

CENTRAL BASIN MUNICIPAL WATER DISTRICT

MARCH 3, 2004 - Water Resources
Morse, Cole
MARCH 22, 2004 - Board Meeting
Prepared by: Wyatt Won
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Approved by: Darryl G. Miller

ACTION CALENDAR

AMENDMENT TO LOCAL RESOURCES PROGRAM AGREEMENT

SUMMARY:

Central Basin has a Local Resources Program (LRP) agreement with Metropolitan Water District of Southern California (MWD), wherein MWD provides up to \$250 for each acre-foot (AF) of recycled water delivered in Central Basin's Recycled Water Program. The amount that MWD pays to Central Basin is based on Central Basin's cost to build, operate, and maintain the system over and above the effective MWD wholesale rate.

In June 2001, Central Basin entered into an agreement with Upper San Gabriel Valley Municipal Water District (USGVMWD) to sell recycled water to USGVMWD. As part of the agreement, Central Basin agreed to help defray some of USGVMWD's capital cost by paying USGVMWD \$180 per AF of recycled water delivered to USGVMWD.

In July 2002, Central Basin entered into an agreement with the City of Vernon (Vernon) to sell recycled water to Vernon. As part of that agreement, Central Basin agreed to defray Vernon's capital cost by paying Vernon \$200 per AF of recycled water delivered to Vernon.

The original LRP agreement could not accommodate the financial arrangements described in the USGVMWD and Vernon agreements. Specifically, there was no mechanism to account for capital costs not incurred by Central Basin for the Project. The proposed amendment will allow Central Basin to claim the rebates to USGVMWD and Vernon as a cost of the Project, limited by the amortized capital cost of the USGVMWD and Vernon Projects respectively. The amendment also states that Central Basin will indemnify MWD for potential liability associated with the USGVMWD and Vernon Projects. A copy of the amendment is attached.

FISCAL IMPACTS:

Central Basin would continue to receive the LRP subsidy.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on March 3, 2004 and recommended for approval at the March 22, 2004 Board meeting.

RECOMMENDED MOTION:

That the Board authorizes the General Manager to amend the LRP agreement with MWD so that subsidy costs for the USGVMWD and Vernon Projects can be included in the overall Project cost.

LIST OF EXHIBITS:

Exhibit "A" - First Amendment to the Century and Rio Hondo Water Recycling Programs Local Resources Program Conversion Agreement.

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