



San Diego County Water Authority

A Public Agency

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December 3, 1998

TO: Board of Directors

VIA: Water Policy Committee

FROM: Maureen A. Stapleton, General Manager

RE: Results of Initial Screening of Proposals for Water Transfers to Blend with Colorado River Supplies and Request for Authorization for the General Manager to Enter into Discussions with Individual Parties Over Possible Water Transfers (Action)

SUMMARY

The IID agreement, approved by the Authority Board of Directors in April 1998, provides that the Authority may acquire water from others for drought and water quality purposes without affecting our right of first refusal for additional available IID transfer water. Throughout the discussions concerning the transportation of conserved water from IID, the Authority has acknowledged its responsibility for providing lower salinity water for purposes of blending with IID transfer water. Blend water is necessary in order to reduce the salinity of Colorado River water and achieve an overall total dissolved solids (TDS) goal for the Authority's supply. Reductions in the TDS of imported water would reduce the economic costs to consumers, businesses, agriculture, and water reclamation projects that result from the use of higher salinity water. At the May 1998 meeting of the Board of Directors, the General Manager was authorized to distribute a Request for Proposals (RFP) to interested parties for water transfers not to exceed in the aggregate 100,000 acre-feet and a TDS level of 400 parts per million. The Board also took action to authorize staff to explore the feasibility of a water transfer with Kern County Water Agency (KCWA) for a permanent transfer of up to 100,000 acre-feet of KCWA's State Water Project (SWP) entitlement and groundwater banking in Kern County. Staff was directed to report back to the Board on the results of the discussions.

On May 26, 1998, Authority representatives met with KCWA to discuss a potential purchase of a portion of KCWA's SWP entitlement. KCWA may have available up to 90,000 acre feet of water for permanent sale, and has submitted a letter of interest to the Authority. In mid June 1998, staff distributed RFPs to potential transferors that included SWP contractors, Central Valley Project (CVP) contractors, and

MEMBER AGENCIES

CITIES
• Del Mar • Escondido • National City
• Oceanside • Poway • San Diego

IRRIGATION DISTRICTS
• Santa Fe • South Bay
• Vista

WATER DISTRICTS
• Helix • Otay
• San Diego
• Vallecitos

MUNICIPAL WATER DISTRICTS
• Carlsbad • Romona
• Olivenhain • Rincon del Diablo
• Padre Dam • Valley Center
• Rainbow • Yuima

COUNTY
• San Diego
(tax official)

PUBLIC UTILITY DISTRICT
• Fallbrook

FEDERAL AGENCY
• Ponsation Military Reservation

other interested parties. Staff also placed an advertisement in the Association of California Water Agencies (ACWA) newsletter and posted the RFP on the Authority's Web Site. At the September 1998 Board meeting staff reported that 12 proposals had been received, five (5) from north of the Sacramento-San Joaquin Delta (Delta) and seven (7) from south of the Delta. Subsequent to that date, staff received two (2) additional proposals, one from south of the Delta and one from within the Delta, bringing the total of water transfer proposals to 14 (Attachment 1). Staff has completed an initial review of these proposals and is recommending that five (5) of those proposals not be pursued any further due to substantial concerns over feasibility and/or because they do not adequately address the needs of the Authority. Staff is requesting that of the remaining 9 proposals 2 be monitored for long term possibilities and 7 be considered active and that staff be authorized to open discussions with these proposers to determine additional information. It is also being recommended that the Board authorize staff to accept additional proposals for water transfers consistent with the parameters established in the RFP and that staff be directed to return to the Board for authorization to enter into discussions. Staff will also continue discussions with Kern County Water Agency on the potential for a water transfer and will report back to Board as those discussions progress.

A key component of the Authority's Strategic Plan and Water Resources Plan is the diversification of water supplies for reliability, cost, local control, drought mitigation, and water quality benefits. Water transfers were identified as a resource that could provide these benefits to the Authority.

FISCAL IMPACT

Transfers may reduce direct and indirect costs associated with droughts and higher TDS water as well as provide opportunity for lower water purchase costs.

STRATEGIC PLAN

This item is consistent with the Authority's Strategic Plan water supply policies and implementing strategies.

ENVIRONMENTAL COMPLIANCE

This item is categorically exempt from CEQA.

STAFF RECOMMENDATION

1. Authorize the General Manager to enter into discussions with the following entities for purposes of determining the potential to conduct a water transfer:

San Luis Obispo County Flood Control and Water Conservation District
Pajaro Valley Water Management Agency
Edwin O'Neil representing 17 landowners within the Westlands Water District
Kern Water Bank Authority
Rosedale-Rio Bravo Water Storage District
Bravo Mgmt Company
Tulare Lake Water District

2. Direct staff to continue to monitor, on a long-term basis, the potential for water transfers from Yuba County Water Agency and Delta Wetlands.
3. Authorize staff to accept additional proposals for transfers consistent with the parameters established in this RFP process and direct staff to return to the Board for authorization to enter into discussions for purposes of determining the potential to conduct a water transfer.

ALTERNATIVES

Do not authorize the General Manager to enter into discussions with the entities listed above.

DETAIL

The IID agreement provides that the Authority may purchase other water transfers for mitigating droughts or for water quality purposes at 400 parts per million TDS or less in accordance with a prescribed schedule which ramps up to 100,000 acre-feet by agreement year six without affecting the Authority's first right of refusal for additional available water from IID. Lower TDS water is required to blend with the higher TDS Colorado River water that will be supplied by IID in order to achieve a water quality goal of lower overall TDS in the Authority's supplies. Throughout the discussions concerning the transportation of conserved water from IID, the Authority has acknowledged its responsibility for providing lower salinity water for purposes of blending with IID transfer water. Reductions in the TDS of imported water would reduce the

economic costs to consumers, businesses, agriculture, and water reclamation projects that result from the use of higher salinity water.

At its May 1998 meeting, the Board of Directors authorized staff to prepare and distribute an RFP for additional water transfers to meet the Authority's stated objectives for future water resources, including dry-year and water quality needs. Staff was also authorized to enter into discussions to specifically explore the feasibility of a transfer with KCWA. KCWA is a State Water Project contractor with an annual entitlement of 1,153,400 acre-feet, which is predominately agricultural entitlement water. KCWA had previously approached the Authority regarding a possible permanent transfer of up to 100,000 acre-feet of KCWA's State Water Project entitlement.

At the September 1998 Board meeting staff reported that 12 proposals had been received, five (5) from north of the delta and seven (7) from south of the Delta. Since that meeting staff has received 2 additional proposals, 1 from south of the Delta and 1 from within the Delta for a total of 14 proposals to transfer water to the Authority (Attachment 1). Potential transfers reflect a mix of SWP and CVP contractors and private water rights holders. Proposals also include a variety of transfer types including core, options, dry year storage and one time spot purchases.

Staff has completed an initial review of these proposals and is recommending that 5 of the 14 proposals not be pursued any further due to substantial concerns over feasibility or because they do not adequately address the needs of the Authority. At this time staff believes that the feasibility of transfers originating from north of the Delta contain substantial uncertainty as to the outcome of the CALFED process and the potential for significant losses of purchased water due to the requirement to leave carriage water in the Delta for environmental purposes. Based on those conditions it is staff's opinion that the short to medium term prospect of initiating a transfer from north of the Delta is unlikely. Additionally, some of the individual proposals from areas north of the Delta had feasibility issues related to water rights, significant concerns over the ability to gain State Water Resources Control Board (SWRCB) regulatory approval and the ability to meet the minimum quantities required in the RFP.

However, staff believes that a long term potential exists for North of Delta transfers. Staff recommends that we continue to monitor, on a long-term basis, the potential for water transfers, especially from entities with senior water rights, a proven record of historical beneficial use and large quantities of water to transfer. Yuba County Water Agency is an example of an agency that the Authority should continue to communicate with over the long-term concerning the possibility of effecting a water transfer. Additionally, Delta Wetlands, a private partnership created to construct in-delta reservoirs for storage of diverted water to existing islands, may offer a long term

opportunity for the Authority. The diverted water would be stored in reservoirs located on existing islands within the Delta and then be available for transfer. The Delta Wetlands proposal is currently awaiting permit approval from the SWRCB and there is currently uncertainty as to the prospect for implementation. Staff is recommending that the Authority continue to monitor the Delta Wetlands project and maintain communication with its representatives regarding the potential for some type of transfer in the future.

One of the proposals from south of the Delta was for dry-year storage in the Central Valley. The Authority has not identified a need for dry year storage outside the service area and until an analysis as to that need and its cost effectiveness is conducted, staff is recommending that these types of proposals not be considered.

In summary, the proposals that staff is recommending not be carried any further in this process are the following:

<u>Name of Proposal</u>	<u>Location</u>
Western Water Company	North of Delta
Browns Valley Irrigation District	North of Delta
Thermalito Irrigation District	North of Delta
Oroville-Wyandotte Irrigation District	North of Delta
Semitropic Water Storage District	South of Delta

The proposals that staff is recommending be monitored for long term opportunities are:

<u>Name of Proposal</u>	<u>Location</u>
Yuba County Water Agency	North of Delta
Delta Wetlands	In-Delta

Staff is requesting that the remaining 7 proposals be considered active and that the General Manager be authorized to open discussions in an effort to determine additional information to continue the screening process. The entities and the types of transfers can be categorized as follows:

Core Transfers over 20 years

Name	Location	Annual Quantity (acre feet)
Edwin O'Neil	South of Delta- Westlands W.D.	95,000
Rosedale-Rio Bravo Water Storage District*	South of Delta	5,000

Core Transfers 5-10 years

Name	Location	Annual Quantity (acre feet)
San Luis Obispo County Flood Control and Water Conservation District	South of Delta	18,857
Pajaro Valley Water Management Agency	South of Delta	6,260
Kern Water Bank Authority	South of Delta	20,000

Spot transfers/other

Name	Location	Annual Quantity (acre feet)
Bravo Mgmt Company	South of Delta	20,000-40,000
Tulare Lake Water District**	South of Delta	Up to 10,000

* Provided the discretion to discuss options or spot transfers as well

** Provided the discretion to discuss options or core transfers as well

In order to assist staff in this process, specialized expertise has been retained to ascertain the validity of water rights involved in the potential transfers, identify potential regulatory obstacles, and appraise the value of water offered for transfer or sale. This information will be used to further screen these seven proposals and identify those proposals that are the most viable and are in the interests of the Authority to conduct further discussions. Staff is also recommending that the Board authorize staff to accept additional proposals for the transfer of water that may present an opportunity to the Authority consistent with the parameters established in the RFP. In the event of the receipt of additional proposals beyond those already received as a result of the RFP process, staff would return to the Board for authorization to enter into discussions in order to determine the potential to initiate a water transfer.

As part of the 1997 update of the Water Resources Plan, the Board adopted a transfer filtering process to identify viable transfers that the Authority should pursue (Attachment 2). The transfer filter will be used to provide a more detailed screening of the proposals received in response to the RFP. Staff will also continue discussions with

KCWA on the potential for a water transfer and will consider their proposal along with those received through the RFP process. Once the next step in the evaluation process is completed, Staff will report back to the Board by the March 1999 Board meeting with a short list of viable proposals and a request for authorization to enter into negotiations.

DOCUMENTATION

Board Presentation
Date

Board Memorandum
Title

September 10, 1998

Status Report on Request for Proposals for Water Transfers to Blend with Colorado River Supplies and Discussions with Kern County Water Agency Regarding a Proposed Water Transfer (Information)

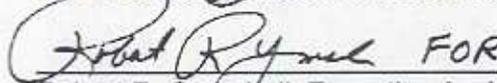
May 14, 1998

Authorize the General Manager to Request Proposals for Water Transfers to Blend with Colorado River Supplies and To Enter Into Discussions with the Kern County Water Agency Regarding a Proposed Water Transfer (Action)

Prepared and
Recommended By:

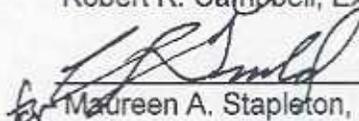
 FOR

Ken Weinberg, Director of Water Resources

 FOR

Robert R. Campbell, Executive Assistant to the General Manager

Concur



Maureen A. Stapleton, General Manager

KW

Attachment

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ATTACHMENT 1

WATER TRANSFER PROPOSAL SUMMARY MATRIX

Name of Entity Proposing to Sell the Water	Type of Transfer	Quantity	Current Potential Use	Beneficial Use
Western Water Company	Core (base case) Spot or Option (instead of, or in addition to)	10,000 AF/YR	Yuba County Water Agency	North of Delta
Yuba County Water Agency	Spot, Option, and/or Core	Minimum of 5,000 AF/YR	Yuba service area and portions of Nevada County	North of Delta
Browns Valley Irrigation District	Spot, Option, and/or Core	Minimum of 5,000 AF/YR	Browns Valley Irrigation District	North of Delta
Oroville-Wyandotte Irrigation District	Spot or Option	10,000 - 15,000 AF/YR. If option transfer then 75,000 AF over a 5 year period. If consecutive dry-years then minimum delivery could be 30,000 AF. Annual delivery quantities may have to be reduced under dry-year conditions to ensure OWD storage is no less than 40,000 AF.	Oroville-Wyandotte Irrigation District	North of Delta
Kern Water Bank Authority	Core	20,000 AF/YR	Westside Mutual Water Company, Wheeler Ridge-Maricopa Water Storage District, Kern County Water Agency, Semitropic Water Storage District, Tejon Castaic Water District, Dudley Ridge Water District	South of Delta
Rosedale-Rio Bravo Water Storage District	Spot, Option, Core, and Storage	Minimum of 5,000 AF/YR	Kern County Water Agency and Rosedale-Rio Bravo Water	South of Delta
San Luis Obispo County Flood Control and Water Conservation District	Core	18,857 AF/YR	Not currently being used. It has been temporarily returned to SWP through a reduction of the District's Water Supply Agreement	South of Delta
Thermalito Irrigation District	Spot or Option	3,500 AF/YR (17,500 AF Max.)	Thermalito Irrigation District	North of Delta
Bravo Management Company, Inc.	Spot	20,000 - 40,000 AF	Oicese Water District	South of Delta
Edwin R. O'Neill (Plaintiffs in the Sumner-Peck case)	Core	95,000 AF/YR	Westlands Water District	South of Delta
Pajero Valley Water Management District	Core	6,260 AF/YR	Mercy Springs Water District	South of Delta
Semitropic Water Storage District	Storage	Min. 10,000 AF Max. 207,000 AF	Semitropic Water Storage District	South of Delta
Kern County Water Agency	Core	up to 80,000 AF	Kern County Water Agency	South of Delta
Tulare Lake Water District	Spot	up to 10,000 AF	Tulare Lake Water District	South of Delta

TRANSFER FILTERING

TRANSFER OPPORTUNITY



Improves Reliability



- increases diversity
- high priority or other assurances

Comparable Cost



- compared to purchasing MWD water over the planning period

Improves Local Control



- contract for duration of plan

Feasibility



- Public Acceptance
- Institutional Acceptance
- Regulatory Approval
- Third Party Impacts
- Legal Aspects

Water Quality



- ≤ 750 mg/l TDS

Viable Transfer

Document No. *attach box 3150*

Filed *3/6/00*

S.D. COUNTY OF ...

Jewel E. Maltz
Board Secretary

Water Transfers