging advance made by MWD. The cumulative expenditure is estimated to be about \$70 million lower than budget. The reduction is due primarily to lower PAYGo spending (by \$50 million), a decrease in debt expenditures of about \$10 million (due to lower interest rates) and a decrease of about \$11 million from lower Colorado River Aqueduct power costs. Despite the lower than budget expenditure, there is still a shortfall, which staff reports would be offset with the use of reserves and other actions. Lewinger requested future presentations include a table detailing how staff proposes to account for the revenue shortfall, including the use of reserves and other actions. Evans asked whether staff would discuss options on how to increase MWD's revenue; General Manager Jeff Kightlinger replied that staff plans to discuss potential water supply options in the April.

The Capital Investment Plan is forecasted to be about \$222 million for the year; almost \$40 million lower than the original budget. The year-end reserve fund balance is forecasted to be slightly above the minimum target. As a result of the Exchange Agreement, MWD is obligated to set aside any disputed amount regarding rates into an interest bearing general fund trust. DeBacker reported an estimate of about \$12.6 million disputed charges would be set aside by the end of fiscal year in an escrow account. MWD plans to show the disputed monies it had with the Water Authority in the stabilization fund; although as noted by staff, that amount is not accessible to MWD until the litigation is resolved.

The committee also heard three potential options for a two-year budget process. DeBacker said biennial budgets would allow the board to address longer term issues and considerations and added that obtaining budget approval by the board before or concurrently with rates is part of the objective. The three potential options were to: 1) approve a two-year budget with annual rate adoption (similar to the Water Authority's process); 2) approve a rolling two-year budget (with second year budget provisionally approved) with annual rate adoption; and 3) approve a two-year budget and two-year rates. Wunderlich (Beverly Hills) advocated the two-year rolling budget; J. Murray (Los Angeles) said even in adopting a two-year budget with two-year rates, the board retains the authority to review variances, take action, and make changes. The committee showed a preference for a rolling two-year budget.

DeBacker also reviewed changes to the FY 2011/12 and 2012/13 budget since the January workshop, and the budgeting impact of 1.8 maf of sales through fiscal year 2015/16. A separate board memo to the Imported Water Committee details MWD's current projected revenues and expenditures for the FY 2011/12 and FY 2012/13 biennial budget. Following the presentation, Wunderlich expressed concern over the recommendation to reduce PAYGo and defer funding of MWD's Other Post Employment Benefits (OPEB) liability, which he said extends the current burden to future ratepayers. He also commented on MWD's practice of tying a majority of its revenues to variable sales, as opposed to a more fixed component. Director Peterson (Las Virgenes) expressed concern over MWD deferring payments on repair and rehabilitation for its infrastructure. Director Record (Eastern) expressed his view that the proposed reduction in PAYGo funding equates to neglecting MWD's infrastructure up-keeping just so it can continue funding \$20 million for conservation. Brick, on the other hand, commended staff for restoring conservation funding back to \$20 million per year.

The proposed budget included storing excess supplies to replenish MWD's depleted storage accounts, including its Central Valley Programs. Evans questioned the value of storing excess water supplies in the Central Valley Programs rather than in local basins within MWD's service area; Kightlinger responded that MWD desires to maximize programs that MWD has control over. Kightlinger clarified, in response to a question from Lewinger, that even if MWD receives 70 percent of its SWP Table A allocation (10 percent more than the current allocation), MWD will keep the water transfer funds (about \$50 million per year) in the budget, but not spend it. Finance and Insurance Committee Chair Grunfeld (Los Angeles) suggested consideration be given to implementing furloughs, which he estimates could save about \$700,000 per month, if a one-day per-month furlough policy was put into practice. Barbre commented on the possibility of MWD providing the O&M for the SWP to develop a new source of revenue; Chief Operating Officer Debra Man responded that the board did approve a contract (a five-year agreement, which expires September 2011) for MWD to procure materials and supplies and refurbish and retool pipes and valves for SWP facilities. Man noted that MWD will be renegotiating this contract and will look for other opportunities to improve the SWP cost-effectiveness and reliability.

Legal and Claims Committee

The committee and board approved two items and heard several closed session items, including a report on the *Water Authority v. MWD, et al.*, San Francisco Superior Court Case No. CPF-10-510830. Committee Chair Wunderlich reported that no action was taken on the item.

Legislation Committee

The committee and board approved four items; the committee tabled consideration of AB 403 (Campos, D-San Jose) *public drinking water standards: Hexavalent Chromium*. State Senator Alex Padilla (D-San Fernando Valley, Senate District 20) addressed the committee and commented on the Governor's proposed budget (calling it "difficult... but honest"). He also spoke on: the challenge of getting a special election set in June and successfully achieving two-thirds support of the tax increases recommended in the proposed budget; the postponed Water Bond Package and the anticipated challenge to defend against re-opening the package; the Sacramento Regional Wastewater Treatment Plant discharge bills; and other upcoming legislation.

The committee discussed staff's recommended positions to support S. 29 (Feinstein, D-CA) and H.R. 486 (Garamendi, D-CA) *Sacramento-San Joaquin Delta National Heritage Area*

Establishment Act, which would establish the National Heritage Area, a component of the Delta Reform Act of 2009. Some committee members, including the San Diego delegation, questioned the timing of these bills, stating that the bills' action to establish a National Heritage Area precede the completion of the Commission's plan. Director Heidel questioned the timing of these bills and expressed an observation that these bills included a description of things the bills do not do, rather than what the bills intend to accomplish. Other directors maintained that the bills would show MWD's support to conserve and protect the Delta's historic sites. Brick added the legislation would establish a three-year study program to justify creation of a heritage area. The action to support the legislation action passed both committee and board. The Water Authority delegation, along with Directors Barbre, Edwards (Foothill) and K. Murray (Anaheim), did not support the item. Director Gray (West Basin Municipal Water District) abstained.

Staff also reported on state and federal legislative issues.

Organization and Personnel Committee

The committee met in closed session to discuss the framework for an employee negotiations workshop scheduled in April. Brick expressed dissatisfaction that an item to discuss the General Manager's reorganization was not on the agenda. Committee Chair J. Murray (Los Angeles) responded that the item will be placed on the April agenda. The committee also heard staff reports on MyLearning, a system that tracks the training/learning program at MWD, Human Resources progress and staffing since 2007/08, and the Information Technology Strategic Plan.

Water Planning and Stewardship Committee

The committee and board approved an item that authorized entering into a contract with the Bureau of Reclamation for grant funding, if awarded. During the board meeting, the Water Authority delegation noted it would not support this item because, if awarded to MWD, the grant would be administered by MWD and be subject to the Rate Structure Integrity language.

Staff reviewed the Water Surplus and Drought Management (WSDM) Plan for calendar year (CY) 2011. The accumulated precipitation remains above normal and reservoir conditions continue to improve (Oroville is at 78 percent of capacity; San Luis Reservoir is at 99 percent of SWP capacity; Diamond Valley is at 87 percent of capacity and Lake Mead is 43 percent of normal). Staff reported DWR's Table A allocation is 60 percent, but added that DWR studies indicate that 70 percent is a reasonable high end forecast for 2011 (subsequently, on March 16, DWR increased its Table A allocation to 70 percent, which equates to about 200,000 af of additional water supply for MWD). After obligations for exchanges and advanced delivery accounts, the total imported supplies to MWD's service area for CY 2011 is 2.068 maf, which includes the Water Authority's QSA water. Staff said that under the current supply conditions and depending on how demands track, the outlook ranges from either storing 351,000 af or requiring Water Supply Allocation Plan (WSAP) action to withdraw 201,000 af from storage to meet demands. As a result, the end of year WSDM storage could be about 1.49 maf to 2.04 maf, depending on demands.

Staff then segued into how storage balance relates to the decision on whether to declare an FY 2012 allocation in April. A separate board memo to the Imported Water Committee details MWD's supply conditions. Because of the improved supply conditions, staff reported that the April discussion on WSAP could include lifting the allocation in April rather than July; potentially restoring the Interim Agricultural Water Program and the replenishment program. Committee Chair DeJesus (Three Valleys Municipal Water District) pointed out that lifting the allocation in

April would require a change in board policy; he also supported restoring the agricultural water program. Steiner questioned how MWD's 5.2 maf of total WSDM storage capacity is taken into account in staff's analysis of when to enter and get out of allocation. Staff explained that it developed the storage thresholds in consideration of the potential impacts to the depth and frequency of shortages. Peterson agreed with Steiner that the threshold is a board policy consideration and suggested the threshold trigger be discussed further. Peterson also suggested the board consider allowing the sale of discounted water to fill basins (in the service area). Record suggested that staff be prepared to have this discussion at one of the March "off-Tuesday" committee meetings; Director Dick (Municipal Water District of Orange County) added that staff consider an option to provide a set amount of discounted water for sale to increase revenues. Lewinger asked whether it is good public policy for MWD to purchase water at a high price, and then sell it at a discounted rate; he suggested staff conduct an analysis prior to next month's discussion. Kightlinger added that these items, including messaging of rolling out of allocations, will be discussed in April.

The committee also heard reports on Bay-Delta and Colorado River matters.

Board Meeting

An item to reappoint Grunfeld and J. Murray from the City of Los Angeles was withdrawn. Kightlinger announced that MWD's Annual Report for 2010 was issued.

Prepared by: Debbie Discar-Espe, Senior Water Resources Specialist
Approved by: *Communications and Education Committee* by Jim Bowersox
Finance and Insurance Committee by Lynne Heidel and Keith Lewinger
Engineering and Operations Committee by Jim Bowersox and Fern Steiner
Legislation Committee by Lynne Heidel and Keith Lewinger
Legal and Claims Committee by Lynne Heidel and Fern Steiner
Organization and Personnel Committee by Jim Bowersox
Real Property and Asset Management by Lynne Heidel
Water Planning and Stewardship Committee by Keith Lewinger and Fern Steiner

Attachment 1: MWD's March board meeting agenda.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

REVISED AGENDA

Regular Board Meeting

March 8, 2011

12:30 p.m. -- Board Room

| Tuesday, March 8, 2011 Meeting Schedule | | |
|--|------------|-------------------------|
| 7:00-8:00 a.m. | Rm. 2-413 | Dirs. Computer Training |
| 8:00 a.m. | Rm. 2-145 | L&C |
| 9:30 a.m. | Rm. 2-456 | Legislation |
| 10:30 a.m. | Rm. 2-145 | C&E |
| 12:30 p.m. | Board Room | Board Meeting |

MWD Headquarters Building

• 700 N. Alameda Street

• Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: (Guest)
- (b) Pledge of Allegiance: Vice Chair Gloria Gray

2. Roll Call

3. Determination of a Quorum

4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code Section 54954.3(a))

~~4A. Senator Alex Padilla (D-Pacoima) — 20th Senatorial District — State Legislative Update~~ **(ITEM MOVED TO LEGISLATION COMMITTEE AT 9:30 a.m.)**

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for February 8, 2011. (A copy has been mailed to each Director)
Any additions, corrections, or omissions

- B. Report on Directors' meetings attended at Metropolitan expense for month of February
- C. Reappointment of Directors Aaron Grunfeld and John Murray, Jr., from the City of Los Angeles
- D. Approve committee assignments
- E. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

- A. General Manager's summary of Metropolitan's activities for the month of February
- B. General Counsel's summary of Legal Department activities for the month of February
- C. General Auditor's summary of activities for the month of February
- D. Ethics Officer's summary of activities for the month of February

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1** Appropriate \$850,000; and authorize two filter valve rehabilitation projects at the Jensen and Diemer plants (Approps. 15371 and 15436). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Appropriate \$850,000; and**
- b. Authorize Phase 1 of the Jensen and Diemer Filter Valve Refurbishment projects.**

- 7-2** Appropriate \$680,000; award \$369,207.65 contract to Green Horizons Landscape & Maintenance, Inc. for completion activities for the Diemer North Access Road; and authorize amendment to agreement with LSA Associates (Approp. 15380). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Appropriate \$680,000;**
- b. **Award \$369,207.65 contract to Green Horizons Landscape & Maintenance, Inc. for Diemer North Access Road revegetation and erosion control; and**
- c. **Authorize increase of \$50,000 to the existing agreement with LSA Associates, for a new not-to-exceed total of \$695,000.**

- 7-3** Appropriate \$660,000; and authorize final design of chemical feed system improvements at the Diemer plant (Approp. 15436). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Appropriate \$660,000; and**
- b. **Authorize final design of the Diemer Chemical Feed System Improvements.**

- 7-4** Adopt resolution to accept potential funding; and authorize entering into a contract with the Bureau of Reclamation if selected for grant funding under the WaterSMART: Water and Energy Efficiency Grants for FY 2011. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination and the resolution to:

- a. **Authorize acceptance of potential grant funding of \$1 million;**
- b. **Delegate authority to the General Manager to execute necessary contracts if selected, including the Reclamation grant contract;**
- c. **Agree to fulfill the grant contract, including provision of Metropolitan's matching funds of \$1 million, through existing Metropolitan-funded member agency-administered programs; and**
- d. **State that Metropolitan, if awarded a grant, will work with Reclamation to meet established deadlines upon entering into a cooperative agreement.**

- 7-5** Report on *In re Tronox Incorporated, et al.*, Chapter 11, Case No. 09-10156 (ALG); and authorize increase in maximum amount payable under contract with Manatt, Phelps and Phillips LLP for legal services by \$100,000 to a maximum of \$430,000. (L&C)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize amendment of the contract for legal services with Manatt, Phelps and Phillips LLP for the *In re Tronox Incorporated* matter to increase the maximum amount payable by \$100,000 to \$430,000. The \$100,000 is to be shared equally with CAWCD.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

- 8-1** Amend Section 8122(e)(1) of the Metropolitan Water District Administrative Code to increase the total authorized payment obligation for Colorado River Aqueduct Forward Energy commitments. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination and amend Metropolitan Water District Administrative Code Section 8122(e)(1) to increase the General Manager's authorization to negotiate contracts for power from a total payment obligation of up to \$35 million within a 24-month period to \$50 million.

- 8-2** Appropriate \$9.15 million; award \$6,684,000 contract to Morillo Construction, Inc., for the La Verne Coating Shop Upgrades; and authorize amendment to existing agreement with Tetra-IBI Group (Approp. 15395). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Appropriate \$9.15 million;**
- b. Award \$6,684,000 contract to Morillo Construction, Inc., for the La Verne Coating Shop Upgrades; and**
- c. Authorize increase of \$300,000 to the existing agreement with Tetra-IBI Group, for a new not-to-exceed total of \$1.85 million.**

- 8-3** Express support for S. 29 (Feinstein, D-CA) and H.R. 486 (Garamendi, D-CA) — Sacramento-San Joaquin Delta National Heritage Area Establishment Act. (Legis.)

Recommendation:

Option #1:

Adopt the CEQA determination and express support for S. 29 and H.R. 486.

- 8-4 Express support, if amended, for S. 78 (Boxer, D-CA) — Protecting Pregnant Women and Children from Perchlorate Act of 2011. (Legis.)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for S. 78, if amended.

- 8-5 Express support, if amended, for S. 79 (Boxer, D-CA) — Protecting Pregnant Women and Children from Hexavalent Chromium Act of 2011. (Legis.)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for S. 79, if amended.

- 8-6 Report on *Village Retail Center, LLC v. Metropolitan Water District*, Los Angeles County Superior Court Case No. BC439334; ratify settlement authority; and authorize increase of \$500,000 for a total of \$1,100,000 in maximum amount payable under contract with Theodora, Oringher, Miller & Richman. (L&C)
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(a)]

- 8-7 Express opposition, unless amended, to AB 576 (Dickinson, D-Sacramento) — Delta Stewardship Council: planning and administration: fee. (Legis.)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the General Manager to express Metropolitan's opposition to AB 576, unless amended to spread the Council's planning and administrative costs more broadly to all persons or groups that benefit from or cause impacts to the Delta watershed.

- 8-8 Express opposition, unless amended, to AB 403 (Campos, D-San Jose) — Public drinking water standards: hexavalent chromium. (Legis.)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the General Manager to express Metropolitan's opposition for AB 403 unless amended.

9. BOARD INFORMATION ITEMS

- 9-1 Conference with Labor Negotiators. (OP&T)
[Conference with labor negotiators; to be heard in closed session pursuant to Gov. Code Section 54957.6. Agency representative: Gilbert Ivey. Employee organizations: The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902; the Management and Professional Employees Association MAPA/AFSCME Chapter 1001, the Association of Confidential Employees, and the Supervisors Association]

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item e.g. (E&O, B&F). Committee agendas may be obtained from the Board Executive Secretary.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <http://www.mwdh2o.com>.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.



March 24, 2011

Attention: Imported Water Committee

Colorado River Board Representative's Report (Information)

Purpose

The Colorado River Board (CRB) Representative's Report summarizes monthly activities of the Colorado River Board.

Background

This report covers activities from the March 9, 2011 CRB meeting.

Discussion

The CRB took actions and heard informational reports from CRB staff on activities discussed below:

Water supply and reservoir operations

Precipitation and snowpack is remaining above average and helping Lake Powell and Lake Mead recover from prolonged drought conditions. As of March 7, both snowpack and precipitation were 119 percent of average. Lake Powell holds 54 percent of its capacity (13.140 maf); Lake Mead holds 43 percent of its capacity (11.140 maf). Reclamation is projecting that inflow into Lake Powell during water year 2011 (ending September 30, 2011) will be 105 percent of average. Reclamation is also projecting a 97 percent probability of an equalization release from Lake Powell to Lake Mead in 2011. This is expected to increase the current release of 8.23 maf from Lake Powell to 11.63 maf. Lake Mead's elevation is projected to increase from its current level of 1,097 feet to 1,105 feet by the end of September 2011, assuming the most probable inflow.

Glen Canyon Dam operations

The U.S. Geological Survey released a report last month on the results of three high-flow experiments conducted at Glen Canyon Dam. The high-flow releases are intended to benefit wildlife habitat in the canyon by creating sand bars along the shore and backwater areas that can be used by native fish. The report showed that the releases can be effective at building sand bars, but that the flows also caused increases in the population of non-native rainbow trout, which feed on the young of native, endangered species, such as the humpback chub.

In related activities, Reclamation recently issued a draft environmental assessment for the proposed development of an experimental high-flow protocol for Glen Canyon Dam. The protocol would be used to implement experimental high-flow tests through 2020. Reclamation has also released an environmental assessment for the control of non-native fishes below the dam. The Board and the other six basin states' representatives are reviewing these environmental assessments. Concerns include providing assurances that the protocols will be consistent with the 2007 reservoir operating guidelines; obtaining a thorough analysis of impacts on the humpback chub; a review of whether rainbow trout populations can serve as a surrogate indicator for the health of the humpback chub population; and whether an environmental impact statement is necessary for the proposed operations.

Review of BLM rules and plans for oil shale development

Staff reported on the Bureau of Land Management's recent announcement that it would be reviewing existing rules governing the commercial development of oil shale resources in the western U.S. , as well as current plans for oil shale projects. Oil shale production uses large amounts of water and has been criticized for its impacts to groundwater resources. The BLM also recently implemented a research and development program to promote new technologies for oil shale resources.

Prepared by: Dave Fogerson, Senior Engineer
Reviewed by: Halla Razak, Colorado River Program Director
Approved by: W.D. "Bill" Knutson, CRB Representative

Attachment: Summary Water Report, Colorado River Basin

**SUMMARY WATER REPORT
COLORADO RIVER BASIN
March 1, 2011**

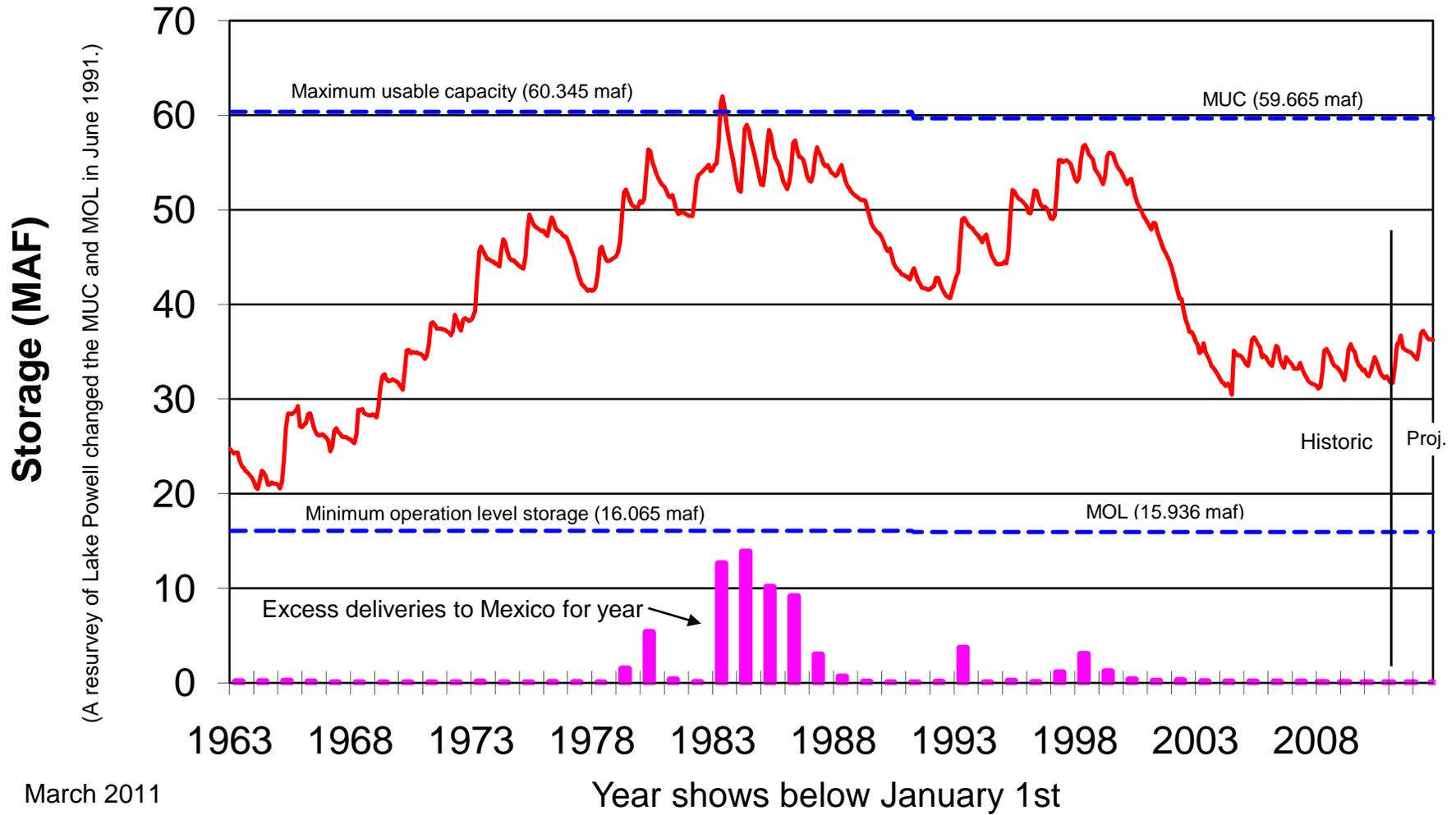
| RESERVOIR STORAGE (as of February 28) | January 31, 2011 | | | | | |
|--|------------------|------------------|------------------|---------------|------------------|------------------|
| | MAF | ELEV. IN FEET | % of Capacity | MAF | ELEV. IN FEET | % of Capacity |
| Lake Powell | 13.235 | 3,615.0 | 54 | 13.852 | 3,620.8 | 57 |
| Flaming Gorge | 3.104 | 6,023.5 | 83 | 3.112 | 6,023.7 | 83 |
| Navajo | 1.328 | 6,058.4 | 78 | 1.343 | 6,059.6 | 79 |
| Lake Mead | 11.117 | 1,095.8 | 43 | 10.758 | 1,091.7 | 42 |
| Lake Mohave | 1.699 | 643.1 | 94 | 1.663 | 641.7 | 92 |
| Lake Havasu | 0.567 | 447.3 | 91 | 0.547 | 446.2 | 88 |
| Total System Storage | 31.866 | | 53 | 32.141 | | 54 |
| System Storage Last Year | 32.125 | | 54 | 33.087 | | 55 |

| | | | | January 31, 2011 | |
|--|--|--------|----------------------------|------------------|----------------------------|
| WY 2011 Precipitation (Basin Weighted Avg) 10/01/10 through 2/28/11 | | | 123 percent (18.9") | | 128 percent (15.6") |
| WY 2011 Snowpack Water Equivalent (Basin Weighted Avg) on day of 2/28/11 | | | 121 percent (17.1") | | 123 percent (13.5") |
| (Above two values based on average of data from 116 sites.) | | | | | |
| | | | | January 31, 2011 | |
| February 15, 2011 Forecast of Unregulated Lake Powell Inflow | | MAF | % of Normal | MAF | % of Avg. |
| 2011 April through July unregulated inflow | | 9.000 | 113 % | 9.300 | 117% |
| 2011 Water Year forecast | | 12.574 | 104 % | 12.994 | 108% |

| USBR Forecasted Year-End 2011 and 2010 Consum. Use, February 28, 2011 a. | | | | | MAF | |
|--|--|--|--------------|--------------|--------------|--------------|
| | | | 2011 | | 2010 | |
| | | | Diversion | - Return = | Net | |
| Nevada (Estimated Total) | | | 0.493 | 0.213 | 0.280 | 0.243 |
| Arizona (Total) | | | 3.674 | 0.865 | 2.808 | 2.792 |
| CAP Total | | | | | 1.558 | 1.653 |
| <i>Az. Water Banking Authority</i> | | | | | 0.134 | 0.134 |
| OTHERS | | | | | 1.251 | 1.140 |
| California (Total) b./ | | | 4.714 | 0.622 | 4.092 | 4.363 |
| MWD | | | | | 0.559 | 1.099 |
| 3.85 Agriculture | | | | | | |
| IID c./ | | | 3.126 | -0.360 | 2.766 | 2.547 |
| CVWD d./ | | | 0.399 | -0.031 | 0.368 | 0.304 |
| PVID | | | 0.333 | 0 | 0.333 | 0.274 |
| YPRD | | | 0.045 | 0 | 0.045 | 0.039 |
| Island e./ | | | 0.007 | 0 | 0.007 | 0.006 |
| <i>Total Ag.</i> | | | 3.910 | -0.391 | 3.519 | 3.170 |
| Others | | | | | 0.014 | 0.094 |
| PVID-MWD following to storage (to be determined) | | | | | -- | 0 |
| Arizona, California, and Nevada Total f./ | | | 8.881 | 1.701 | 7.181 | 7.399 |

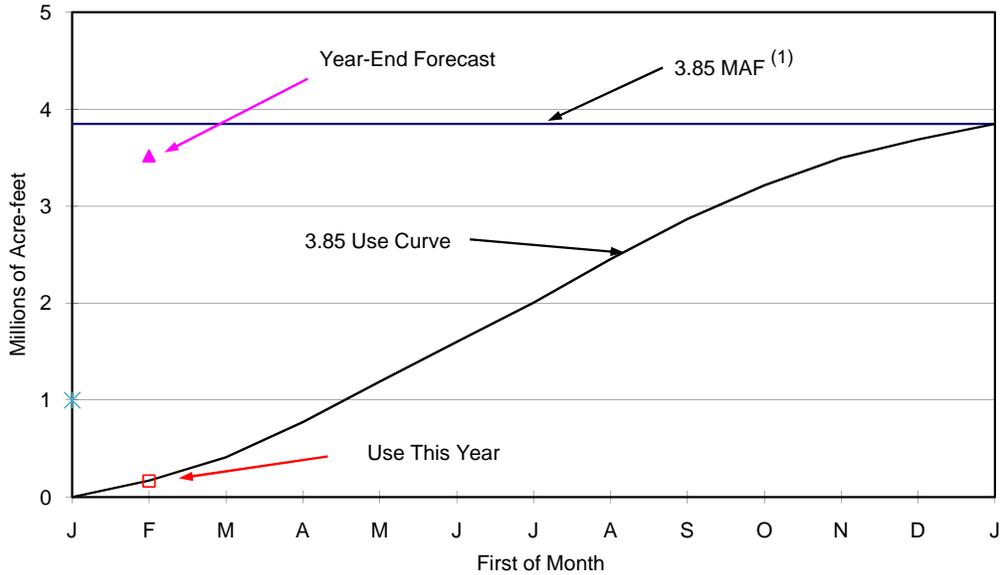
- a./ Incorporates Jan. USGS monthly data and 75 daily reporting stations which may be revised after provisions data reports are distributed by USGS. Use to date estimated for users reporting monthly and annually.
- b./ California 2011 basic use apportionment of 4.4 MAF has been adjusted to 4.174 MAF for payback of Inadvertent Overrun and Payback Policy overruns (-1,213 AF), Intentionally Created Surplus Water by IID (-25,000 AF), Creation of Extraordinary Conservation ICS MWD (-200,000 AF)
- c./ 0.105 MAF conserved by IID-MWD Agreement as amended in 2007: 105,000 AF conserved for SDCWA under the IID-SDCWA Transfer Agreement as amended, 80,000 AF of which is being diverted by MWD; 16,000 AF required to conserved for CVWD under the IID-CVWD Acquisition Agreement, 67,700 AF conserved by the All-American Canal Lining Project.
- d./ 30,850 acre-feet conserved by the Coachella Canal Lining Project.
- e./ Includes estimated amount of 6,530 acre-feet of disputed uses by Yuma Island pumpers and 0 acre-feet by Yuma Project Ranch 5 being charged by USBR to Priority 2.
- f./ Includes unmeasured returns based on estimated consumptive use/diversion ratios by user from studies provided by Arizona Dept. of Water Resources, Colorado River Board of California, and Reclamation.

Monthly Total Colorado River Basin Storage



March 2011

FIGURE 1
MARCH 1, 2011 FORECAST OF 2011 YEAR-END COLORADO RIVER WATER USE
BY THE CALIFORNIA AGRICULTURAL AGENCIES



| Forecast of Colorado River Water Use by the California Agricultural Agencies (Millions of Acre-feet) | | | |
|--|--------------------------------|--------------------------------|------------------------------------|
| Month | Use as of First of Month | Forecast of Year End Use | Forecast of Unused Water (1) |
| Jan | 0.000 | ----- | ----- |
| Feb | 0.167 | 3.519 | 0.023 |
| Mar | | | |
| Apr | | | |
| May | | | |
| Jun | | | |
| Jul | | | |
| Aug | | | |
| Sep | | | |
| Oct | | | |
| Nov | | | |
| Dec | | | |
| Jan | | | |

(1) The forecast of unused water is based on the availability of 3.542 MAF under the first three priorities of the water delivery contracts. This accounts for the 85,000 af of conserved water available to MWD under the 1988 IID-MWD Conservation agreement and the 1989 IID-MWD-CVWD-PVID Agreement as amended; 80,000 AF of conserved water available to SDCWA under the IID-SDCWA Transfer Agreement as amended being diverted by MWD; an estimated 29,000 AF of conserved water available to SDCWA and MWD as a result of the Coachella Canal Lining Project, 67,700 AF of water available to SDCWA and MWD as a result of the All American Canal Lining Project; 14,500 AF of water IID and CVWD are forbearing to permit the Secretary of the Interior to satisfy a portion of Indian and miscellaneous present perfected rights use and 25,000 AF of water IID is conserving to create Extraordinary Conservation Intentionally Created Surplus. 0 AF has been subtracted for IID's Salton Sea Salinity Management in 2011. As USBR is charging uses by Yuma island pumpers to priority 2, the amount of unused water has been reduced by those uses - 6,530 AF. The CRB does not concur with USBR's viewpoint on this matter.



Date: March 22, 2011
To: San Diego County Water Authority Board Members
From: Ken Carpi and Jonathan Clay
Legislative Representatives
Subject: Legislative Update

Sacramento

California Budget - The Governor and Legislature continue to grapple with efforts to try and solve the more than \$25 billion budget deficit (\$8.2 billion current year and a \$17.2 billion budget year shortfalls). Last week the Legislature voted on a portion of the budget, essentially passing the cuts-only portions of the Governor's budget proposal. The legislature was unable to secure a 2/3 vote on the tax increases or the constitutional protections that are part of the broader realignment proposal. The mood in the legislature has become very contentious between the two parties. The final deadline for placing an item before the voters in June appears to be March 31st (for a June 28th election). Of interest to those member agencies that are cities is the current proposal to eliminate redevelopment agencies. The Governor's proposal was brought up in the Assembly last Wednesday as part of the budget package, but the bill fell short of the needed 2/3 threshold by 1 vote. There are counter proposals being considered, but it is unclear where things stand.

SDCWA Sponsored bills - AB 1048 by Assembly Member Harkey is the board sponsored proposal to look at fluoride levels in regional water board base plans. The bill was just recently referred to 2 separate policy committees (commonly referred to as a "double referral"). The State Water Resources Control Board (SWRCB) has raised concerns with the proposal. According to SWRCB staff, the issue of the base plan specifying a fluoride level lower than the public drinking water standard is a San Diego only problem. The SWRCB has asked if the Authority and its member agencies could address this issue via the administrative processes that are part of the triennial review process.

SB 759 by Senator Ted Lieu is the reintroduction of last year's AB 1793, the artificial turf proposal. That bill has not been amended yet to include our language – those amendments should appear within the next week.

Washington, DC

Congress on Recess – The House and Senate are in recess this week. Members of both chambers will return to work in Washington next week.

Another Short Term Spending Bill – Last week Congress passed and President Obama signed into law a continuing resolution (CR) to keep the government running for three more weeks, until April 8. The bill also cuts another \$6 billion in funding. The most recent threatened federal government shutdown was averted, but following the votes, members on both sides of the aisle indicated they would not support another short-term extension, signaling negotiations on a final FY11 spending plan will likely heat up over the next few weeks.

The bill cut EPA funding by \$238 million, including eliminating nearly \$157 million for water project earmarks. Since Congress and the White House had already agreed on an earmark moratorium this year, however, the funds had not been allocated to individual projects.

30 New Contaminants Proposed for Monitoring under Safe Drinking Water Act – The Environmental Protection Agency has proposed new monitoring requirements for 30 currently unregulated contaminants under the Safe Drinking Water Act. EPA currently regulates more than 90 contaminants in drinking water. The Safe Drinking Water Act requires EPA to identify up to 30 new contaminants for monitoring every five years.

The current proposal includes requirements to monitor two viruses and 28 chemical contaminants. There are currently no health-based standards for the new contaminants.

“In keeping with the Safe Drinking Water Act, we are submitting for public comment and input our proposed next round of currently unregulated contaminants for monitoring,” said Nancy Stoner, acting assistant administrator for EPA’s Office of Water. “Learning more about the prevalence of these contaminants will allow EPA to better protect people’s health.”

EPA is requesting public comment on the proposed list of 30 contaminants until May 2, 2011. The proposed contaminants can be found at <http://water.epa.gov/> (Click on 3/3/2011 news release.)

New Infrastructure Bank Legislation To Offer Loans For Water – Water infrastructure projects costing at least \$100 million and having “national or regional significance” would be eligible to apply for loan funding from a new American Infrastructure Financing Authority (AIFA) under legislation announced by Senator John Kerry (D-Mass.).

Senator Kerry’s “Building and Upgrading Infrastructure for Long-Term Development (BUILD) Act” is a variant of infrastructure bank legislation that had previously been sponsored by now-retired Sen. Chris Dodd (D-Conn.). The bill has not yet been introduced, and its complete text has not been released.