



STAFF REPORT

July 20, 2022
File Number 1320-55

SUBJECT

AMENDMENT TO EXHIBIT B OF THE 2003 AGREEMENT RELATING TO SUPPLEMENTAL WATER AMONG THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, THE SAN LUIS REY SETTLEMENT PARTIES, AND THE UNITED STATES

DEPARTMENT

Utilities Department

RECOMMENDATION

Request the City Council adopt Resolution No. 2022-102 authorizing the Mayor to execute, on behalf of the City of Escondido, a letter amending Exhibit B of the 2003 Agreement Relating to Supplemental Water Among The Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States ("MWD Exchange Agreement").

Staff Recommendation: Approval (Utilities: Christopher W. McKinney)

Presenter: Christopher W. McKinney, Deputy City Manager/Director of Utilities

FISCAL ANALYSIS

There is no anticipated fiscal impact of the proposed amendment. The costs specified in Exhibit B are paid by other parties to the agreement, except in the unlikely event of default by the other parties as described below. Even in this case, the fiscal impact to the City would be small, i.e. an increase of a few dollars per acre-foot of water delivered if the City chose to act in lieu of the defaulting party.

PREVIOUS ACTION

In 2003, the City Council authorized the Mayor to execute, on behalf of the City, the MWD Exchange Agreement.

In 2017, the City Council authorized the Mayor to execute, on behalf of the City, the "San Luis Water Rights Settlement Agreement" and related agreements.



CITY *of* ESCONDIDO

STAFF REPORT

BACKGROUND

The City of Escondido ("City") is among the San Luis Rey Settlement Parties as a party to the 2017 "San Luis Water Rights Settlement Agreement" ("Settlement Agreement"). The San Luis Rey Settlement Parties are also parties to the 2003 "Agreement Relating to Supplemental Water Among The Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States" ("MWD Exchange Agreement"). The MWD Exchange Agreement governs the delivery of Supplemental Water delivered to the San Luis Rey Indian Water Authority ("SLRIWA"), the City of Escondido, and the Vista Irrigation District ("VID") via the distribution systems of the Metropolitan Water District of Southern California ("MWD") and the San Diego County Water Authority ("SDCWA") per the terms of the Settlement Agreement. Among the terms of the delivery of water through these systems are tables detailing the cost of delivery and exchange of the water.

A recent review of the calculations in these tables revealed a series of small errors in the table of Exhibit B to the MWD Exchange Agreement. The table shows the annual rates that the SLRIWA pays for each acre-foot of Supplemental Water that is conveyed through the MWD Aqueduct. In certain years, the values in the table have not been escalated as described in the MWD Exchange Agreement.

Under the terms of the 2017 San Luis Rey Water Rights Settlement Implementing Agreement ("Implementing Agreement"), the SLRIWA pays the United States, who in turn pays MWD the costs detailed in Exhibit B to the MWD Exchange Agreement. In the event that the Indian Water Authority fails to make these payments, the City and VID have the right, but not the obligation, to make such payment to secure delivery of the water. This is a very unlikely circumstance because the SLRIWA has a strong interest in the delivery of the water. Even in this unlikely event, the financial impact to City is only a few dollars per acre-foot at present, a minimal additional amount for that volume of water. To date, all such payments have been made by the SLRIWA in a timely fashion.

The table on the following page details the current dollar values in Exhibit "B" to the MWD Exchange Agreement, the proposed amended values to that table, and the difference.



CITY of ESCONDIDO

STAFF REPORT

REVISED EXHIBIT B (2023-2032) of the Exchange Rate for Untreated Water (dollars per acre-foot)

Year	Current Rate	Amended Rate	Difference
2023	133.30	132.20	-1.10
2024	135.37	134.25	-1.12
2025	137.47	136.33	-1.14
2026	139.60	138.44	-1.16
2027	141.76	140.59	-1.17
2028	143.96	142.76	-1.20
2029	146.19	144.98	-1.21
2030	148.46	147.22	-1.24
2031	150.76	149.51	-1.25
2032	153.10	151.82	-1.28

Staff recommend adoption of Resolution 2022-102. Approval of the amendment with the change to Exhibit B to correct minor errors is the original calculations of the Exchange Rate for Untreated Water in the MWD Exchange Agreement. In the unlikely event of any fiscal impact on the City, it will be small and at the City's option to maintain delivery of the SLRIWA's water to the City.

RESOLUTIONS

- Resolution 2022-102
- Resolution No. 2022-102 Exhibit "1" - Proposed letter amending Exhibit "B" to the MWD Exchange Agreement
- Resolution No. 2022-102 Exhibit "2" – Amendment to Exhibit "B" -