



- **Board of Directors**
One Water and Adaptation Committee

4/8/2025 Board Meeting

7-11

Subject

Authorize the General Manager to extend California Contractor Forbearance for Intentionally Created Surplus; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Staff seeks authorization for the General Manager to extend forbearance for Intentionally Created Surplus (ICS) to match the period of time covered by the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead. California forbearance for ICS currently terminates on December 31, 2025, for the creation of ICS and on December 31, 2035, for delivery of ICS. This extension would provide forbearance for ICS creation through December 31, 2026, and through December 31, 2036, for delivery of ICS.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize the General Manager to extend California Contractor Forbearance for Intentionally Created Surplus.

Fiscal Impact: None

Business Analysis: Metropolitan would extend its forbearance for ICS in the Lower Basin Forbearance Agreement to match the 2007 Interim Guidelines for Coordinated Operations of Lake Powell and Lake Mead.

Option #2

Direct the General Manager to not extend California Contractor Forbearance for Intentionally Created Surplus.

Fiscal Impact: None

Business Analysis: Metropolitan would not extend its forbearance for ICS which would increase uncertainty for ICS creation through 2026 and ICS delivery through 2036.

Alternatives Considered

No alternatives were considered.

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

By Minute Item 47327 in December 2007, Metropolitan's Board approved agreements that included forbearance of ICS Exhibits through December 31, 2025.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involves an agreement associated with the operation of existing public water conveyance facilities, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. (State CEQA Guidelines Section 15301.)

CEQA determination for Option #2:

None required

Details and Background

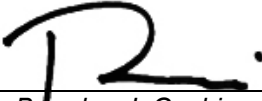
Background

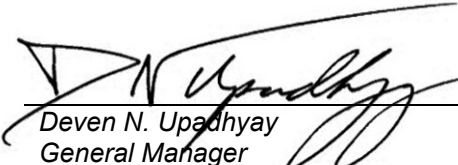
The Record of Decision for the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (2007 Interim Guidelines) govern Colorado River water supply and reservoir operating decisions, including the creation of ICS. These guidelines terminate on December 31, 2025. However, since the Annual Operating Plan for 2026 is adopted in 2025, the operations for 2026 will be determined under the 2007 Interim Guidelines. Therefore, the 2007 Interim Guidelines will effectively govern the system through 2026, with the accounting and delivery of ICS through 2036. The 2007 Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement (2007 Forbearance Agreement), to which Metropolitan and other Colorado River contractors are parties, also terminates on December 31, 2025. However, the 2007 Forbearance Agreement does not have the same mechanism to effect 2026 operations. Thus, despite terminating at the same time, in practice, there is a one-year discrepancy between the 2007 Interim Guidelines and the 2007 Forbearance Agreement regarding the creation and delivery of ICS.

Extending California Forbearance

California contractor forbearance of ICS is necessary because, under the California priority system, Colorado River water conserved by a higher-priority user is available to the next lower-priority user. For additional background on the purpose and mechanics of forbearance by Metropolitan, please see the June 2024 presentation on that subject available at:

<https://mwdh2o.legistar.com/View.ashx?M=F&ID=13012478&GUID=5C7533D3-F668-4FC6-A12E-EACEF0DF52DD>. Therefore, to ensure Metropolitan's ability to create and deliver ICS through the period in which the 2007 Interim Guidelines effectively govern the Colorado River, staff recommends extending the period of time covered by the 2007 Forbearance Agreement. This extension would provide forbearance for the creation of ICS through 2026 and for delivery of ICS through 2036.


 _____ 3/24/2025
 Brandon J. Goshi Date
 Acting Manager,
 Water Resource Management


 _____ 3/24/2025
 Deven N. Upadhyay Date
 General Manager