# Board Action

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

7/14/2026 Board Meeting

**7-4**

## Subject

Authorize the General Manager to execute a one-year amendment to a funding agreement for support of the Colorado River Board of California, Six Agency Committee, and Colorado River Joint Powers Authority, and by a two-thirds vote, authorize payment of Metropolitan's share up to $1,022,720.00 for fiscal year 2026/27; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

Staff is requesting authorization for the General Manager to execute a one-year amendment to the funding agreement between Metropolitan, Coachella Valley Water District (CVWD), Imperial Irrigation District (IID), Palo Verde Irrigation District (PVID), the Department of Water and Power of the City of Los Angeles (LADWP), and San Diego County Water Authority (SDCWA) for the Six Agency Committee (SAC), which funds the Colorado River Board of California (CRB) and the Colorado River Joint Powers Authority (Authority), as well as authorization for the General Manager to make a payment on the funding agreement for fiscal year (FY) 2026/27.

California established the CRB in 1937 to protect the state's interests and rights with respect to the water and power resources of the Colorado River system. Metropolitan and the five other agencies comprising the SAC make annual cost-sharing payments to the CRB to fund its operations, studies, and special projects. Typically, the SAC also funds the Authority, which advances California's interests in Colorado River water and power through educational and informational campaigns.

In the recent discussions to renew the funding for the CRB, LADWP requested a reduction in its share of SAC funding from 8 percent to 4 percent. While the agencies have worked to identify a mutually acceptable short-term path forward, they have not reached a consensus on a permanent solution. Therefore, a one-year amendment to the agreement, with revised cost-sharing percentages, has been prepared to support the CRB's operations for FY 2026/27. In this amendment, the cost-share proportion for LADWP is reduced from 8 percent to 4 percent, while the cost-share proportion for the other SAC member agencies remains unchanged. The resulting four percent funding gap will be filled with reserves previously contributed by the SAC members. This is a temporary stopgap solution to address the immediate budget timing issue for CRB operations. The SAC has committed to meeting regularly over the next year to reach a durable and equitable solution for SAC governance and funding. No additional funding is requested for the Authority for FY 2026/27 because the Authority will use funds carried over from a prior assessment to close the funding gap.

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

**Staff Recommendation: Option #1**

**Option #1**

Authorize the General Manager to execute a one-year amendment to a funding agreement for support of the CRB, SAC, and Authority, and by a two-thirds vote, authorize payment of Metropolitan's share up to $1,022,720.00 for FY 2026/27.

**Fiscal Impact:** Expenditures for Metropolitan's share of funding of the SAC is up to $1,022,720.00. The adopted budget includes $1,002,394.00 for funding the SAC in FY 2026/27. The remaining balance will be managed within the Water Resource Management Group's overall budget.
**Business Analysis:** Provides continued financial support for Metropolitan's and California's interests in Colorado River matters by the CRB, SAC, and Authority at present levels.

**Option #2**
Do not authorize the execution of a one-year amendment to the funding agreement for support of the CRB, SAC, and Authority, and payment of $1,022,720.00 for FY 2026/27 for Metropolitan's share of funding.
**Fiscal Impact:** Savings of $1,022,720.00 in FY 2026/27.
**Business Analysis:** Will not provide continued financial support for Metropolitan's and California's interests in Colorado River matters by the CRB, SAC, and Authority at present levels.

## Alternatives Considered

None

## Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 11102: Payment of Dues

Metropolitan Water District Administrative Code Section 11103: Participation in Projects or Programs Serving District Purposes

Metropolitan Water District Act Section 126: Dissemination of Information (subject to a two-thirds vote requirement)

By Minute Item 40277, dated June 15, 1993, the Board authorized amending the May 13, 1947, agreement to provide for the appointment of alternate representatives on the Colorado River Association Six Agency Committee.

By Minute Item 46291, dated July 12, 2005, the Board authorized an agreement to create the Colorado River Joint Powers Authority.

By Minute Item 46310, dated July 12, 2005, the Board approved the new funding arrangement for the Colorado River Board based on the proposed cost-sharing percentage.

By Minute Item 50166, dated June 9, 2015, the Board approved executing the Six Agency Committee agreement's amendment to extend the cost-sharing formula through June 30, 2020.

By Minute Item 52019, dated June 9, 2020, the Board approved executing the Six Agency Committee agreement's amendment to extend the cost-sharing formula through June 30, 2025.

By Minute Item 54092, dated June 13, 2025, the Board approved extending the Six Agency Committee agreement's amendment to extend the cost-sharing formula through June 30, 2026.

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

Last year, on June 13, 2025, at the special joint meeting of the Board of Directors and the Organization, Personnel, and Effectiveness Committee, the Board approved a one-year extension of the funding agreement for support of the CRB, SAC, and Authority.

## California Environmental Quality Act (CEQA)

**CEQA determination for Option #1:**

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure-making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5)).

**CEQA determination for Option #2:**

None required

## Details and Background

**Background**

Historical Changes to Cost-Sharing Agreement

When the CRB was established by the State of California by Act of its Legislature on July 1, 1937, it was funded by the State. By 1950, the state faced budgetary issues, and the CRB was slated for elimination. The six agencies with original contracts for Colorado River water in California sought to maintain the CRB for the critical role it played in protecting their interests in Colorado River water and power and thus formed the SAC to jointly fund the CRB's operations. On January 5, 1950, the parties entered into the original SAC funding agreement, which has since been amended multiple times, changing the cost-sharing percentages among the parties. The history of changes in the cost-sharing percentages is shown in the following table:

| Agency | January 5, 1950, Agreement | September 6, 1961, Amendment | August 11, 1980, Amendment | August 1, 2005, Amendment (July 1, 2005 - June 30, 2007) | August 1, 2005, Amendment (July 1, 2007 - June 30, 2010) |
|---|---|---|---|---|---|
| | Cost-Share Proportion (%) | | | | |
| Palo Verde Irrigation District | 1.00 | 1.00 | 3.20 | 5.00 | 5.00 |
| Coachella Valley Water District | 1.00 | 5.00 | 10.00 | 16.25 | 16.25 |
| Imperial Irrigation District | 20.00 | 19.00 | 19.00 | 28.75 | 28.75 |
| San Diego County Water Authority | 2.00 | 2.00 | 3.00 | 8.00 | 10.00 |
| Metropolitan Water District of Southern California | 46.00 | 44.50 | 44.40 | 32.00 | 32.00 |
| Los Angeles Department of Water and Power | 30.00 | 28.50 | 20.40 | 10.00 | 8.00 |
| Municipal Agency Share | 78.00 | 75.00 | 67.80 | 50.00 | 50.00 |

From 1950 to 2005, the cost-sharing percentages for Metropolitan and LADWP decreased while they increased for IID, CVWD, PVID, and SDCWA.

In 2005, it was agreed that half of the funding would be contributed by the agricultural districts (PVID, IID, and CVWD) while the remaining half would come from the municipal water districts (SDCWA, Metropolitan, and LADWP). The 2005 amendment provided that in 2007, the relative cost-share percentages for SDCWA and LADWP were swapped, bringing SDCWA's share to 10 percent and LADWP's to 8 percent.

Previous Cost-Sharing Amendment

From 2010 through 2025, the SAC funding agreement has been renewed every five years with no changes to the cost-sharing percentages. In 2025, LADWP expressed interest in reducing its funding share from 8 percent to 4 percent, but a new cost-sharing arrangement among the agencies was not successfully negotiated before the amendment expired on June 30, 2025. Instead of changing the agencies' cost-share percentages, the parties agreed to a one-year extension of the terms, which expired on June 30, 2026.

New Cost-Sharing Terms

LADWP has again requested a reduction in its SAC cost share from 8 percent to 4 percent. While the agencies have worked to identify a mutually acceptable path forward, they have not reached consensus on a permanent solution. Under the proposed amendment, which would have a one-year term, LADWP's contribution would be reduced from 8 percent to 4 percent, and all other agencies would maintain existing funding percentages as shown in **Attachment 1**. The resulting 4 percent shortfall, representing approximately $125,000.00, would be covered through reserves that were previously contributed by all agencies and are held in trust by Metropolitan. This proposed amendment is intended to address an immediate timing issue associated with the adoption of the upcoming CRB budget and to ensure continuity of the CRB's work while longer-term funding discussions continue.

Biennium Budget Approval

The total funding requests vary each year based on the overall CRB, SAC, and Authority budgets. The total FY 2026/27 funding request to Metropolitan is for up to $1,022,720.00. No funding is requested for the Authority for FY2 026/27 because the Authority will use funds carried over from a prior assessment. Metropolitan's FY 2026/27 budget includes $1,002,394.00 for the SAC. Since the total funding request exceeds the budgeted amount, the remaining balance will be managed within the Water Resource Management Group's overall budget. The one-year amendment to the agreement and authorization of funding in this Board Action covers FY 2026/27 only. Therefore, staff will return to the Board for authorization of funding for FY 2027/28 and to amend the current agreement before its expiration on June 30, 2027.

Approval of this action is recommended by staff due to the critical role that the SAC, CRB, and Authority play in advocating for and protecting Colorado River water and power rights for California contractors. For more than 75 years, the SAC has provided a stable framework for California agencies to work collaboratively on Colorado River issues of statewide importance. SAC funding supports a broad range of activities, including interstate negotiations, hydrologic research, weather modification, salinity control, and advocacy on matters affecting California's Colorado River interests. These efforts are particularly important as the Basin faces ongoing operational, water supply, environmental, and hydropower challenges.

The SAC will meet regularly over the coming year to reach a durable and equitable solution for SAC governance and funding.

6/24/2026

*Brandon J. Goshi* — *Date*
*Manager, Water Resource Management*

Shivaji Deshmukh

6/24/2026

*Shivaji Deshmukh* — *Date*
*General Manager*

**Attachment 1 – Cost Sharing Summary**

Ref# wrm12706313

# Cost-Sharing Summary for FY 2026/27

| Funding Agency | Cost-Share Percentage |
|---|---|
| Palo Verde Irrigation District (PVID) | 5.00% |
| Coachella Valley Water District (CVWD) | 16.25% |
| Imperial Irrigation District (IID) | 28.75% |
| San Diego County Water Authority (SDCWA) | 10.00% |
| Metropolitan Water District of Southern California (MWD) | 32.00% |
| Los Angeles Department of Water and Power (LADWP) | 4.00% |
| **Total** | **96.00%*** |

*The Agencies agree that to cover the resulting 4 percent funding gap, created by reducing the City of LA's cost-share from 8 percent to 4 percent, the Agencies will use funding that they provided in prior years pursuant to this Agreement and which is currently maintained in reserve by the Metropolitan Water District of Southern California as trustee.