



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

5/9/2023 Board Meeting

Revised 8-4

Subject

Authorize the General Manager to enter into an agreement with Western Municipal Water District, Rubidoux Community Services District, West Valley Water District, and San Bernardino Valley Municipal Water District to deliver water to Western's service area through facilities not owned by Metropolitan or Western; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This letter seeks authorization for an agreement with the following:

- Western Municipal Water District (Western), a member agency of Metropolitan,
- Rubidoux Community Services District (Rubidoux), a customer water agency of Western,
- San Bernardino Valley Municipal Water District (Valley District), a State Water Contractor, and
- West Valley Water District (West Valley), a customer agency of Valley District;

collectively referred to as the "Parties" to deliver Metropolitan supplies to Western's service area through facilities owned and operated by Valley District and West Valley. Under the proposed agreement, Metropolitan would supply up to 2,000 acre-feet of water per year (AFY) to Western through Valley District's SWP connection on the San Gabriel Valley Devil Canyon – Azusa Pipeline (Azusa Pipeline), provided there is available capacity and through a new interconnection between West Valley and Rubidoux to be constructed by Rubidoux. Water deliveries would move from Valley District's connection on the Azusa Pipeline, through West Valley's infrastructure, to reach Western's service area through the new interconnection at Rubidoux. Under this agreement, Metropolitan would bill the deliveries to Western like other full-service deliveries. Metropolitan will not be responsible for any additional costs incurred by any other party due to this arrangement and no additional operational costs will be incurred by Metropolitan.

Details

Background

Western is a Metropolitan member agency, and Rubidoux is one of Western's customer water agencies. Rubidoux is fully annexed within Western's service area and serves approximately 40,000 customers. Currently, Rubidoux relies exclusively on local groundwater and has no connection to a distribution system that delivers Metropolitan supplies. Western requested delivery of Metropolitan's supplies for Rubidoux's use. The Board's approval is required to transport Metropolitan water through facilities not owned by Metropolitan. However, board approval is not required to meet increased demands for supply from Western, a member agency.

Metropolitan has capacity rights in the Azusa Pipeline as part of an existing exchange agreement with San Gabriel Valley Municipal Water District (San Gabriel Valley), a State Water Contractor. San Gabriel Valley owns and operates the Azusa Pipeline, which delivers its State Water Project (SWP) supplies from the Devil Canyon turnout on the East Branch of the SWP. Valley District has an existing connection at Lytle Creek Station on the Azusa Pipeline. West Valley is a customer agency of Valley District and can accept Metropolitan's SWP supplies through Valley District's connection. West Valley has facilities and infrastructure in place to deliver a like amount of Metropolitan's supplies to Western's service area. With this agreement, West Valley would deliver the supplies to Western's service area through a future connection between West Valley and Rubidoux.

In April 2022, the Parties requested a long-term agreement for Metropolitan to supply up to 2,000 AFY to Western through Valley District's and West Valley's conveyance and distribution systems. However, the Board authorized only a one-year agreement and requested that staff return and report after assessing alternatives. After the Board's action, Rubidoux did not construct the required interconnection to accept water deliveries from West Valley due to the uncertainty of long-term supplies from Western/Metropolitan with a one-year agreement. Therefore, the Parties did not enter into a one-year agreement with Metropolitan. In March 2023, staff returned to the Board to present alternatives as requested.

On April 10, 2023, the Equity, Inclusion, and Affordability Committee held a panel discussion on the proposed agreement. More information on the panel's discussion is included in **Attachment 2**. Board discussions brought to the forefront three policy topics that extend beyond the current proposal for Rubidoux, but that were posed by the Board relating to Metropolitan's service in general:

1. Providing equal access to Metropolitan supplies throughout Metropolitan's service area, especially for disadvantaged communities.
2. Approving or restricting new and/or existing uses (e.g., blending) of Metropolitan supplies.
3. Reducing reliance on imported supplies from the Delta.

Metropolitan will discuss these policy topics separately from the authorization for this proposed agreement. Staff will address equal access to Metropolitan's supplies ~~in its resiliency planning efforts through its Climate Adaptation Master Plan~~ -and bring further discussions to the Equity, Inclusion, and Affordability Committee. Staff will bring the Board an item for discussion on approving or restricting new and/or current uses of Metropolitan supplies at the One Water and Stewardship Committee, or an alternate committee as directed by the Board. Finally, Metropolitan has invited the Executive Director of the Delta Stewardship Council to speak at the One Water and Stewardship Committee, or an alternate committee as directed by the Board, to describe state policy on reducing reliance on the Delta to meet the state's future water supply needs.

Proposed Agreement

Staff requests authorization to enter into a long-term agreement to deliver up to 2,000 AFY to Western's service area using Valley District's and West Valley's facilities. Metropolitan would supply the requested water through Metropolitan's unused capacity in the Azusa Pipeline. Valley District would deliver Metropolitan's supplies on behalf of Metropolitan to West Valley at Valley District's Lytle Creek connection on the Azusa Pipeline. West Valley would treat and deliver a like amount of requested water to the border of Western through a new interconnection between West Valley and Rubidoux. Western would pay Metropolitan's full-service rate in effect at the time of the delivery of Metropolitan supplies into Western's service area at the new interconnection. The delivery would be subject to the capacity charge, readiness-to-serve charge, and all volumetric water rates in the same manner as any other Metropolitan delivery to Western.

Staff recommends that the Board authorize the General Manager to enter into an agreement with the Parties consistent with the terms outlined in **Attachment 1**. The terms include an acknowledgment that deliveries are not guaranteed and may face reduction requirements during drought, which is consistent with Metropolitan's service to all member agencies. General terms include:

1. Agreement termination of November 4, 2035.
2. Maximum delivery amount is 2,000 AF per calendar year.
3. Metropolitan water deliveries under this Agreement are subject to the Administrative Code like any other Metropolitan deliveries.
4. Deliveries are not guaranteed and are limited to Metropolitan's unused capacity in the Azusa Pipeline.
5. When the California Department of Water Resources is administering SWP allocations pursuant to Article 18a of the Water Supply Contracts or during a time when Metropolitan's Board of Directors has declared that a shortage is in effect, the same guidelines, procedures, and limitations that Metropolitan applies to its Member Agencies will apply to deliveries made under this Agreement.

The new interconnection between West Valley and Rubidoux will be constructed at no cost to Metropolitan and will be metered in accordance with Metropolitan standards for new service connections.

Authorizing this proposed delivery agreement is consistent with Metropolitan's current policies and similar to authorizations granted in the past. Metropolitan's General Manager is authorized to construct service connections on its facilities for water delivery to member agencies. Special service connections, such as those not on a Metropolitan-owned pipeline, may be presented to the Board for authorization. Previously, Metropolitan's Board authorized the construction of two new service connections off the Azusa Pipeline and authorized a similar agreement for water delivery into Metropolitan's and Inland Empire Utilities Agency's service area using Valley District's Lytle Creek turnout on the Azusa Pipeline.

Policy

Metropolitan Water District Administrative Code, Division IV, Section 4209: Contracts

Metropolitan Water District Administrative Code, Division IV, Section 4401-4403: Rates; Readiness-to-Serve Charge; Capacity Charge

Metropolitan Water District Administrative Code, Division IV, Section 4700: Service Connections

Metropolitan Water District Administrative Code, Division XI, Section 11104: Delegation of Responsibilities

By Minute Item 30524, dated September 17, 1974, the Board authorized a cooperative water exchange agreement to eliminate the overdraft condition in the western portion of the Main San Gabriel Basin; as part of this agreement, Metropolitan is granted conveyance rights to the unused capacity in San Gabriel Valley Municipal Water District's Devil Canyon-Azusa pipeline.

By Minute Item 44267, dated December 12, 2000, the Board authorized the General Manager to execute an agreement to construct a service connection by Three Valleys Municipal Water District on San Gabriel Valley Municipal Water District's pipeline as described in the letter signed by the General Manager on November 20, 2000.

By Minute Item 48111, dated December 8, 2009, the Board authorized the construction of the North Azusa Connection by Three Valleys on San Gabriel District's Azusa pipeline for the deliveries of Metropolitan water using Metropolitan's capacity rights, as set forth in the letter signed by the General Manager on November 20, 2009.

By Minute Item 52439, dated July 13, 2021, the Board authorized the General Manager to enter into an agreement with Inland Empire Utilities Agency, West Valley, and Valley District to provide West Valley assistance with water deliveries in the event of an emergency or planned outage, or the loss of local supply, as set forth in Agenda Item 7-7 board letter.

By Minute Item 52783, dated April 12, 2022, the Board authorized the General Manager to enter into a one-year agreement with Western Municipal Water District, Rubidoux Community Services District, West Valley Water District, and San Bernardino Valley Municipal Water District to provide Rubidoux assistance with water deliveries, subject to a possible extension if approved by the Board following a review by the General Manager on alternative means of addressing Rubidoux's needs, as amended at Committee and set forth in Agenda Item 7-10 board letter.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). The delivery of water is exempt from CEQA

as it consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of existing or former use (Section 15301 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize the General Manager to enter into an agreement with Western Municipal Water District, Rubidoux Community Services District, West Valley Water District, and San Bernardino Valley Municipal Water District to deliver water to Western's service area through facilities not owned by Metropolitan or Western.

Fiscal Impact: Potential revenue from water sales. Metropolitan could receive up to \$1.7 million in revenue annually, based on the current water rates, assuming delivery of 2,000 AF of Tier 1 full-service untreated water under this agreement.

Business Analysis: Assist Western in providing water supply reliability to an area of Metropolitan's service area where Western does not currently deliver Metropolitan water supplies.

Option #2

Do not authorize the General Manager to enter into an agreement with Western Municipal Water District, Rubidoux Community Services District, West Valley Water District, and San Bernardino Valley Municipal Water District to deliver water to Western's service area through facilities not owned by Metropolitan or Western.

Fiscal Impact: None.

Business Analysis: Would not assist Western in providing water supply reliability to an area of Metropolitan's service area where Western does not currently deliver Metropolitan water supplies.

Staff Recommendation

Option #1

Brad Coffey
Manager, Water Resource Management

5/5/2023
Date



Adel Hagekhalil
General Manager

5/5/2023
Date

Attachment 1 – Term Sheet for the Agreement to Deliver Water to Western's Service Area through Facilities not owned by Metropolitan or Western

Attachment 2 – Equity, Inclusion, and Affordability Committee: Panel discussion on Rubidoux Community Services District, April 10, 2023

Term Sheet for the Agreement to Deliver Water to Western Municipal Water District's Service Area through Facilities not Owned by Metropolitan or Western

Agreement Overview

- Parties: Western Municipal Water District (Western)—a Metropolitan member agency; Rubidoux Community Services District (Rubidoux)—Western's customer agency, San Bernardino Valley Municipal Water District (Valley District)—a neighboring State Water Contractor; West Valley Water District (West Valley)—Valley District's customer agency, and The Metropolitan Water District of Southern California (Metropolitan)
- Effective Date: Upon agreement execution
- Termination Date: November 4, 2035, provided that any party may cancel with 30 days written notice
- Maximum Delivery Amount: 2,000 AF per calendar year

Key Terms

- Western will request delivery of water from Metropolitan.
- Metropolitan will request Valley District to deliver Metropolitan supplies equal to Western's requested amount to West Valley at Valley District's connection (Lytle Creek, Station, 1747+00) on the San Gabriel Valley Devil Canyon – Azusa Pipeline.
- The delivery of water by Metropolitan is not guaranteed and is limited to the unused capacity in the San Gabriel Valley Devil Canyon-Azusa Pipeline.
- West Valley will treat and deliver a like amount of Western's requested amount to an interconnection between West Valley and Rubidoux for use only within Metropolitan's service area.
- The interconnection between West Valley and Rubidoux will be constructed at no cost to Metropolitan and will be metered in accordance with Metropolitan standards for new service connections.
- Metropolitan water deliveries under this Agreement will be subject to the Metropolitan Administrative Code in the same manner as any other Metropolitan delivery to Western.
- Western will pay Metropolitan's full-service untreated rate in effect at the time of delivery. The delivery is subject to the capacity charge, readiness-to-serve charge, and all volumetric water rates in the same manner as deliveries made to Western through Metropolitan's distribution system and connections.
- Valley District or West Valley shall have no responsibility for the cost of water delivered to Valley District's connection for use within Western's service area.
- Metropolitan will be responsible for any charges by the Department of Water Resources for the State Water Project supplies delivered to Western through Valley District's connection, like all other charges associated with the State Water Project.
- If the Department of Water Resources administers a SWP allocation pursuant to Article 18a of the Water Supply Contracts or during a time when Metropolitan's Board of Directors has declared that a regional shortage is in effect, the same guidelines, procedures, and limitations that Metropolitan applies to its Member Agencies will apply to deliveries made pursuant to this Agreement.

Equity, Inclusion, and Affordability Committee:
Panel discussion on Rubidoux Community Services District
April 10, 2023

Link to Equity, Inclusion, and Affordability Committee meeting, 4/10/23:

https://mwdh2o.granicus.com/player/clip/10211?view_id=12&redirect=true&h=e4c6fd0393b71c27ee1b96e1b74277f4

To access a video of the panel discussion, click on the link above or navigate to ‘Document and Meeting Archives’ under the Board of Directors section on Metropolitan Water District’s website. Select the Equity, Inclusion, and Affordability Committee meeting on April 10, 2023 to find the link to the video.

Panelists:

- Sandra Kerl, General Manager of San Diego County Water Authority
- Craig Miller, General Manager of Western Municipal Water District
- Alex Rojas, General Manager of Central Basin Municipal Water District