

CENTRAL BASIN MUNICIPAL WATER DISTRICT

FEBRUARY 16, 2006 – Water Resources
 Vasquez, Apodaca
FEBRUARY 23, 2006 – Board Meeting
 Prepared by: Fernando Paludi
 Submitted by: Paul Shoenberger
 Approved by: Rich Nagel

ACTION CALENDAR

2006 PURCHASE AGREEMENT AMENDMENT

SUMMARY:

A majority of Central Basin’s (District) customer agencies voluntarily entered into an Imported Water Purchase Agreement with the District in 2003. The Purchase Agreement entitled each agency to purchase a certain amount of imported water at a lower Tier rate (Tier 1). Agencies exceeding their Tier 1 maximum in a calendar year would pay an additional \$96 per acre-foot (AF) (Tier 2). Under the Agreement, each agency is also committed to purchase a certain amount of imported water from the District over a five-year period (Purchase Commitment) that will end December 31, 2007. Part of the intent of this Tiered rate structure is to promote water conservation and planning.

According to the District’s Tier 1 Allocation Policy, each customer agency has the option, under certain conditions, to either increase or decrease their Tier 1 limit each year.

In December 2005, staff sent out letters to each customer agency offering them the option to adjust their purchase agreement for 2006. Out of the 21 customer agencies with Purchase Agreements, only one requested an adjustment for next year:

- Walnut Park Mutual Water Company (Walnut Park) requested an increase of 128 AF to its Tier 1 limit.

The District policy states that it can accommodate a request for an increase if there are agencies willing to decrease; or if there’s an unallocated pool of water available. Currently, the District has an unallocated Tier 1 pool of 2,390 AF. Therefore, the District can accommodate Walnut Park’s request for an increase as follow:

2006 Purchase Agreement Adjustment

Customer Agencies	Amount Requested (AF)	% Available of requested Amount	Initial Tier 1 limit (AF)	New Tier 1 Limit (AF)
Central Basin Unallocated Pool Available = 2,390 AF				
Walnut Park Mutual Water Company	+128	100%	572	700

FISCAL IMPACTS:

As long as the District is under its Tier 1 limit with Metropolitan Water District, such adjustments will not fiscally impact the District.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on February 16, 2006 and was recommended for approval at the February 27, 2006 Board meeting.

RECOMMENDED MOTION:

That the Board authorizes the Co-General Managers to amend Walnut Park's Purchase Agreement to increase its Tier 1 annual maximum by 128 AF and their Purchase Commitment to 2,078 AF.

LIST OF EXHIBITS:

Exhibit "A" - Walnut Park's 1st Amended Purchase Agreement

G:\directors\cbmdw\06feb005