

AGENDA
IRVINE RANCH WATER DISTRICT
SUPPLY RELIABILITY PROGRAMS COMMITTEE
THURSDAY, NOVEMBER 19, 2020

Due to COVID-19, this meeting will be conducted as a teleconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspend certain requirements of the Ralph M. Brown Act. Members of the public may not attend this meeting in person.

Participation by members of the Committee will be from remote locations. Public access and participation will only be available telephonically/electronically.

To virtually attend the meeting and to be able to view any presentations or additional materials provided at the meeting, please join online via Webex using the link and information below:

Via Web:

<https://irwd.my.webex.com/irwd.my/j.php?MTID=m0244de1f1666f8ffa6cf7059ddbb6d98>

Meeting Number (Access Code): 126 316 2026

Meeting Password: 5ikP2DFZFm6

After joining the meeting, in order to ensure all persons can participate and observe the meeting, please select the "Call in" option and use a telephone to access the audio for the meeting by using the call-in information and attendee identification number provided.

As courtesy to the other participants, please mute your phone when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when the Committee enters closed session. Participants who remain in the "lobby" will automatically be returned to the open session of the Committee once the closed session has concluded.

Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session has concluded.

CALL TO ORDER 3:00 p.m.

<u>ATTENDANCE</u>	Committee Chair: Peer Swan	_____
	Member: Douglas Reinhart	_____

<u>ALSO PRESENT</u>	Paul Cook	_____	Paul Weghorst	_____
	Rob Jacobson	_____	Fiona Sanchez	_____
	Kellie Welch	_____	Christine Compton	_____
	Ray Bennett	_____	Jo Ann Corey	_____
	Natalie Palacio	_____	Marina Lindsay	_____

PUBLIC COMMENT NOTICE

If you wish to address the Committee on any item, please submit a request to speak via the “chat” feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 12:00 p.m. on Thursday, November 19, 2020.

ALL VOTES SHALL BE TAKEN BY A ROLL CALL VOTE.

COMMUNICATIONS

1. Notes: Weghorst
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

INFORMATION

- | | | |
|----|---|--|
| 5. | <u>WATER BANKING PROJECT FACILITIES, CAPACITIES, OPERATIONS AND PROGRAMS – PALACIO / WELCH / SANCHEZ / WEGHORST</u> | |
| | Recommendation: Receive and file. | |
| 6. | <u>SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM AGREEMENT OVERVIEW – LINDSAY / WELCH / SANCHEZ / WEGHORST</u> | |
| | Recommendation: Receive and file. | |

ACTION

- | | | |
|----|---|--|
| 7. | <u>REVISED WATER BANKING, TRANSFERS AND WHEELING POLICY POSITION PAPER – WELCH / SANCHEZ / WEGHORST</u> | |
| | Recommendation: That the Board approve the updated Water Banking, Transfers and Wheeling Policy Position Paper. | |

OTHER BUSINESS

8. Directors' Comments
9. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

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November 19, 2020
Prepared by: N. Palacio / K. Welch
Submitted by: F. Sanchez / P. Weghorst
Approved by: Paul A. Cook



SUPPLY RELIABILITY PROGRAMS COMMITTEE

WATER BANKING PROJECT FACILITIES, CAPACITIES, OPERATIONS AND PROGRAMS

SUMMARY:

Staff has prepared information related to IRWD's water banking facilities, capacities, operations and exchange programs. The information is regularly updated to reflect changes in the status of IRWD's projects, programs and operations. At the Committee meeting, staff will review this information and provide an update on efforts to secure additional water for recharge at IRWD's water banking projects.

BACKGROUND:

To facilitate the discussion with the Committee, staff has prepared reference materials in tabular, map and schematic formats to describe IRWD's water banking facilities, capacities, operations, storage and exchange programs. The reference materials are updated regularly to reflect changes in the status of the projects, programs and operations. The following is an overview of the reference materials.

Capacity and Operations Tables:

A table presenting storage, recharge and recovery capacities of existing and planned IRWD water banking projects, including capacities available to IRWD in the Kern Water Bank, is provided as Exhibit "A". Exhibits "B" and "C" provide an update on water banking recovery and recharge operations, as well as the balance of the water stored in the Kern Water Bank. Exhibit "B" provides before-loss estimates of water recharged at the water banking projects, and Exhibit "C" provides after-loss estimates of water recharged at the projects. Both Exhibits "B" and "C" include a column that provides totals for each water type and storage location. Changes shown in red on Exhibits "B" and "C" reflect the projected water to be delivered to Jackson Ranch this year.

Exhibit "D" graphically depicts how storage of State Water Project (SWP) and non-SWP water has changed in the Strand and Stockdale Integrated Banking Projects through time. The table provided as Exhibit "E" shows how capacities in the water banking projects have been dedicated to IRWD's existing and proposed exchange programs.

Project Maps:

To support the tables provided as Exhibits "A", "B", "C" and "E", as well as the figure provided as Exhibit "D", staff has prepared maps that depict project wells and pipelines, recharge basins and Cross Valley Canal turnout locations, along with the most current recharge rates. These maps are provided as Exhibits "F", "G" and "H", respectively. The facilities shown on the maps

are associated with the Strand Ranch, Stockdale West, Stockdale East and Drought Relief Projects.

Program Agreement Diagrams:

Schematic diagrams have been prepared that depict IRWD water banking and exchange programs with Rosedale-Rio Bravo Water Storage District, BVWSD, Dudley Ridge and Metropolitan Water District of Southern California. These diagrams are provided as Exhibits “I”, “J”, “K”, “L”, “M” and “N”, as described in the List of Exhibits.

Other Recharge Opportunities:

IRWD has been pursuing additional opportunities to secure water for recharge. At the Committee meeting, staff will provide an update on efforts to secure water from Antelope Valley-East Kern Water Agency, Mojave Water Agency and other sources.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Recharge, Storage and Recovery Capacities of Current and Anticipated Water Banking Projects

Exhibit “B” – Water Banking Storage, Recharge and Recovery Operations before Losses

Exhibit “C” – Water Banking Storage, Recharge and Recovery Operations after Losses

Exhibit “D” – Historic Water Storage in Strand and Stockdale Projects

Exhibit “E” – Dedicated Capacities of Current Water Banking Projects

Exhibit “F” – Map of Water Banking Project Wells and Pipelines

Exhibit “G” – Map of Water Banking Recharge Basins and Cross Valley Canal Turnout Facilities

Exhibit “H” – Map of Water Banking Recharge Rates

Exhibit “I” – Diagram of IRWD-Rosedale Water Banking and Exchange Program Agreements

Exhibit “J” – Diagram of Long-Term Water Exchange Program with BVWSD and Diagram of One-Year Program to Augment Recharge Using Stockdale West Recharge Facilities with BVWSD

Exhibit “K” – Diagram of Unbalanced Exchange Program Diagram with DRWD

Exhibit “L” – Diagram of Coordinated Operating, Water Storage, Exchange and Delivery
Agreement with Metropolitan Water District

Exhibit “M” – Diagram of Template Wheeling Agreement with Metropolitan Water District

Exhibit “N” – Diagram of Dudley Ridge Water District One-For-One Exchange

Exhibit "A"

TABLE 1
Current and Anticipated Water Banking Project
Recharge, Storage and Recovery Capacities
November 19, 2020

WATER BANKING PROJECT	OWNERSHIP AND WELL INFO			ALLOCATED CAPACITY (AF)					1 st PRIORITY RECOVERY CONDITIONS (CFS)		2 nd PRIORITY RECOVERY CONDITIONS (CFS)	
	IRWD OWNED	WELLS EXISTING	WELLS PROPOSED OR UNDER CONST.	TOTAL STORAGE CAPACITY	ANNUAL RECHARGE 1 ST PRIORITY	ANNUAL RECHARGE 2 ND PRIORITY	ANNUAL RECOVERY 1 ST PRIORITY	ANNUAL RECOVERY 2 ND PRIORITY	RECOVERY CAPACITY AS PLANNED ¹	ESTIMATED RECOVERY CAPACITY (APR. 2019 CONDITIONS) ²	RECOVERY CAPACITY AS PLANNED	RECOVERY CAPACITY CURRENT CONDITIONS
Strand Ranch	Yes	7	-	50,000	17,500	-	17,500	-	40.0	40.0	-	-
Stockdale West	Yes	3	-	26,000	27,100	-	11,250	-	15.0	15.0	-	-
Stockdale East	No	-	2	-	-	19,000	-	7,500	-	-	10.0	-
IRWD Acquired Storage Account ³	No	-	-	50,000	-	-	-	-	-	-	-	-
Drought Relief Project Wells ³	No	3	-	-	-	-	-	-	15.0	15.0	-	-
Kern Water Bank Storage Account ⁵	No	-	-	9,495	3,200	-	6,330	-	-	-	-	-
TOTALS		13	2	126,000	44,600	19,000	28,750	7,500	70.0	70.0	10.0	0.0
Partner Capacities ⁴				38,000	22,300	9,500	10,850	0	35.5	25.0	-	-
IRWD Capacities				88,000	22,300	9,500	17,900	7,500	34.5	25.0	-	-
IRWD's recovery <i>during</i> 6 month partner recovery period (AF)									12,420	9,000	-	-
IRWD's recovery <i>after</i> 6 month partner recovery period (AF)									5,480	6,733	-	-
TOTALS (AF)									17,900	15,733	-	-
Number of months needed to recover IRWD's total AF after partners' recovery (Assumes IRWD has use of total recovery capacity after partners' recovery)									8.6	10.2	-	-
Strand Ranch monthly recharge amount assuming 0.3 ft/day average recharge rate (AF)											4,518	
Stockdale West monthly recharge amount assuming 0.3 ft/day average recharge rate (AF)											2,331	

¹Based on designed Strand recovery capacity assuming 370' bgs. Assumes 5 cfs for each of the Stockdale West and Drought Relief wells in order to meet IRWD's Water Banking, Transfers, and Wheeling policy position. Assumes partners' water is recovered over 6 months.

²SUP-1, SWEX-2, and SREX-6 are currently down.

³IRWD has use of Acquired Storage and Drought Relief Project wells until January 12, 2039, unless the term of the agreement is extended.

⁴One half of storage capacity at Stockdale West and Strand Ranch will be allocated for partners.

⁵Kern Water Bank capacities based on 6.58% of Dudley Ridge Water District's 9.62% share of the Kern Water Bank. Annual recharge amount is based on an average of recharge rates for high and low groundwater level conditions. Not included in storage capacity, recharge, and recovery totals to match IRWD's Water Banking Policy Position Paper.

Exhibit "B"

TABLE 2
IRWD's Water Banking Storage, Recharge and Recovery Operations - BEFORE LOSSES
November 19, 2020

TRANSACTIONS	WATER BANKING ENTITY					TOTAL BY WATER TYPE AND STORAGE LOCATION
	IRWD		BUENA VISTA (BVWSD)	CENTRAL COAST (CCWA)	DUDLEY RIDGE WATER DISTRICT (DRWD) ³	
	SWP ¹	NON-SWP ²	NON-SWP	SWP	SWP	
BEGINNING WATER IN STORAGE 2019 (AF)						
Total Kern Water Bank	-	4,656	-	-	-	4,656
Total MWD System ⁴	8,349	-	-	-	879	9,228
Total Kern County	3,567	17,704	5,202	289	2,698	29,460
TOTAL STORED WATER (1/1/2019)	11,916	22,360	5,202	289	3,577	43,344
(RECOVERY) AND RECHARGE IN 2019 (AF)						
MWD Water to Jackson Ranch ⁵	-	-	-	-	(440)	(440)
Kern Water Bank Deliveries ⁶		97				97
2019 SWP Allocation (75%) ³	656	-	-	-	656	1,311
Kern River Water	-	5,975	5,975	-	-	11,949
SWP Table A (CCWA 2019 Exch.)	347			347	-	694
TOTAL 2019 TRANSACTIONS	1,003	6,072	5,975	347	216	13,611
Total Kern Water Bank	-	4,753	-	-	-	4,753
Total MWD System	8,349	-	-	-	439	8,788
Total Kern County	4,570	23,679	11,177	636	3,354	43,414
TOTAL STORED WATER (1/1/2020)	12,919	28,432	11,177	636	3,793	56,955
(RECOVERY) AND RECHARGE IN 2020 (AF)						
MWD Water to Jackson Ranch (estimated)	-	-	-	-	(440)	(440)
Kern Water Bank Deliveries	-	-	-	-	-	-
2020 SWP Allocation (20 %) ³	175	-	-	-	175	350
Kern River Water	-	-	(7,500)	-	-	(7,500)
TOTAL ESTIMATED 2020 TRANSACTIONS	175	-	(7,500)	-	(265)	(7,590)
ESTIMATED WATER IN STORAGE 2020 (AF)						
Total Kern Water Bank	-	4,753	-	-	-	4,753
Total MWD System	8,349	-	-	-	439	8,788
Total Kern County	4,745	23,679	3,677	636	3,089	35,824
TOTAL ESTIMATED STORED WATER TO DATE	13,094	28,432	3,677	636	3,528	49,365

NOTES:

-MWD = Metropolitan Water District of Southern California.

¹ IRWD's SWP includes 437 AF from CVWD that stays in Kern County.

² IRWD's Non-SWP total includes 3,158 AF of Kern County Water Agency Article 21 Water.

³ DRWD water supply will be returned by MWD or IRWD's Strand Ranch to IRWD's Jackson Ranch. IRWD's 2013-2016 SWP allocation amounts are stored in the MWD system. IRWD's 2017 through 2019 SWP allocation water is stored in Kern County. It is assumed that IRWD's 2020 SWP allocation will be stored in Kern County.

⁴ Beginning balance of water stored in MWD system includes: 4,494 AF from 2014 Exchange, 3,206 AF of 2014 borrowed SWP, 649 AF of IRWD's 2013-2016 SWP allocations through DRWD.

⁵ Water returned to DRWD by MWD for use on IRWD's Jackson Ranch.

⁶ A portion of IRWD's 2019 SWP deliveries from DRWD include 97 AF of Article 21 water, which was delivered to the Kern Water Bank.

Exhibit "C"

TABLE 3
IRWD's Water Banking Storage, Recharge and Recovery Operations - AFTER LOSSES
November 19, 2020

TRANSACTIONS	WATER BANKING ENTITY					TOTAL BY WATER TYPE AND STORAGE LOCATION
	IRWD		BUENA VISTA (BVWSD)	CENTRAL COAST (CCWA)	DUDLEY RIDGE WATER DISTRICT (DRWD) ³	
	SWP ¹	NON-SWP ²	NON-SWP	SWP	SWP	
BEGINNING WATER IN STORAGE 2019 (AF)						
Total Kern Water Bank	-	4,233	-	-	-	4,233
Total MWD System ⁴	7,393	-	-	-	879	8,272
Total Kern County	3,046	15,564	4,532	246	2,395	25,783
TOTAL STORED WATER (1/1/2019)	10,439	19,797	4,532	246	3,274	38,288
(RECOVERY) AND RECHARGE IN 2019 (AF)						
MWD Water to Jackson Ranch ⁵	-	-	-	-	(440)	(440)
Kern Water Bank Deliveries ⁷	-	87	-	-	-	87
2019 SWP Allocation (75%) ³	557	-	-	-	557	1,114
Kern River Water	-	5,078	5,377	-	-	10,455
SWP Table A (CCWA 2019 Exch.)	298	-	-	298	-	595
TOTAL 2019 TRANSACTIONS	855	5,166	5,377	298	117	11,812
Total Kern Water Bank	-	4,320	-	-	-	4,320
Total MWD System	7,393	-	-	-	439	7,832
Total Kern County	3,901	20,642	9,909	543	2,952	37,947
TOTAL STORED WATER (1/1/2020)	11,294	24,963	9,909	543	3,391	50,100
(RECOVERY) AND RECHARGE IN 2020 (AF)						
MWD Water to Jackson Ranch (estimated)	-	-	-	-	(440)	(440)
Kern Water Bank Deliveries	-	-	-	-	-	-
2020 SWP Allocation (20%) ³	150	-	-	-	150	300
Kern River Water	-	-	(7,500)	-	-	(7,500)
TOTAL ESTIMATED 2020 TRANSACTIONS ⁶	150	-	(7,500)	-	(290)	(7,640)
ESTIMATED WATER IN STORAGE 2020 (AF)						
Total Kern Water Bank	-	4,320	-	-	-	4,320
Total MWD System	7,393	-	-	-	439	7,832
Total Kern County	4,051	20,642	2,409	543	2,662	30,307
TOTAL ESTIMATED STORED WATER TO DATE	11,444	24,963	2,409	543	3,101	42,460

NOTES:

-Water in storage has been adjusted to account for losses. IRWD's water stored in Kern County is adjusted 15% for losses (5% for out of county loss, 6% surface loss, and 4% reserve loss); Water stored for DRWD and BVWSD in Kern County is adjusted 10% (6% for surface loss and 4% for reserve loss); KWB losses are 10%; no losses for water directly delivered to MWD system.

-MWD = Metropolitan Water District of Southern California.

¹ IRWD's SWP includes 389 AF from CVWD that stays in Kern County.

² IRWD's Non-SWP total includes 2,842 AF of Kern County Water Agency Article 21 Water.

³ DRWD water supply will be returned by MWD or IRWD's Strand Ranch to IRWD's Jackson Ranch. IRWD's 2013-2016 SWP allocation amounts are stored in the MWD system. IRWD's 2017 through 2019 SWP allocation water is stored in Kern County. It is assumed that IRWD's 2020 SWP allocation will be stored in Kern County.

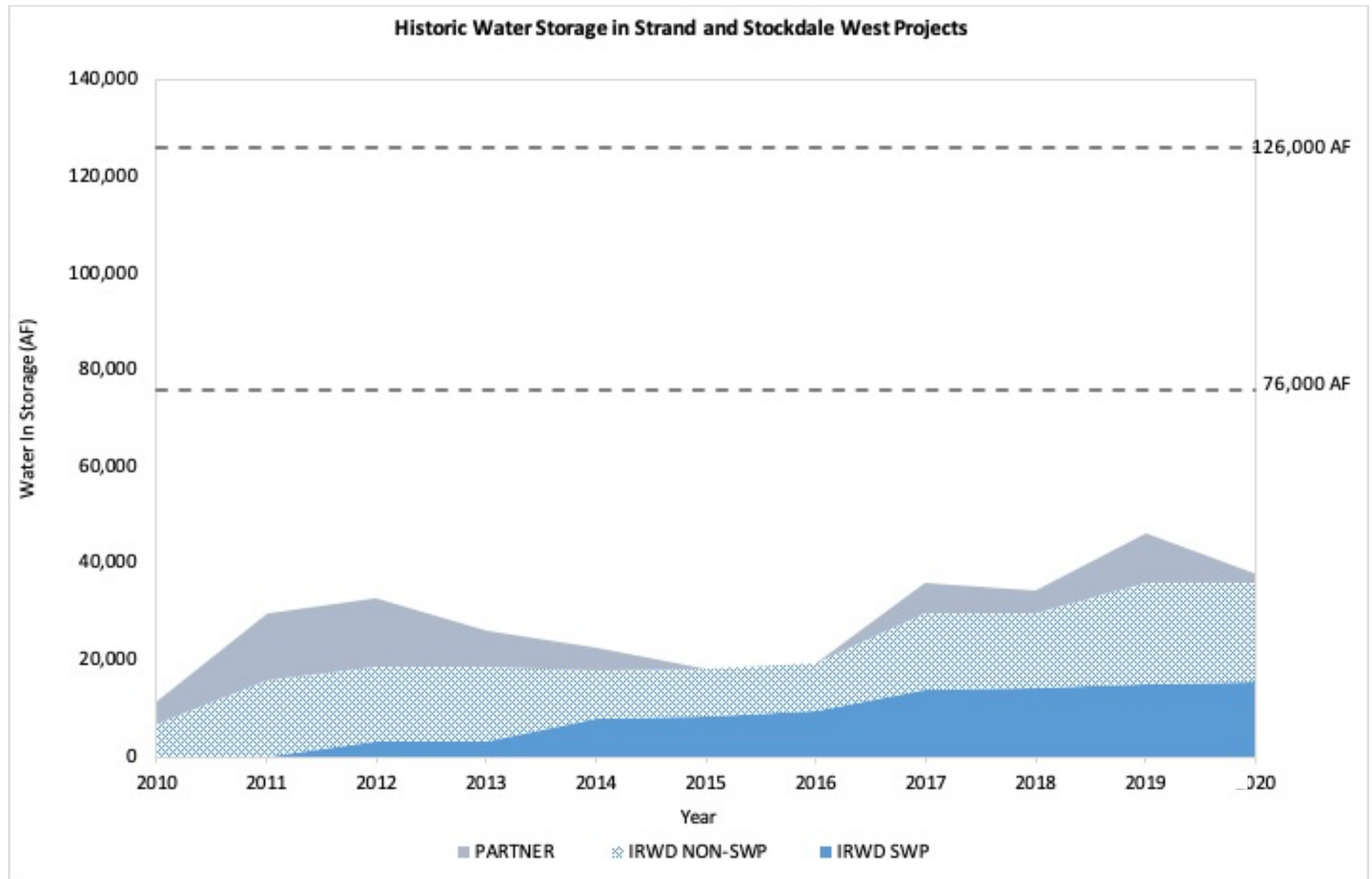
⁴ Beginning balance of water stored in MWD system includes (net of CVC losses): 3,920 AF of 2014 Exchange, 2,824 AF of 2014 borrowed SWP, 649 AF of IRWD's 2013-2016 SWP allocations through DRWD.

⁵ Water returned to DRWD by MWD for use on IRWD's Jackson Ranch.

⁶ 2020 transactions may be adjusted for conveyance losses in CVC.

⁷ A portion of IRWD's 2019 SWP deliveries from DRWD include 97 AF of Article 21 water, which was delivered to the Kern Water Bank.

Exhibit “D”



*After losses

Exhibit "E"

TABLE 1
IRWD Dedicated Water Banking Capacities for
Existing and Proposed Exchange Programs
November 19, 2020

Program	Dedicated Storage Capacity Strand Ranch (AF)	Dedicated Storage Capacity Stockdale West (AF)	Dedicated Storage Capacity Leased Storage Account (AF)	Kern Water Bank Storage Capacity (AF)
Total Capacity	50,000	26,000	50,000	9,495
BVWSD	40,000	-	-	-
DRWD	10,000	-	-	-
AVEK	-	20,000	-	-
CVWD	-	5,000	-	-
Total Dedicated	50,000	25,000	-	-
Total Remaining	-	1,000	50,000	9,495

RECHARGE CAPACITY

Program	Dedicated Recharge Capacity Strand Ranch (AF)	Dedicated Recharge Capacity Stockdale West (AF)	Dedicated Recharge Capacity Leased Storage Account (AF)	Kern Water Bank Recharge Capacity (AF)
Total Capacity	17,500	27,100	-	3,200
BVWSD	17,500	-	-	-
DRWD	-	-	-	-
AVEK	-	20,000	-	-
CVWD	-	5,000	-	-
Total Dedicated	17,500	25,000	-	-
Total Remaining	-	2,100	-	3,200

RECOVERY CAPACITY

Program Partner	Dedicated Recovery Capacity Strand Ranch (AF)	Dedicated Recovery Capacity Stockdale West (AF)	Dedicated Recovery Capacity Leased Storage Account (AF)	Kern Water Bank Recovery Capacity (AF)
Total Capacity	17,500	11,250	-	6,330
BVWSD	6,667	-	-	-
DRWD	-	-	-	-
AVEK	-	3,333	-	-
CVWD	-	833	-	-
IRWD	10,833	7,084	-	6,330
Total Dedicated	17,500	11,250	-	6,330
Total Remaining	-	-	-	-

Exhibit "F"



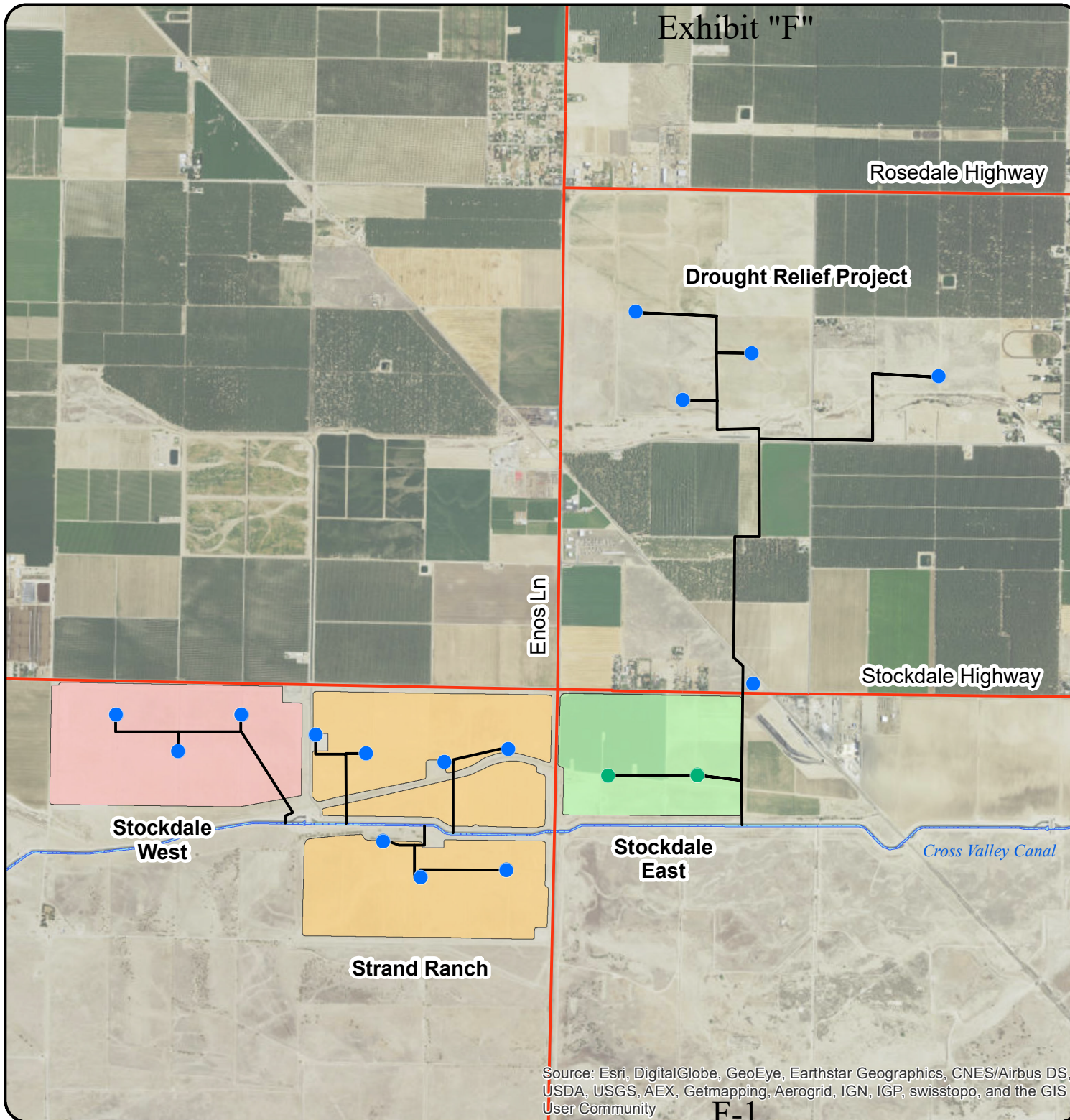
Irvine Ranch
WATER DISTRICT

Location Map: IRWD Water Banking Projects Wells and Turnin Pipelines

MAP FEATURES

- Extraction Well
- Extraction Well
- Well Discharge Pipelines
- Stockdale East
- Stockdale West
- Strand Ranch

This figure shows the location of IRWD's water banking project sites and extraction wells.



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

F-1



0 0.25 0.5 1 Miles

NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

Exhibit "G"

Rosedale Highway



Irvine Ranch
WATER DISTRICT

Location Map: IRWD Water Banking Projects Recharge Basins & Turnout Facilities

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

This figure shows the location of
recharge basins, pipelines and
turnout facilities.

Existing Siphon
50 CFS Capacity
From Strand

Stockdale West
Turnout
100 CFS Capacity

Existing North & South
Strand Ranch
Turnout Facilities
100 CFS Capacity Each

Cross Valley Canal

Stockdale Highway

Enos Ln

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS,
USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS
User Community

G-1



0 0.25 0.5 1
Miles

NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

Exhibit "H"

Rosedale Highway



Location Map: IRWD Water Banking Projects Recharge Rates

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

This figure shows the location of recharge basins and their associated recharge rates as of June 18, 2019.

Stockdale West
0.11 feet/day
15 CFS

Strand Ranch North
0.29 feet/day
40 CFS

Strand Ranch South
0.13 feet/day
15 CFS

Stockdale Highway

Cross Valley Canal

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



0 0.25 0.5 1
Miles

NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

Exhibit "I"

IRWD-Rosedale Water Banking and Exchange Program Agreements

Effective 1/12/2009 through 1/12/2039 (Strand Ranch)
2/4/2016 through 1/12/2039 (Stockdale West)

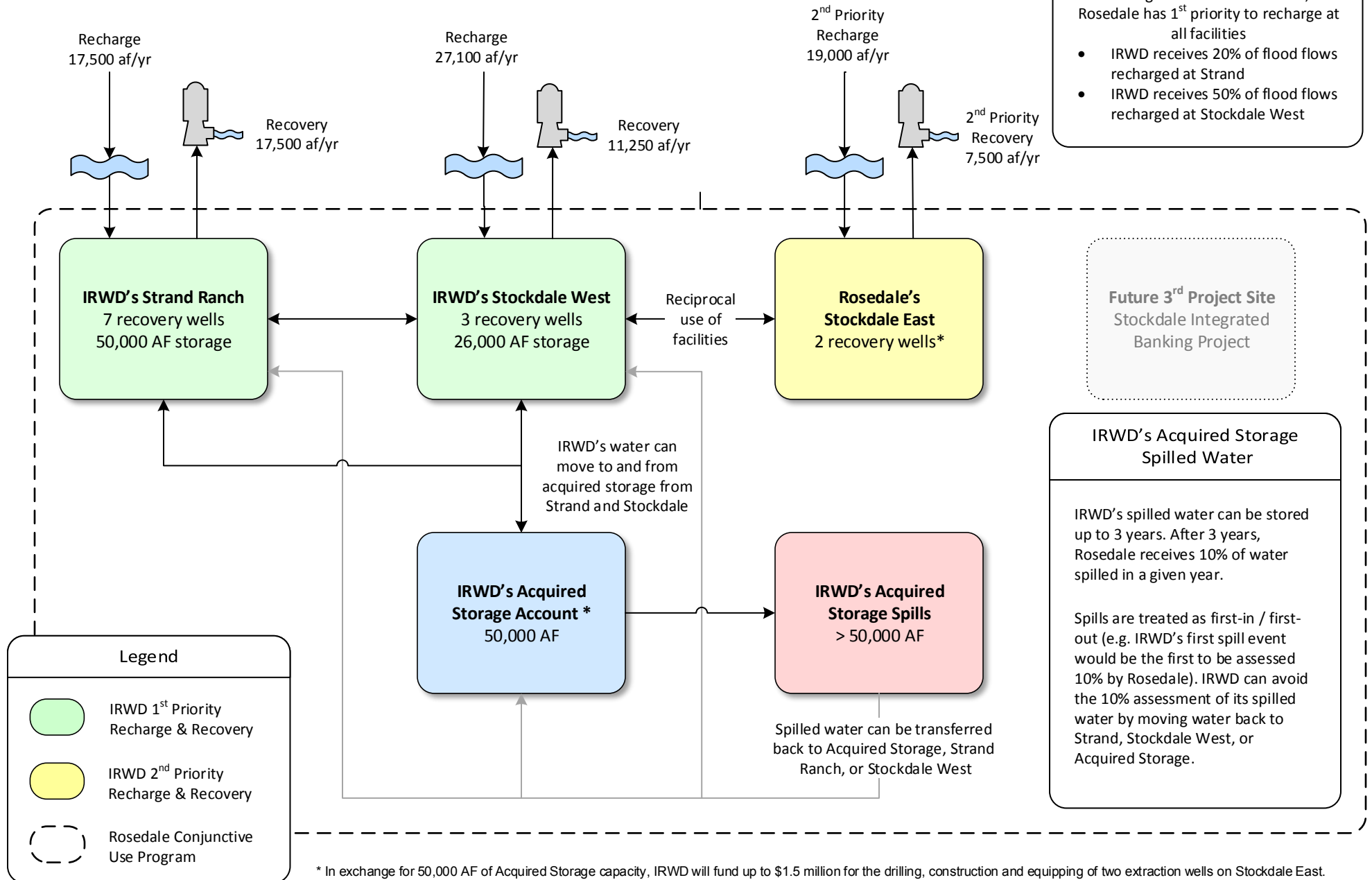
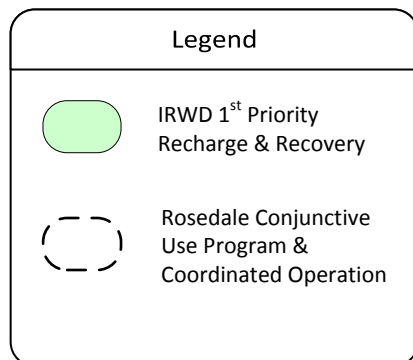
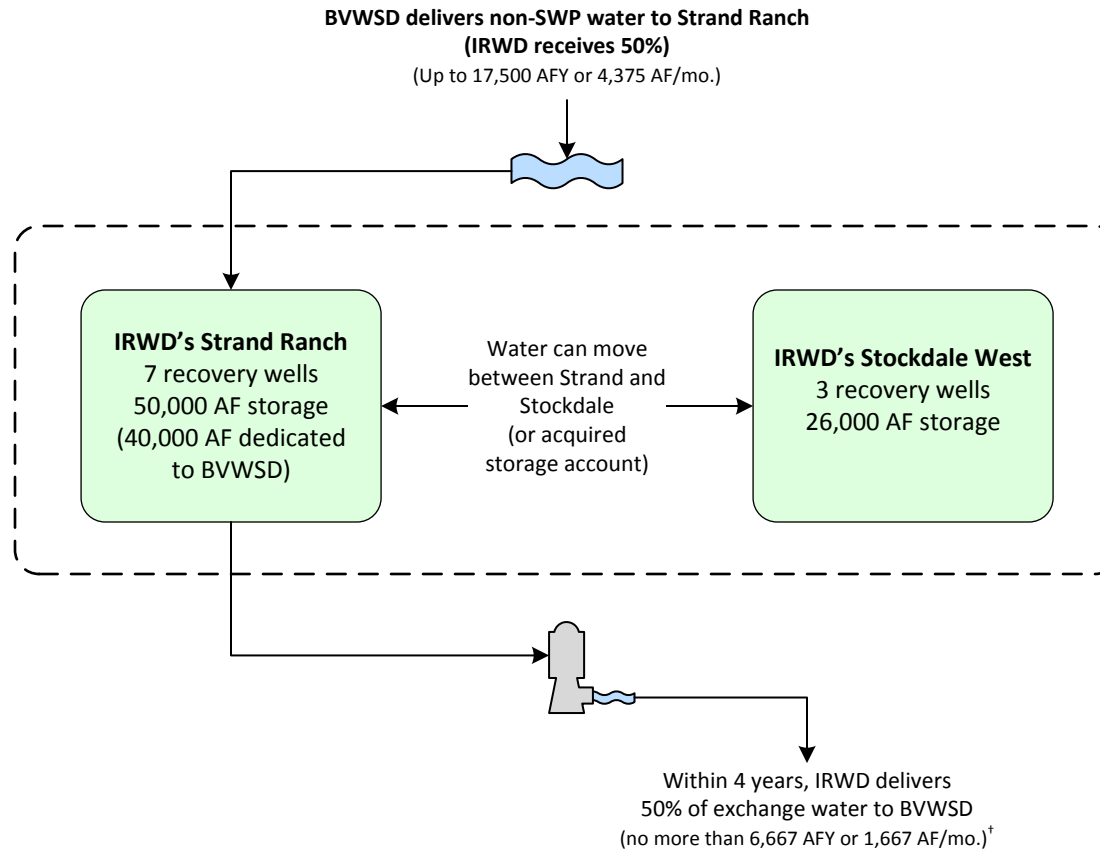


Exhibit "J"

Buena Vista Water Storage District Long Term Water Exchange Program

Effective 1/1/2011 through 1/12/2039

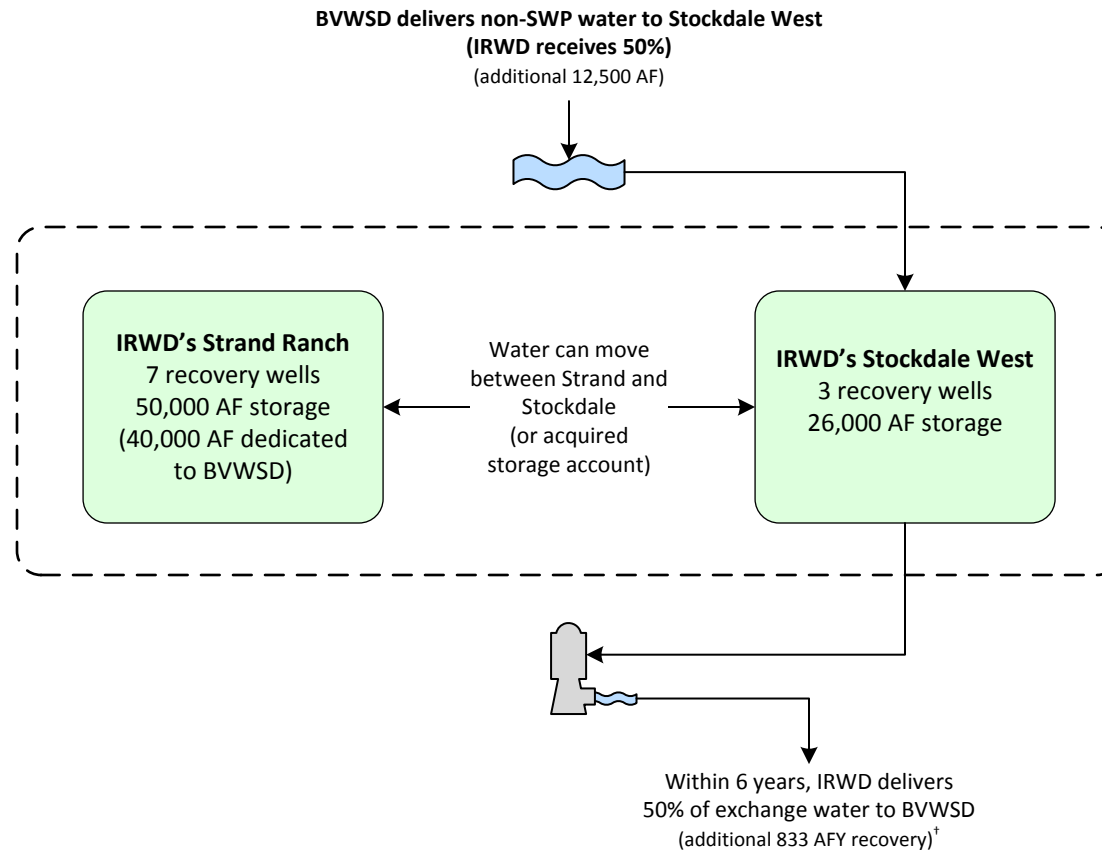




[†]IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 4th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond the 4th year, in exchange for a greater percent being transferred to IRWD as compensation per the table shown to the right:

Year Following Recharge Event	Percent Transferred to IRWD	Percent Returned to BV During or Before Indicated Year
1	50%	50%
2	50%	50%
3	50%	50%
4	50%	50%
5	60%	40%
6	70%	30%
7	80%	20%
8	90%	10%
9	100%	0%

Buena Vista Water Storage District One-Year Program to Augment Recharge Using Stockdale West Recharge Facilities

Effective 4/1/2017 through 3/30/2018

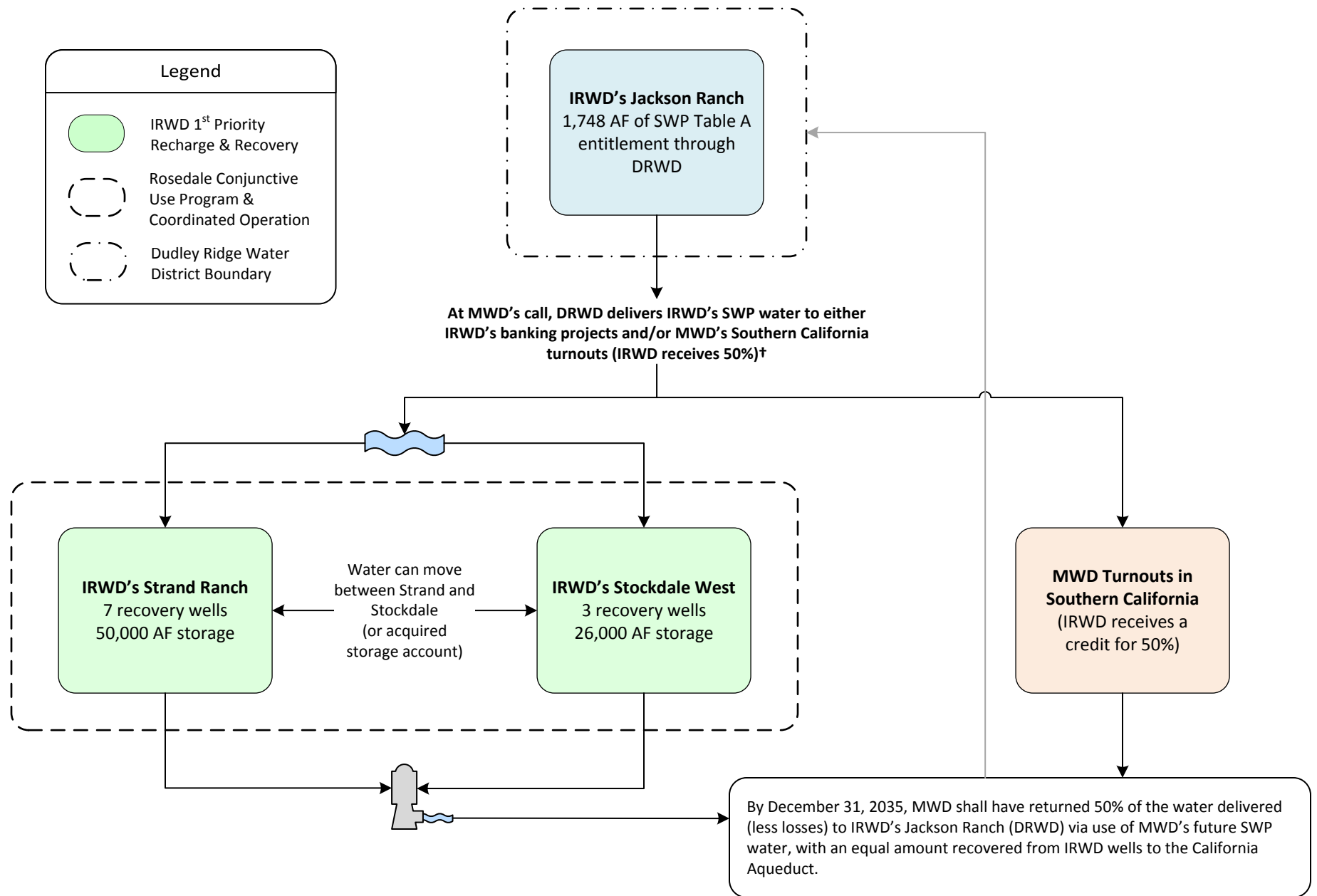


Legend	
	IRWD 1 st Priority Recharge & Recovery
	Rosedale Conjunctive Use Program & Coordinated Operation

[†]IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 6th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond the 6th year, in exchange for a greater percent being transferred to IRWD as compensation per the table shown to the right:

Year Following Recharge Event	Percent Transferred to IRWD	Percent Returned to BV During or Before Indicated Year
1	50%	50%
2	50%	50%
3	50%	50%
4	50%	50%
5	50%	50%
6	50%	50%
7	75%	25%
8	100%	0%
9	100%	0%

Exhibit "K"
Dudley Ridge Water District (DRWD) Unbalanced Exchange Program
Up to 12,240 AF delivered from 6/7/2018 through 12/31/2027



†Consistent with IRWD-MWD coordinated operating agreement.

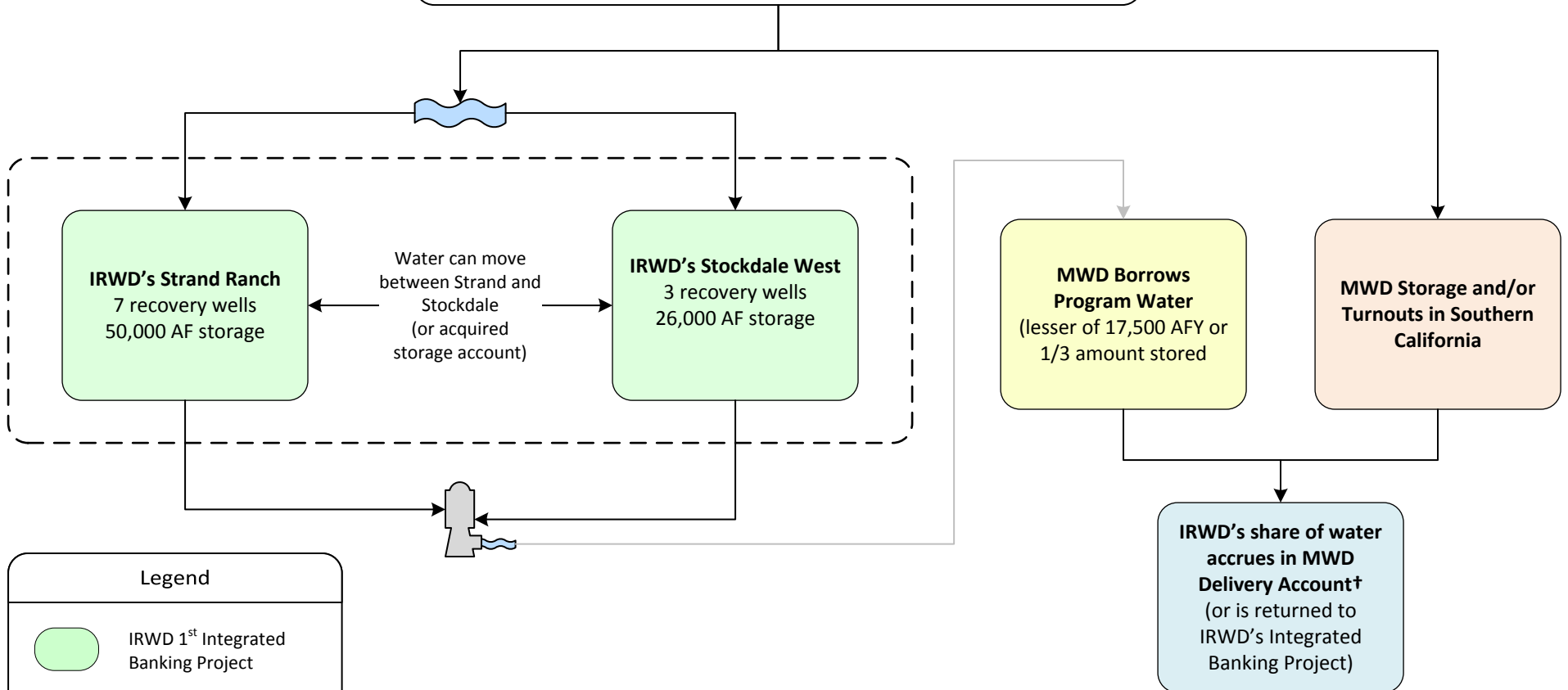
Exhibit "L"

Coordinated Operating, Water Storage, Exchange and Delivery Agreement Between MWD, MWDOC and IRWD Effective 5/1/2011 through 11/4/2035

With MWD's consent, IRWD secures SWP water (Program Water) through exchanges with IRWD Banking Partners for use as extraordinary supply under MWD Water Supply Allocation Plan

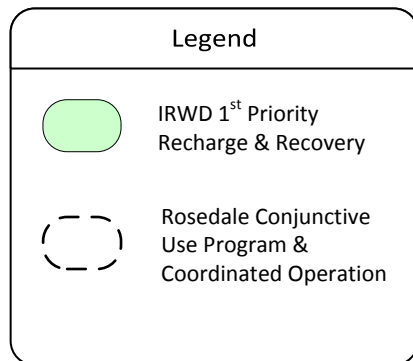
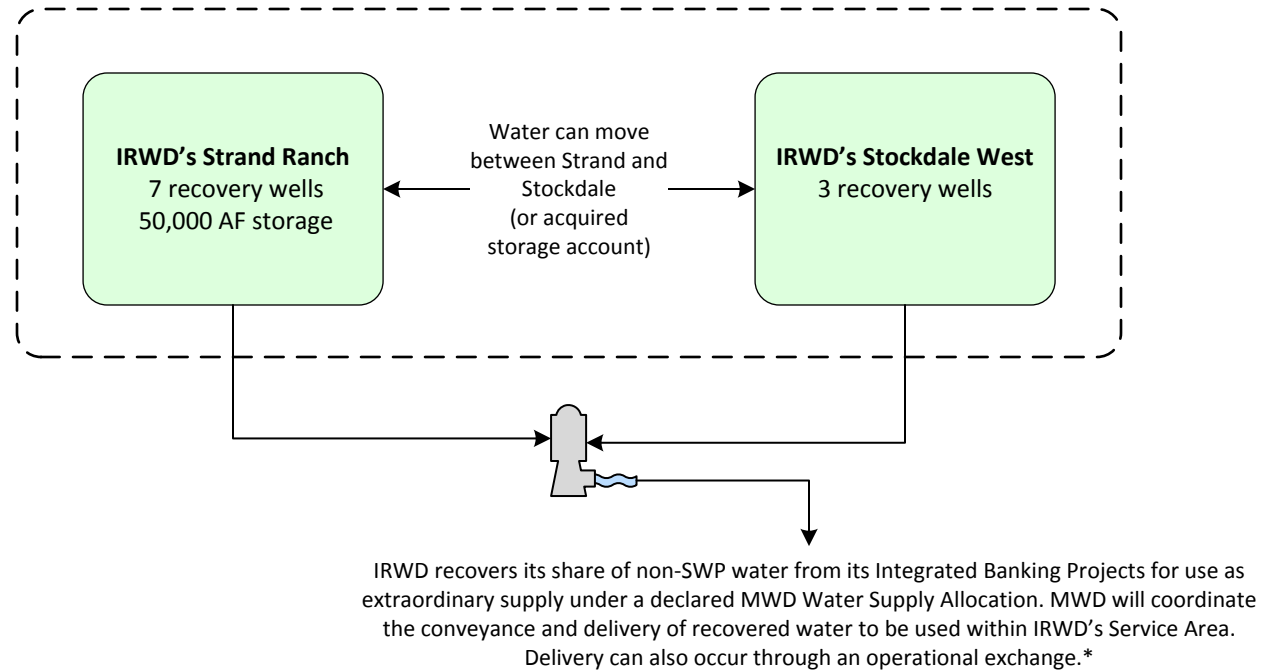
MWD has three options for the use and storage of Program Water:

- Storage of water in IRWD's Integrated Banking Project
- Delivery to Southern California for immediate use and/or storage in MWD system
- Borrow a portion of Program water, with accrual in MWD Delivery Account



- Under an MWD Allocation, when IRWD calls for water, IRWD must first recover Program Water from the Integrated Banking Project before receiving water from the MWD Delivery Account.
- MWDOC shall pass through extraordinary supply credits for IRWD's benefit.
- † IRWD's banking partner share of Program Water to be returned by MWD.

Exhibit "M"
Agreement for Conveyance of Water Between MWD, MWDOC, and IRWD (Wheeling Agreement)
Template for future agreements



*The recovered water must be used within IRWD's service area. IRWD to pay MWD wheeling charges, including system access rate, water stewardship rate, and treatment surcharge (if applicable), for each acre foot of recovered water wheeled by MWD. IRWD will pay the actual costs of power incurred by MWD to convey recovered water in the California Aqueduct to IRWD delivery points.

Exhibit "N"

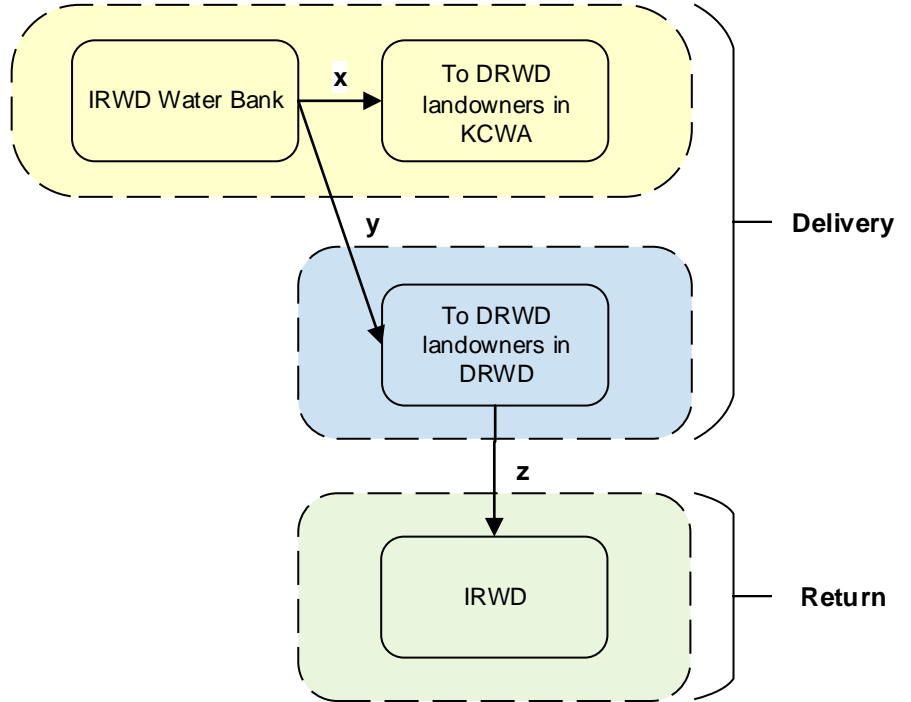
Dudley Ridge Water District Long Term 1-for-1 Water Exchange Program Effective 5/31/2017 through 11/4/2035

Scenario A

(Per Sections 2, 3, 4.1.1, and 4.1.3)

x= Non-Project Water required to stay in Kern County
y= Non-Project Water allowed to leave Kern County
z= DRWD Table A Water equal to x+y less applicable losses, if any

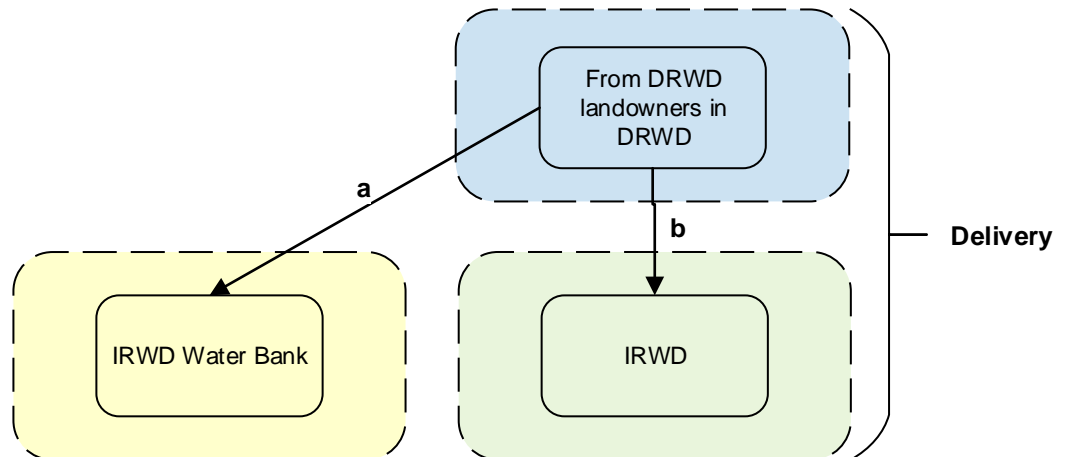
Per Section 4.1.3, z can be delivered to IRWD via in-ground transfer to IRWD, SWP delivery to IRWD banking facilities, or SWP delivery to MWDSC



Scenario B

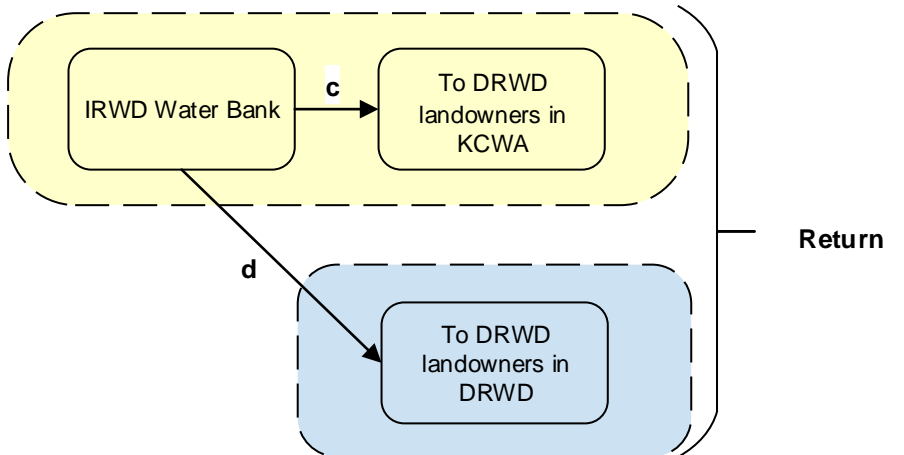
(Per Sections 2, 3, and 4.1.2)


$a + b = c + d$
(less applicable losses, if any)



Legend

	KCWA Service Area
	DRWD Service Area
	IRWD Service Area



November 19, 2020
Prepared by: M. Lindsay / K. Welch
Submitted by: F. Sanchez / P. Weghorst
Approved by: Paul A. Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM AGREEMENT OVERVIEW

SUMMARY:

The Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) is a watershed-wide water banking project that will allow wet year water to be stored in four regional groundwater basins in the Santa Ana River watershed for use during dry years. Supplies for the SARCCUP will be made available by the Metropolitan Water District of Southern California, which will purchase State Water Project (SWP) supplies from San Bernardino Valley Municipal Water District (Valley District) and make up to half of this water available for storage in the four regional groundwater basins. The following is an overview of an agreement with Metropolitan to provide water supplies to SARCCUP, as well as an overview of how that agreement compares with IRWD's Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan and MWDOC.

BACKGROUND:

SARCCUP is a watershed-wide groundwater banking and conjunctive use program that is currently expected to provide up to 137,000 acre-feet (AF) of dry-year groundwater storage throughout the Santa Ana River watershed. This groundwater storage would be provided through groundwater storage programs managed by the member agencies of the Santa Ana Watershed Project Authority (SAWPA). The SAWPA member agencies are Valley District, Inland Empire Utilities Agency (IEUA), Western Municipal Water District (WMWD), Eastern Municipal Water District (EMWD) and the Orange County Water District (OCWD). The location of the SAWPA member agencies is shown in Exhibit "A".

Water supplies for SARCCUP would be SWP supplies purchased by Metropolitan from Valley District. Up to 50% of the water would be made available by Metropolitan for purchase by IEUA, WMWD, EMWD and MWDOC (collectively referred to as the "SARCCUP Member Agencies"). MWDOC would serve as an intermediary to reconcile the purchases of the water by OCWD, since OCWD is not a member agency of Metropolitan. OCWD would purchase its share of the water through MWDOC for storage in the Orange County Groundwater Basin for the benefit of the Orange County Groundwater Producers.

The water purchased by the SARCCUP Member Agencies is expected to qualify as "Extraordinary Supply" for use during periods when Metropolitan declares a Water Supply Allocation, provided it meets the requirements of Metropolitan's Water Supply Allocation Plan.

SARCCUP Agreement with Metropolitan:

Metropolitan would make the water available for purchase by the SARCCUP Member Agencies through the proposed SARCCUP Agreement that is provided as Exhibit “B”. Key terms of the agreement include the following:

1. Every year, Metropolitan would inform the SARCCUP Member Agencies of the amount of water available for purchase, which would not exceed 50% of the amount purchased by Metropolitan from Valley District;
2. Each SARCCUP Member Agency would inform Metropolitan of the amount it intends to purchase;
3. The water purchased by the SARCCUP Member Agencies would be considered “Metropolitan Water” and the agencies would pay the Metropolitan full-service rate (treated or untreated) at the time of water delivery;
4. Purchased water would not count against each SARCCUP Member Agency’s annual Tier-1 limit, and the Metropolitan Capacity Reservation Charge would not apply since the water would be delivered at Metropolitan’s discretion;
5. The water purchased by the SARCCUP Member Agencies would be eligible to qualify as Extraordinary Supply under Metropolitan’s Water Shortage Allocation Plan;
6. The purchased water would be delivered by Metropolitan to the SARCCUP Member Agencies in accordance with the following methods:
 - a. Direct delivery to SARCCUP storage program recharge facilities;
 - b. Indirect delivery of water purchased by one SARCCUP Member Agency to a SARCCUP storage program in another SARCCUP Member Agency’s service area; or
 - c. Delivery of SARCCUP Member Agency water to Valley District recharge facilities for storage outside of Metropolitan’s service area.
7. The water stored in the SARCCUP storage program would be recovered using the following methods:
 - a. Pumping of wells and conveyance through retail agency conveyance facilities, or
 - b. In-lieu Metropolitan deliveries with well pumping and local use of water by SARCCUP Member Agencies that was stored on behalf of another.
8. No recovered water would be conveyed through the Metropolitan system;
9. Metropolitan may call on water stored by the SARCCUP Member Agencies in the Valley District groundwater storage that has not qualified as Extraordinary Supply.

Comparison with IRWD's Coordinated Agreement:

In 2011, IRWD executed a Coordinated Operating, Water Storage, Exchange and Delivery Agreement (Coordinated Agreement) with Metropolitan and MWDOC. The Coordinated Agreement has similar terms to the SARCCUP Agreement with Metropolitan. A copy of the Coordinated Agreement is provided as Exhibit "C". Major differences between the two agreements include options for water borrowing, methods of delivery and methods of recovery. A comparison of IRWD's Coordinated Agreement with the SARCCUP Agreement with Metropolitan is provided as Exhibit "D". This comparison was prepared for discussion purposes to illustrate the similarities, as well as the differences, between the two agreements.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

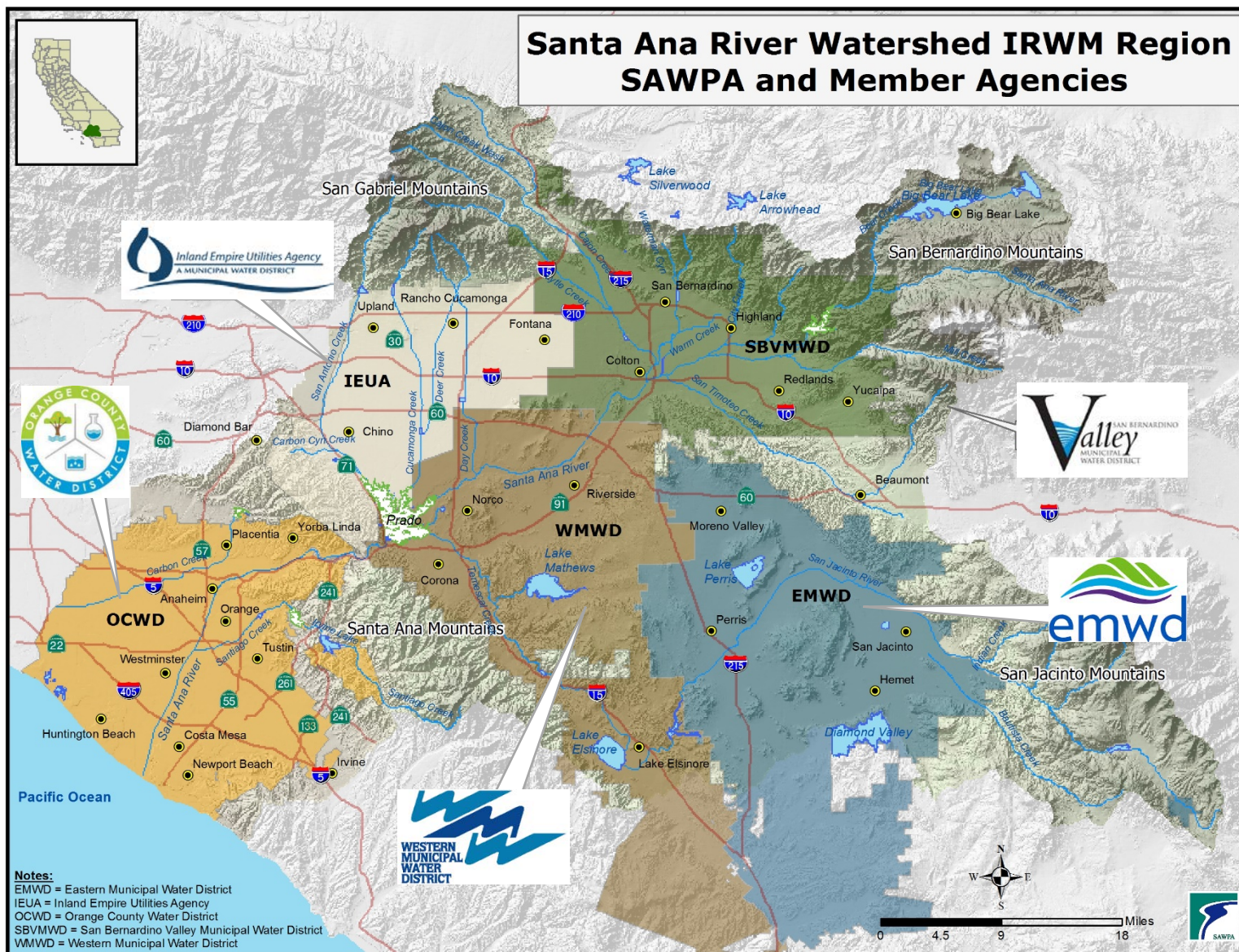
Receive and file.

LIST OF EXHIBITS:

- Exhibit "A" – Map of Santa Ana Watershed Project Authority Member Agencies
- Exhibit "B" – Proposed Agreement among Metropolitan, EMWD, IEUA, MWDOC, and WMWD Regarding SARCCUP
- Exhibit "C" – Coordinated Operating, Water Storage, Exchange and Delivery Agreement Between IRWD, Metropolitan and MWDOC
- Exhibit "D" – Comparison of the SARCCUP Agreement with Metropolitan and IRWD's Coordinated Agreement

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Exhibit "A"



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EXHIBIT "B"

**Agreement Among The Metropolitan Water District of Southern California,
Eastern Municipal Water District, Inland Empire Utilities Agency,
Municipal Water District of Orange County, and Western Municipal Water District
Regarding the Santa Ana River Conservation and Conjunctive Use Program**

This Agreement Among The Metropolitan Water District of Southern California (Metropolitan), Eastern Municipal Water District (Eastern MWD), Inland Empire Utilities Agency (IEUA), Municipal Water District of Orange County (MWDOC), and Western Municipal Water District (Western MWD) Regarding the Santa Ana River Conservation and Conjunctive Use Program (Agreement) is hereby entered into as of _____, 2020. Metropolitan, Eastern MWD, IEUA, MWDOC, and Western MWD are collectively referred to as “Parties” and individually as a “Party.”

RECITALS

A. Metropolitan is a metropolitan water district organized under the Metropolitan Water District Act, codified at section 109-1, et seq. of West’s Appendix to the California Water Code, and is engaged in developing, storing, and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. Metropolitan has a long-term contract with the California Department of Water Resources (DWR) which sets forth the terms and conditions of Metropolitan’s participation in the State Water Project (SWP).

B. Eastern MWD is a California municipal water district formed and existing under the California Municipal Water District Act of 1911, Sections 71000 et seq. of the California Water Code, for the purpose of providing water services and certain other services. Eastern MWD’s powers and purposes include the acquisition within or without the district’s boundaries in the State of California of all necessary property or rights in property necessary or proper for

the production, storage, transmission and distribution of water for irrigation, domestic, industrial and municipal purposes and the power to contract with one or more public agencies in carrying out any of its powers. Eastern MWD is a member agency of Metropolitan.

C. IEUA is a California municipal water district formed and existing under the California Municipal Water District Act of 1911, Sections 71000 et seq. of the California Water Code, for the purpose of supplying supplemental water to the Chino Basin and certain other services. IEUA's powers and purposes include the acquisition within or without the agency's boundaries in the State of California of all necessary property or rights in property necessary or proper for the production, storage, transmission and distribution of water for irrigation, domestic, industrial and municipal purposes and the power to contract with one or more public agencies in carrying out any of its powers. IEUA is a member agency of Metropolitan.

D. MWDOC is a municipal water district formed and existing under the California Municipal Water District Act of 1911, Sections 71000 et seq. of the California Water Code, for purposes that include providing its 28 member agencies in Orange County, including Orange County Water District, with reliable, high quality supplies from Metropolitan and other sources to meet present and future needs, at an equitable and economic cost, and to promote water use efficiency for all of Orange County. MWDOC is a member agency of Metropolitan. One of MWDOC's member agencies, Orange County Water District (OCWD), undertakes the responsibilities associated with actively managing the OCWD groundwater basin. OCWD was formed by an act of the California State Legislature in 1933 for the purpose of protecting and managing the Orange County groundwater basin.

E. Western MWD is a California municipal water district formed and existing under the California Municipal Water District Act of 1911, Sections 71000 et seq. of the California

Water Code, for the purpose of providing water services and certain other services. Western MWD's powers and purposes include the acquisition within or without the district's boundaries in the State of California of all necessary property or rights in property necessary or proper for the production, storage, transmission and distribution of water for irrigation, domestic, industrial and municipal purposes and the power to contract with one or more public agencies in carrying out any of its powers. Western MWD is a member agency of Metropolitan.

F. In 2014, Eastern MWD, IEUA, OCWD, Western MWD, and the San Bernardino Valley Municipal Water District (Valley District) entered into a Memorandum of Understanding (2014 MOU). Valley District is engaged in developing, transporting, storing, treating, and wholesale delivery of water in portions of the counties of San Bernardino and Riverside. Like Metropolitan, Valley District has a long-term contract with DWR which set forth the terms and conditions of its participation in the SWP. Valley District recharges SWP water into the San Bernardino Basin Area (SBBA) for the benefit of its member agencies. The purpose of the 2014 MOU is to collaborate in the exploration, analysis and implementation of a large-scale, regional water supply reliability project, known as the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). The SARCCUP is a multi-agency, watershed-wide groundwater storage and recovery project involving multiple basins in the Santa Ana Watershed. The goal is to store available water during wet years in local groundwater basins throughout the watershed and extract the stored water during dry years to reduce the impacts from multi-year droughts. Eastern MWD, IEUA, MWDOC, and Western MWD are collectively referred to as the "SARCCUP Member Agencies" and individually as a "SARCCUP Member Agency."

G. The SARCCUP includes four water banking sites. Three of the sites are located within Metropolitan's service area. More specifically, they are located in the service areas of

Eastern MWD, Western MWD, and MWDOC. The facilities within MWDOC's service area are located within, owned, and operated, by OCWD. The fourth site is the SBBA, which is located outside of Metropolitan's service area and within Valley District's service area. The owners of the four water banking sites are responsible for all operating decisions for those water banking facilities including the quantity of water that they store and extract within the water banks under the SARCCUP.

H. Valley District and Metropolitan entered into a Coordinated Operating and Surplus Water Agreement, dated _____, whereby Valley District may offer to sell to Metropolitan, and Metropolitan may purchase from Valley District, surplus water.

I. Under this Agreement, Metropolitan will sell to the SARCCUP Member Agencies an amount of water equivalent to the amount of water Metropolitan purchases from Valley District without such water counting against a SARCCUP Member Agency's annual Tier 1 limit or incurring Metropolitan's capacity charge. Some of the water Metropolitan sells to the SARCCUP Member Agencies under this Agreement may be temporarily stored in the SBBA. An amount of water equivalent to up to half of the water that Metropolitan purchases from Valley District may qualify as Extraordinary Supply under Metropolitan's Water Supply Allocation Plan. Metropolitan may also make a call on water stored by the SARCCUP Member Agencies in Valley District's SBBA pursuant to this Agreement that has not qualified as Extraordinary Supply.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the representations, warranties, covenants and agreements contained in this Agreement and for other good and

valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereby agree to the following terms and conditions of this Agreement.

1. Consultation between Metropolitan and the SARCCUP Member Agencies

A. By June 15th of each calendar year subsequent to the execution of this agreement, Metropolitan will inform the SARCCUP Member Agencies of the amount of water, if any, that Metropolitan will purchase from Valley District and, of that amount, how much water, if any, Metropolitan is willing to deliver to the SARCCUP Member Agencies at Valley District's connection to the SWP and/or Metropolitan's service connections to the SARCCUP Member Agencies. Metropolitan has discretion whether to purchase any or all of the water Valley District offers to Metropolitan within a calendar year. No SARCCUP Member Agency may purchase water from Valley District.

B. Metropolitan will allocate equally to those SARCCUP Member Agencies requesting water an equivalent amount of water of at least 50% of the amount that Metropolitan purchases from Valley District during a calendar year, provided that those SARCCUP member agencies requesting water may modify the allocation by unanimous written agreement among themselves. Each SARCCUP Member Agency will inform Metropolitan of the amount, if any of the allocated water, that the SARCCUP Member Agency will purchase and accept for delivery at Valley District's connection to the SWP and/or Metropolitan's service connections to the SARCCUP Member Agencies. The SARCCUP Member Agencies will notify Metropolitan by August 15th of each year of these amounts.

2. Delivery to SARCCUP Member Agencies at Valley District's Connection to the SWP

Metropolitan will deliver to the SARCCUP Member Agencies at Valley District's connection to the SWP during a calendar year the amount that the SARCCUP Member Agencies previously notified Metropolitan they would accept under Section 1(B). Such deliveries will be scheduled and delivered at times and rates acceptable to Metropolitan, Valley District, and the relevant SARCCUP Member Agencies. Water that Metropolitan delivers to Valley District's connection to the SWP may be stored temporarily within Valley District's service area but must be used in Metropolitan's service area during the term of this Agreement. Water purchased from Metropolitan and delivered into Valley District's service area that does not qualify as Extraordinary Supply shall be considered local supply under Metropolitan's Water Supply Allocation Plan.

3. Billing and Payment

Metropolitan will bill each SARCCUP Member Agency individually and each SARCCUP Member Agency will pay Metropolitan's rate for full service untreated water or full service treated water in effect at the time of the sale of water to the SARCCUP Member Agency. Water purchased by a SARCCUP Member Agency will be counted as water delivered for purposes of meeting that SARCCUP Member Agency's purchase order commitment. Upon Metropolitan's approval of a SARCCUP Member Agency certification of each monthly delivery, the following exceptions will apply: (a) such purchases will not count against a SARCCUP Member Agency's annual Tier 1 limit; and (b) Metropolitan's capacity charge will not apply to such purchases. The sale of water under this Agreement will be included in the calculation of the Ten-Year Rolling Sales Average for purposes of Metropolitan's Readiness-to-Serve Charge at

the time water is sold to the SARCCUP Member Agencies. Metropolitan's invoices will separately identify the quantities of water subject to this Agreement.

4. Extraordinary Supply Benefit

An amount equivalent to up to half of the amount of water Metropolitan purchases from Valley District during a calendar year, if stored by the SARCCUP Member Agencies during the same calendar year in either a SARCCUP Member Agency's groundwater basin or in Valley District's SBBA, in accordance with Appendix G of Metropolitan's Water Supply Allocation Plan (or as any successor to such plan), will qualify as Extraordinary Supply. The amount of Extraordinary Supply available to each SARCCUP Member Agency under this Agreement may not exceed the allocation provided under Section 1(B). However, in the event that the SARCCUP Member Agencies' combined purchases exceed 50% of the amount that Metropolitan purchases from Valley District, the amount of Extraordinary Supply available to each SARCCUP Member Agency that purchases water will be equal, provided that those SARCCUP Member Agencies purchasing water may, by unanimous written agreement among themselves, re-allocate the total amount of Extraordinary Supply available to each SARCCUP Member Agency that purchases water.

5. Extraordinary Supply Benefit Regarding OCWD

Metropolitan will assign any Extraordinary Supply benefit that would accrue to MWDOC as result of actions taken by OCWD, in accordance with a separate agreement among Metropolitan, MWDOC, OCWD, and the Cities of Anaheim, Fullerton, and Santa Ana.

6. Pumping of Stored Water and Reduction in Purchases from Metropolitan

Upon written notice provided by Metropolitan, a SARCCUP Member Agency will pump a requested amount of water it has in storage in Valley District's SBBA at the time Metropolitan

makes the request, less the amount of water that has qualified as Extraordinary Supply at the time Metropolitan makes the request. The SARCCUP Member Agency will also reduce its purchases of water from Metropolitan by an equivalent amount. The SARCCUP Member Agency may pump stored water prior to the time Metropolitan makes a request.

7. Record Keeping

SARCCUP Member Agencies and Metropolitan will keep records of water purchased, delivered, and stored pursuant to this Agreement. The records of each Party relevant to this Agreement will be open to inspection by the other Parties upon reasonable notice. The Parties will cooperate to develop coordinated administrative procedures for the tracking required under this Agreement.

8. Metropolitan's Administrative Code

Unless otherwise specifically provided for in this Agreement, Metropolitan's Administrative Code will continue to apply to the relationship between Metropolitan and the SARCCUP Member Agencies.

9. Termination

This Agreement will terminate on December 31, 2035 unless the State Water Contract between Metropolitan and the State of California is extended past 2035, in which case, this Agreement will have the same termination date. After 2035, this Agreement may be terminated upon five-years' notice provided in writing by Metropolitan to all other Parties.

10. Late Arising Claims

If a claim arising under or with respect to one or more terms of this Agreement has not been resolved when such term terminates, or if such a claim is brought after this Agreement has terminated, but within the period of time for bringing such a claim under California law (Late

Arising Claim), the provisions of this Agreement shall continue in full force and effect for such additional period of time as is necessary to resolve such claims and to satisfy the rights and obligations of the Parties hereto with respect thereto.

11. Indemnity Clause

Liability and indemnification shall be determined pursuant to section 4502 of Metropolitan's Administrative Code. Metropolitan provides no warranty or guarantee regarding the quality or content of its untreated water or the suitability of its use for storage in groundwater basins. SARCCUP Member Agencies acknowledge that they accept untreated water "as is."

12. Informal Mediation

In the event of a dispute between the Parties regarding this Agreement, the Parties may attempt to resolve the dispute by using the services of a mutually acceptable mediator. If the Parties decide to use a mediator, they will equally share the mediator's fees and expenses.

13. Successors and Assigns

This Agreement shall bind and inure to the benefit of the successors and assigns of the Parties; provided, however, no Party shall assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties. Nothing in this Agreement is intended to confer any right or remedy under this Agreement on any person other than the Parties to this Agreement and their respective successors and permitted assigns, or to relieve or discharge any obligation or liability of any person to any Party to this Agreement, or to give any person any right of subrogation or action over or against any Party to this Agreement.

14. Waiver/Cure of Defaults

The failure of any Party to enforce against another Party a provision of this Agreement shall not constitute a waiver of that Party's right to enforce such a provision at a later time. No

Party shall be deemed to be in default of any provision of this Agreement unless the other Party has given written notice specifically stating the alleged default and the Party in default fails to cure the default within sixty (60) days of receipt of such written notice.

15. Construction of Agreement

The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Parties, and Section 1654 of the Civil Code has no application to interpretation of this Agreement. The recitals and all exhibits and schedules to this Agreement are part of this Agreement and are incorporated herein by this reference.

16. Entire Agreement

This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement among the Parties pertaining to the matters provided herein during the term and supersedes all prior and contemporaneous understandings or agreements of the Parties related thereto. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

17. Severability

In the event that a court of competent jurisdiction determines that a provision included in this Agreement is legally invalid or unenforceable and such decision becomes final, the Parties to this Agreement shall use their best efforts to (i) within thirty (30) days of the date of such final decision, identify by mutual agreement the provisions of this Agreement which must be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the Parties. Pending the completion of the actions designated above, to the extent it is reasonably practical and can be

done without violating any applicable provisions of law, the provisions of this Agreement, which were not found to be legally invalid or unenforceable in the final decision, shall continue in effect. If the Parties cannot agree on appropriate revisions, this Agreement shall be terminated, and the Parties will return any water owed to each other.

18. Force Majeure

All obligations of the Parties other than monetary or payment obligations shall be suspended for so long as and to the extent the performance thereof is prevented, directly or indirectly, by earthquakes, fires, tornadoes, facility failures, floods, strikes, other casualties, acts of God, orders of court or governmental agencies having competent jurisdiction, or other events or causes beyond the control of the Parties. In no event shall any liability accrue against a Party, to its officers, agents or employees, for any damage arising out of or connected with a suspension of performance pursuant to this section. All time limits to perform and the term of the Agreement shall be extended by a period of time equivalent to the length of suspension.

19. Notices

All notices, requests, and demands hereunder (Notices) shall be in writing, including electronic communications, and shall be deemed to have been duly given when delivered (or, if mailed, postage prepaid, on the third business day after mailing, if that date is earlier than actual delivery). Notices shall be sent to a Party at the address of that Party set forth below or, if such Party has furnished notice of a change of that address as herein provided, to the address of that Party most recently so furnished.

Metropolitan Water District of Southern California
Attention: General Manager
P.O. Box 54153
Los Angeles, CA 90054-0153

Eastern Municipal Water District
Attention: General Manager
P.O. Box 8300
Perris, CA 92572-8300

Inland Empire Utilities Agency
Attention: General Manager
6075 Kimball Ave.
Chino, CA 91708

Municipal Water District of Orange County
Attention: General Manager
P.O. Box 20895
Fountain Valley, CA 92708

Western Municipal Water District
Attention General Manager
14205 Meridian Pkwy
Riverside, CA 92518

20. Further Assurances

Each Party hereto, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this instrument.

21. Governing Law

The validity, construction, and enforceability of this Agreement shall be governed in all respects by the laws of the State of California.

22. Counterparts

This Agreement may be executed in two or more counterparts, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

In WITNESS WHEREOF, the Parties have caused this Agreement to be executed by the following duly authorized representatives.

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

By: _____
Jeffrey Kightlinger
General Manager

Dated

APPROVED AS TO FORM:

By: _____
Marcia L. Scully
General Counsel

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Paul D. Jones II
General Manager

Dated

APPROVED AS TO FORM:

Olivarez, Madruga, Lemieux & O'Neill

By: _____
Steven O'Neill

INLAND EMPIRE UTILITIES AGENCY

By: _____
Shivaji Deshmukh
General Manager

Dated

APPROVED AS TO FORM:

JC Law Firm

By: _____
Jean Cihigoyenetché

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

By: _____
Robert Hunter
General Manager

Dated

APPROVED AS TO FORM:

Best, Best & Krieger

By: _____
Joseph Byrne

WESTERN MUNICIPAL WATER DISTRICT

By: _____
Craig Miller
General Manager

Dated

APPROVED AS TO FORM:

Best Best & Krieger LLP

By: _____
Jeffrey F. Ferre

Appendix G: Board Policy Principles on Determining the Status of Extraordinary Supply

At the June 8, 2010 Water Planning and Stewardship Committee meeting Metropolitan's Board of Directors adopted the following policy principles to guide staff in determining the Extraordinary Supply status of future member agency supply programs.

No Negative Impacts to Other Member Agencies

A potential Extraordinary Supply for a member agency should not decrease the amount of Metropolitan water supply that would be available to the other member agencies in a WSAP. Programs that utilize Metropolitan supplies as a primary or in-lieu source or as a means of payback or future replenishment may have the effect of decreasing supplies, available to other agencies, if designated as Extraordinary Supply.

Provides Supply in Addition to Existing Regional Supplies

A potential Extraordinary Supply should provide a water supply that increases the overall water supplies that are available to the region in a WSAP. A program that is designed to move existing regional supplies from year to year would not qualify.

Specifically Designed Program or Supply Action

A potential Extraordinary Supply must be intentionally created and operated to provide additional supply yield. Normal variations in existing and planned local supply programs would not qualify.

Intended for Consumptive Use in a WSAP

A potential Extraordinary Supply should be designed with the primary intention to deliver water supply to a member agency only at a time when Metropolitan is allocating supplies. Programs designed to deliver water on a regular basis would not qualify. Exceptions for reasonable use of a supply program for emergency or other extenuating local circumstances should be considered.

Fully Documented Resource Management Actions

A potential Extraordinary Supply should have a full description as to the source, transmission, distribution, storage, and delivery of the water supply.

These principles are intended to identify deliberate actions taken by member agencies to augment supplies only when Metropolitan is allocating supplies through the WSAP. Production from existing local supplies, programs that are operated on an ongoing basis, and incidental increases in water supply would not qualify as Extraordinary Supply. The intent of the Extraordinary Supply designation is to recognize programs and actions that are additive to the total regional water supply as the region continues to confront the water supply challenges from drought and regulatory conditions. To that end, any supply actions taken after the initial implementation of the WSAP in July 2009 that utilize Metropolitan supplies either as a primary source, or to refill or replenish an incurred obligation or deficit at a future date would not qualify as Extraordinary Supply.

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EXHIBIT "C"

COORDINATED OPERATING, WATER STORAGE, EXCHANGE AND DELIVERY AGREEMENT

THIS COORDINATED OPERATING, WATER STORAGE, EXCHANGE AND DELIVERY AGREEMENT ("Agreement") is made and entered into as of April 21, 2011, by and between The Metropolitan Water District of Southern California (hereinafter, "Metropolitan"), the Municipal Water District of Orange County (hereinafter, "MWDOC") and the Irvine Ranch Water District (hereinafter, "IRWD"). Metropolitan, MWDOC, and IRWD are sometimes referred to collectively as the "Parties" and each, individually, as a "Party."

RECITALS

A. IRWD is a California water district formed and existing under the California Water District Law, Sections 34000 *et seq.* of the California Water Code, for the purpose of providing water services and certain other services. IRWD's powers and purposes include the acquisition within or without the district in the State of all necessary property or rights in property necessary or proper for the production, storage, transmission and distribution of water for irrigation, domestic, industrial and municipal purposes and the power to contract with one or more public agencies in carrying out any of its powers.

B. Metropolitan is a public agency of the State of California incorporated under the Metropolitan Water District Act, Stats. 1969, ch. 209, as amended, codified at Section 109.1 *et seq.* of Appendix to the California Water Code, engaged in transporting, storing and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura, within the State of California. Metropolitan is an SWP Contractor, as defined below.

C. MWDOC is a municipal water district formed and existing under the California Water District Law, Sections 71000 *et seq.* of the California Water Code, for purposes that include providing its member agencies in Orange County with a safe, reliable and sufficient supply of imported water.

D. MWDOC is a member agency of Metropolitan.

E. IRWD is within the service areas of Metropolitan and MWDOC and is a member agency of MWDOC.

F. IRWD has entered into an agreement with the Rosedale-Rio Bravo Water Storage District ("RRBWSD") for the development and operation of a water banking project (the "Integrated Banking Project"), consisting of recharge, storage and recovery facilities that are located on IRWD property in Kern County known as "Strand Ranch" and on other property and integrated into RRBWSD's water banking program, thereby allowing for the use of such recharge, storage and recovery facilities, together with available RRBWSD facilities, to provide IRWD with a means for acquiring, including through exchange, and regulating, through basin storage, water supplies to help meet its dry year and other water requirements.

G. IRWD's contemplated sources of water for banking in the Integrated Banking Project include State Water Project water and non-State Water Project water, such as high-flow Kern River Water and other exportable supplies.

H. IRWD desires to have a means of securing, exchanging and moving water supplies, including supplies stored in the Integrated Banking Project, to its service area.

I. Metropolitan desires to augment its water supplies and regulatory storage capacity and to ensure financial integrity and equity in the use of its delivery system.

J. The coordinated operating and exchange program implemented through this Agreement will facilitate the use of the Integrated Banking Project for storage, recovery, exchange and delivery of water in a manner that satisfies the objectives of, and provides joint benefits of increased water supply reliability and diversification to, IRWD and Metropolitan.

K. MWDOC is willing and able to provide administrative services to assist with payment, crediting and other tracking as provided herein for water delivered by means of this Agreement. This includes the transfer and pass through of water deliveries and financial considerations between IRWD and Metropolitan relative to the rights and obligations set forth in this Agreement.

L. On July 13, 2010, Metropolitan's board authorized execution of an agreement with MWDOC and IRWD for the management and use of SWP Water acquired by IRWD for the benefit of IRWD and Metropolitan.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the representations, warranties, covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereby agree to the following terms and conditions of this Agreement.

I.

DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions. As used in this Agreement, these terms, including any grammatical variations thereof, have the following meanings:

"Administrative Code" means the Metropolitan Water District Administrative Code in existence on the date of this Agreement, subject to modification to the extent provided in Paragraph 12.12 of this Agreement.

"Bank Operator" means RRBWSD and any successor thereto and any other entities that may perform a comparable function with respect to the Integrated Banking Project.

"Banking Agreement" means collectively the Agreement between RRBWSD and IRWD dated as of January 13, 2009, together with such amendments, supplements and exhibits thereto, and any replacements thereof and other agreements with a Bank Operator or participating interests therein as may become effective from time to time.

"Banking Delivery Point" means any point where water being delivered by or on behalf of IRWD or Metropolitan for recharge and banking in the Integrated Banking Project enters transportation facilities owned or operated by Bank Operator, including the Tupman Turnout (Reach 13B) on the easterly side

of the SWP facilities, the Strand Ranch Turnouts in Reach 2 of the CVC, or other points as may be designated under the Banking Agreement, or, in the case of water delivered to IRWD's banked water account in the Integrated Banking Project by exchange, the record transfer of water to such account.

"Borrowed Water" means water borrowed as described in Paragraph 3.4(e).

"Call Notice" means a notice given by IRWD pursuant to Paragraph 3.7 of its election to take a Delivery of Program Water from its storage account in the Integrated Banking Project or by redeeming accumulated Credits from the Metropolitan Delivery Account, or by a combination thereof.

"Credit" means a credit issued to MWDOC for IRWD's benefit in the Metropolitan Delivery Account pursuant to Paragraph 3.5.

"CVC" means the Cross Valley Canal facilities and appurtenances.

"Delivery of Program Water" means the delivery by Metropolitan of water to IRWD Delivery Point(s) pursuant to a Call Notice.

"DWR" means the Department of Water Resources of the State of California, or its successor agency.

"Effective Date" means the date identified in the preamble clause of this Agreement.

"Extraordinary Supply" means a supply qualifying as an extraordinary supply under the Water Supply Allocation Plan. If Metropolitan shall no longer have a Water Supply Allocation Plan, the Parties shall meet and confer in good faith to amend this definition and the provisions of this Agreement in which it is used, in order to preserve the intent of such provisions and provide an equivalent benefit to IRWD.

"Integrated Banking Project" means the project described in the Banking Agreement and such other banking assets or components or interests as IRWD may determine to operate in conjunction with the Strand Ranch recharge, storage and recovery facilities.

"IRWD Delivery Point" means any of the Metropolitan and MWDOC service connections known as CM-01A and OC-7 (from the Orange County

Feeder); CM-10, CM-12, OC-38, OC-39, OC-58 and OC-63 (from East Orange County Feeder No. 2); OC-68, OC-70 (through East Orange County Water District), OC-71, OC-72, OC73/73A, OC-74, OC-75, OC-83, OC-84 and OC-87 (from the Allen-McColloch Pipeline), OC-13/13A and OC-33/33A (from the Baker Pipeline) and any other service connection selected and operated in accordance with applicable operating rules and protocols in effect from time to time with respect to such pipelines, and any service connection used for delivery to any IRWD local storage reservoir or any other storage facility or capacity in which IRWD has a contractual or other legal right to store water.

“Local Delivery Rate” means the prevailing full-service treated volumetric charge set by Metropolitan’s Board of Directors from time to time pursuant to applicable law and regulation, generally applicable to the delivery of water by Metropolitan to its member agencies, excluding any above-allocation penalties but including any applicable pricing tier for purchases by MWDOC in effect during the month in which the relevant Delivery of Program Water is made, or if a rate designated as “Full-Service” is no longer set, the equivalent rate set by Metropolitan. If the Delivery of Program Water is untreated, the applicable full-service untreated volumetric charge would apply.

“Metropolitan Delivery Account” means an account that tracks the Credits and debits of Metropolitan Delivery.

“Metropolitan Delivery” means delivery of Program Water to Metropolitan within the Metropolitan Service Area pursuant to Paragraph 3.4(a).

“Metropolitan Delivery Notice” means a notice given by Metropolitan pursuant to Paragraph 3.5 of a Metropolitan Delivery.

“Non-SWP Water” means water other than SWP Water.

“OMP&R” means operation, maintenance, power and replacement.

“Program Water” means SWP Water placed under the right and authority of Metropolitan under Paragraph 3.1.

“RRBWSD” means the Rosedale-Rio Bravo Water Storage District, or if applicable, other Bank Operator.

“SWP” means the State Water Project.

“SWP Contractor” means any entity that has executed or is an assignee of a contract (“SWP Contract”) with DWR.

“SWP Water” means any Table A Water or Unallocated Article 21 Water.

“Table A Water” means water allocated to an SWP Contractor that is within its “Annual Table A Amount” or “annual entitlement” as those terms are defined in such SWP Contract.

“Termination Date” means November 4, 2035.

“Unallocated Article 21 Water” means water that is determined by DWR to be available and not needed to fulfill required deliveries of Table A Water to SWP Contractors, and that exceeds requests by participating SWP Contractors for allocation thereof and is offered by DWR to SWP Contractors on an unallocated basis.

“Water Supply Allocation Plan” means Metropolitan’s Water Supply Allocation Plan and exhibits thereto, as originally adopted by Metropolitan on February 12, 2008 and as amended from time to time or any equivalent plan that may be adopted by Metropolitan as a replacement thereof.

“Year” means the period commencing on the Effective Date and ending on the immediately following December 31 (the first (1st) year) and each consecutive calendar year thereafter during the term of this Agreement.

1.2 Rules of Construction.

(a) Unless the context clearly requires otherwise:

- (i) Each of the plural and singular forms includes the other;
- (ii) “Shall,” “will,” “must,” and “agrees” are each mandatory;
- (iii) “May” is permissive;
- (iv) “Or” is not exclusive;
- (v) “Includes” and “including” are not limiting;
- (vi) “Between” includes the ends of the identified range.

(b) Headings in the beginning of Articles, Paragraphs and subparagraphs are solely for the convenience of the Parties, are not a part of this Agreement and shall not be used in construing it.

(c) The masculine gender shall include the feminine and neuter genders and vice versa.

(d) The word “person” shall include individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, water district and other entity of whatever nature, except either Metropolitan, MWDOC or IRWD or an officer or employee of any of them.

(e) Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms thereof.

(f) Except as specifically provided herein, reference to any law, statute, regulation or the like means such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, including any rules and regulations promulgated thereunder.

II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Metropolitan. As a material inducement to IRWD and MWDOC to enter into this Agreement, Metropolitan represents and warrants as follows:

(a) Metropolitan is a metropolitan water district, duly organized, validly existing and in good standing under the laws of the State of California, and Metropolitan has all necessary power and authority to perform its obligations hereunder on the terms set forth in this Agreement, and the execution and delivery hereof by Metropolitan and the performance by Metropolitan of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Metropolitan is a party or by which Metropolitan is bound.

(b) This Agreement is a valid and binding agreement of Metropolitan, enforceable in accordance with its terms.

2.2 Representations and Warranties of MWDOC. As a material inducement to Metropolitan and IRWD to enter into this Agreement, MWDOC represents and warrants as follows:

(a) MWDOC is a municipal water district, duly organized, validly existing and in good standing under the laws of the State of California, and MWDOC has all necessary power and authority to perform its obligations hereunder on the terms set forth in this Agreement, and the execution and delivery hereof by MWDOC and the performance by MWDOC of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which MWDOC is a party or by which MWDOC is bound.

(b) This Agreement is a valid and binding agreement of MWDOC, enforceable in accordance with its terms.

2.3 Representations and Warranties of IRWD. As a material inducement to Metropolitan and MWDOC to enter into this Agreement, IRWD represents and warrants as follows:

(a) IRWD is a California water district, duly organized, validly existing and in good standing under the laws of the State of California, and IRWD has all necessary power and authority to perform its obligations hereunder on the terms set forth in this Agreement, and the execution and delivery hereof by IRWD and the performance by IRWD of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which IRWD is a party or by which IRWD is bound.

(b) This Agreement is a valid and binding agreement of IRWD, enforceable in accordance with its terms.

2.4 Notification Concerning Representations. After the Effective Date, each Party agrees to notify the other Parties if it discovers that any of its own representations and warranties herein were untrue when made or determines that any of its own

representations and warranties will be untrue as of any date during the term of this Agreement.

III

COORDINATED PROGRAM; PROGRAM WATER CREDITS

3.1 Program Water. IRWD may secure Program Water in accordance with the provisions of this Paragraph 3.1.

(a) Sources of Program Water. Program Water shall be SWP Water obtained through unbalanced exchanges by parties participating in IRWD water banking programs, or, subject to Metropolitan's and IRWD's mutual agreement, other exchange transactions. SWP Water shall be deemed to be Program Water whenever IRWD causes such water to be placed under the valid and continuing right and authority of Metropolitan, as transferee or exchangee, to control and/or use such water, with all necessary legal rights, entitlements, approvals and permissions under Metropolitan's SWP Contract and the laws of the State of California, if any, in full force and effect. Anything in this Paragraph to the contrary notwithstanding, no water shall be deemed to constitute Program Water as long as any person or entity other than Metropolitan holds the entitlement to such water as an exchangee or otherwise.

(b) Coordination. IRWD agrees to coordinate with Metropolitan and not to seek SWP Water that Metropolitan is actively attempting to secure on its own behalf.

(c) Available Recharge and Storage Capacity. Absent the prior written consent of Metropolitan, IRWD agrees not to obtain Program Water for delivery at any time in an amount in excess of the unused recharge or storage capacity available for recharge and/or storage of such water under Paragraph 3.4(b). The foregoing does not require the reservation by IRWD of any specific amount of recharge or storage capacity for Program Water, except as necessary to receive a delivery of Program Water when it has been obtained by IRWD and Metropolitan has not provided a written consent under the preceding sentence or provided a Metropolitan Delivery Notice for such Program Water.

3.2 Metropolitan Consent Required to Move Program Water To Its Service Area. Any agreement with another SWP Contractor that contains provisions for Program Water to be moved to Metropolitan's service area as described in Paragraph 3.11 shall require Metropolitan's prior consent. Nothing in this Agreement shall require IRWD to obtain Metropolitan's consent to obtain non-SWP Water. Nothing in this Agreement shall require IRWD to obtain Metropolitan's consent to obtain SWP Water that is not being moved to the Metropolitan service area, but if IRWD subsequently determines to enter into any transfer, exchange or other transaction to convert such SWP Water to Program Water or to move such water to the Metropolitan service area, Metropolitan's consent to such subsequent transaction shall be required.

3.3 MWDOC Participation. Whenever this Agreement refers to a transaction that requires the execution of a document, to the extent such document is legally required to be executed by a Metropolitan member agency in addition to or on behalf of IRWD, each such reference shall be deemed to refer to MWDOC acting jointly with IRWD or MWDOC acting on behalf of IRWD or for IRWD's account, and MWDOC agrees to be a named participant in such a transaction on behalf of or in addition to IRWD and to cooperate with Metropolitan and IRWD in processing any documentation in good faith and in a timely fashion so as to accomplish the purposes of this Agreement.

3.4 Metropolitan Options For Use of Program Water. Metropolitan shall be entitled to use or cause Program Water to be used in accordance with the following provisions:

(a) Metropolitan Delivery. Metropolitan may take delivery or cause the delivery of Program Water for immediate use in its service area or to store the Program Water in any water storage reservoir or storage program or capacity therein within the Metropolitan service area. Such delivery shall constitute a Metropolitan Delivery. Metropolitan shall not be required to reserve or make available storage capacity in Metropolitan's distribution system for the storage of Program Water.

(b) Banking. Subject to the limitations of Paragraph 4.1, Metropolitan may take delivery of Program Water to storage in the Integrated Banking Project, by delivering the same to a Banking Delivery Point.

(c) Other Use. Metropolitan may deliver or dispose of Program Water in a manner other than as described in clauses (a) and (b) of this Paragraph subject to the prior mutual agreement of Metropolitan and IRWD.

(d) Limitations and Priorities. IRWD's call for Program Water shall have priority over a Metropolitan Delivery or a Metropolitan delivery to storage in the Integrated Banking Project if IRWD delivers a Call Notice specifying such water on or before the thirtieth (30th) calendar day prior to the transfer of the water into Metropolitan's control within the meaning of Paragraph 3.1(a). IRWD's call for Program Water in storage in the Integrated Banking Project pursuant to a Call Notice delivered on or before June 1 of any Year shall have priority over a Metropolitan Delivery Notice for that Program Water in the same Year to the extent there is insufficient Program Water in storage in the Integrated Banking Project and Metropolitan Delivery Account to satisfy both the Call Notice and the Metropolitan Delivery Notice. The foregoing priority limitations are in addition to the priority limitations on use of recovery facilities and scheduling set forth in Paragraph 4.2.

(e) Metropolitan Borrowing of Water; Borrowing. Any time Metropolitan receives a Metropolitan Delivery, Metropolitan may designate a portion of the water delivered to be borrowed by Metropolitan pursuant to the limitations in this Paragraph. Any Borrowed Water will accrue to the Metropolitan Delivery Account, but delivery of the Borrowed Water to IRWD through a Delivery of Program Water may be deferred until the Borrowed Water is replaced pursuant to Paragraph 3.6, but not longer than three years. In any Year, Metropolitan shall not borrow more than the lesser of 17,500 acre feet or one-third (1/3) of the aggregate amount at the beginning of the Year of Program Water stored in the Integrated Banking Project and Program Water held in the Metropolitan Delivery Account, and shall be subject to the following further limitations: (i) the borrowing of Program Water shall at any time be permitted only to the extent it would not reduce the combined amount of Program Water and Non-SWP Water then remaining in storage in the Integrated Banking Project and Metropolitan Delivery Account to below the amount of IRWD's maximum

annual recovery right from the Integrated Banking Project under the Banking Agreement; and (ii) no borrowing of additional Program Water by Metropolitan shall occur in the third Year after borrowing the Program Water.

3.5 Accrual of Program Water in Metropolitan Delivery Account.

MWDOC shall receive, solely and exclusively for IRWD's benefit, Credits to the Metropolitan Delivery Account at the time that Metropolitan opts to take delivery of Program Water under Paragraph 3.4(a). Such Credits shall be stated in an acre-foot amount as determined by DWR and/or by other accounting methods as mutually determined by the Parties. Upon each Metropolitan Delivery, Metropolitan shall promptly issue a Metropolitan Delivery Notice in writing to MWDOC, with a copy to IRWD, identifying the following determined in the manner specified in this Paragraph: (i) the quantity in acre-feet of Program Water delivered as a Metropolitan Delivery, (ii) whether such Program Water is from the Integrated Banking Project, and (iii) the quantity of Program Water, if any, that is Borrowed Water and the date that it is borrowed pursuant to Paragraph 3.4(e). A Metropolitan Delivery Notice shall be effective as provided in Paragraph 12.5.

3.6 Reduction of Metropolitan Delivery Account Balance by Delivery of Program Water to Integrated Banking Project. Metropolitan may deliver SWP Water to the Integrated Banking Project to replace Borrowed Water or debit the balance of the Metropolitan Delivery Account to the extent that the Integrated Banking Project storage capacity is available. Any water so delivered shall be applied first, to replace any Borrowed Water by debiting the balance of the Metropolitan Delivery Account that constitutes Borrowed Water and second, to debit the balance of the Metropolitan Delivery Account that does not constitute Borrowed Water.

3.7 Use of Program Water By IRWD – Call. IRWD shall be entitled to obtain Delivery of Program Water at IRWD Delivery Point(s) in accordance with the following provisions:

(a) Maximum Use. During any Year, subject to the limitations specified herein, IRWD may call for delivery of Program Water stored in the Integrated Banking Project, from the Metropolitan Delivery Account, or any combination thereof. A call by IRWD for Delivery of Program Water may be

made up to the amount of IRWD's then unused annual recovery right (in AFY) for that Year in the Integrated Banking Project, not including Borrowed Water during the period for which delivery to IRWD is deferred pursuant to Paragraph 3.4(e) following the date that it was borrowed.

(b) Call Notice. To exercise its rights under this Paragraph, IRWD shall issue a Call Notice in writing to Metropolitan, with a copy to MWDOC, (i) identifying in acre-feet the quantity of Program Water to be delivered, (ii) specifying the delivery schedule for the called amount and the IRWD Delivery Points, and (iii) if applicable, identifying another MWDOC member agency to which that Program Water is to be delivered with the approval of MWDOC; provided, IRWD shall have no obligation to deliver Program Water to another MWDOC member agency. A Call Notice shall be effective as provided in Paragraph 12.5. Unless Metropolitan determines otherwise, called Program Water shall be taken first from the Integrated Banking Project and, to the extent additional Program Water is needed, then from the Metropolitan Delivery Account. Metropolitan shall not be required to provide any Program Water from the Metropolitan Delivery Account to satisfy a Call Notice unless all of Program Water in the Integrated Banking Project has been called by IRWD and/or taken as Metropolitan Deliveries.

(c) Time Limit on Recovery. If and to the extent a Call Notice is issued by IRWD for delivery of Program Water stored in the Integrated Banking Project, IRWD shall complete the recovery of such water from the Integrated Banking Project within the same Year or as otherwise mutually agreed by Metropolitan and IRWD. IRWD shall be entitled to receive the Delivery of Program Water upon giving the Call Notice, subject only to the timing provisions as set forth in Section 5.1. The Delivery of Program Water shall not be delayed or otherwise affected by the timing of such recovery within the same Year or as otherwise mutually agreed by Metropolitan and IRWD.

3.8 Metropolitan Conveyance System Capacity. To the extent necessary to deliver Program Water into or out of the Integrated Banking Project and to make a Program Water Delivery, Metropolitan will use its unused capacity in SWP and Kern

County conveyance facilities as well as Metropolitan's transportation system as determined by Metropolitan's General Manager.

3.9 Use of Integrated Banking Project for Storage of Non-SWP Water -- Wheeling The Parties understand that IRWD anticipates storing Non-SWP Water for later delivery and use. The Parties agree that nothing in this Agreement shall interfere with IRWD's use of the Integrated Banking Project unless it would conflict with the terms of this Agreement. The Parties also agree that the use of Metropolitan's transportation system to wheel any Non-SWP water stored by IRWD in the Integrated Banking Project shall be governed by the California Water Code provisions dealing with wheeling, Metropolitan's Administrative Code and Metropolitan's wheeling policies in effect at the time the water is wheeled.

3.10 Program Water Receipt Account Balance. MWDOC shall keep books and records sufficient to track the Delivery of the Program Water to the IRWD Delivery Point, which books and records shall be open to inspection by IRWD and Metropolitan at any time upon reasonable notice. Metropolitan shall keep books and records sufficient to track Metropolitan Deliveries, Program Water in the Metropolitan Delivery Account and Borrowed Water, which books and records shall be open to inspection by IRWD and MWDOC at any time upon reasonable notice. The accounting for the Metropolitan Delivery Account will be on a first-in, first-out basis.

IRWD shall keep books and records sufficient to track the storage of Program Water in and recovery of Program Water from the Integrated Banking Project, which books and records shall be open to inspection by MWDOC and Metropolitan at any time upon reasonable notice. The accounting for the Integrated Banking Project will be on a first-in, first-out basis.

Program Water shall be stated in acre feet (AF). The Parties agree to cooperate in developing coordinated administrative procedures for the tracking required in this Paragraph and such other recordkeeping and accounting procedures as may be necessary or desirable to implement this Agreement. The Parties agree to exchange such tracking records at the end of each Year.

3.11 Metropolitan Control of Service Area Supplies. Program Water that is delivered to the Metropolitan service area shall be under the control of Metropolitan.

Nothing herein shall authorize or entitle Metropolitan to control any Non-SWP Water or any water owned by an IRWD exchange and/or water banking partner.

IV

USE OF PROGRAM STORAGE

4.1 Storage of Water In the Integrated Banking Project. Storage of water in the Integrated Banking Project shall be in accordance with (a), (b), (c) or (d) of this Paragraph and in each case shall also be subject to (e) and (f) of this Paragraph.

(a) On Behalf of Metropolitan – Program Water. Program Water obtained by IRWD on behalf of Metropolitan may be stored in accordance with Paragraph 3.4(b). Program Water may be made available through exchanges or other transactions that facilitate recharge and/or exportability of water.

(b) By Metropolitan – Reduction of Metropolitan Delivery Account Balance. Metropolitan may place water into IRWD's storage account in the Integrated Banking Project for the purpose of reducing the amount in the Metropolitan Delivery Account, in accordance with Paragraph 3.6.

(c) By IRWD – SWP Water. IRWD may store SWP Water on behalf of IRWD's exchange and/or water banking partners, including water stored on behalf of other SWP Contractors serving as transferee or exchangee.

(d) By IRWD – Non-SWP Water. IRWD may store Non-SWP Water secured by IRWD on its own behalf, on behalf of assignees permitted under the Banking Agreement, or on behalf of exchange and/or water banking partners, or in any other manner not inconsistent with this Agreement or the Banking Agreement.

(e) Limitation. Storage in the Integrated Banking Project shall be subject to RRBWSD's rights and IRWD's obligations under the Banking Agreement, and shall be limited at any given time to the then-available unused recharge and storage capacity in IRWD's account in the Integrated Banking Project, as determined by IRWD. At no time, shall more than 50,000 acre-feet of Program Water be stored in the Integrated Banking Project without the prior written consent of Metropolitan. Subject to Paragraph 3.1(c), IRWD is not

required to reserve or make available any unused recharge or storage capacity for recharge and/or storage under (a) or (b) of this Paragraph, and nothing herein shall preclude or limit IRWD's or its assignees' use of its Integrated Banking Project rights and the then-available capacity to recharge, store and recover water, or for the benefit of any persons with whom IRWD may transact exchanges and/or water banking partnerships.

(f) Losses. IRWD shall bear the one-time 11% - 15 % storage losses assessed in the Integrated Banking Project, and IRWD shall retain all rights associated with the losses under the Banking Agreement. To the extent not included within the losses described in the preceding sentence, IRWD shall bear conveyance losses with respect to water conveyed to the Integrated Banking Project for recharge. No storage or other losses shall be applied to Program Water in Metropolitan's distribution system. Metropolitan shall be responsible for any conveyance or storage losses associated with the Integrated Banking Project if Metropolitan's cumulative Metropolitan Deliveries cycle the Program Water more than one time through the Integrated Banking Project.

4.2 Recovery of Water From the Integrated Banking Project. Recovery of water from the Integrated Banking Project shall be in accordance with (a), (b) or (c), and in each case shall also be subject to (d), (e) and (f) of this Paragraph.

(a) By Metropolitan. Metropolitan shall have the right to recover only Program Water from the Integrated Banking Project. IRWD shall provide any consents and approvals as may be necessary to facilitate such recovery pursuant to IRWD's recovery rights set forth in the Banking Agreement.

(b) By IRWD – SWP Water. IRWD shall have right to recover any Program Water from the Integrated Banking Project. IRWD may make Program Water available through exchanges or other transactions that facilitate recovery and/or export of water. In addition, IRWD shall have the right to recover SWP Water that was stored in the Integrated Banking Project on behalf of its exchange partners and/or other water banking partners.

(c) By IRWD – Non-SWP Water. IRWD shall retain the sole and exclusive right to recover water from the Integrated Banking Project that constitutes Non-SWP Water under Paragraph 4.1(d).

(d) Preference For Recovery By Exchange. Metropolitan and IRWD agree that in recovering SWP Water pursuant to this Paragraph, each shall give preference to making such recoveries by in-lieu exchange rather than by extraction.

(e) Limitations. Metropolitan's recovery under (a) and IRWD's recovery under (b) or (c) of this Paragraph shall be subject to RRBWSD's rights and IRWD's obligations under the Banking Agreement, and shall be limited at any given time to the then-available unused recovery capacity in the Integrated Banking Project, as determined by IRWD. Recovery by delivery under (a), (b) and (c) of this Paragraph shall be further limited by any requirements established by DWR for the introduction of such water into the California Aqueduct.

(f) Priority In Use of Integrated Banking Project Recovery Facilities. Metropolitan's use of the Integrated Banking Project recovery facilities shall be subject to IRWD's first priority use of such recovery facilities on behalf of itself and on behalf of IRWD's exchange and/or water banking partners. Such priority shall be implemented on a coordinated basis in conjunction with IRWD's annual scheduling as required under the Banking Agreement. For such purpose, Metropolitan shall submit to IRWD its desired recovery amount and timing for each Year by March 1 of that Year, in order to permit IRWD to develop and timely submit a preliminary recovery and delivery schedule to RRBWSD. IRWD shall incorporate and reconcile Metropolitan's submittal with IRWD's planned recovery amount and timing for such Year on behalf of itself and its exchange and/or water banking partners, and in such reconciliation IRWD shall resolve any conflicts in accordance with the priority stated in this Paragraph. IRWD shall notify Metropolitan of the resulting coordinated and reconciled recovery schedule upon IRWD's receipt of confirmation of the schedule from RRBWSD. The Parties acknowledge that RRBWSD's obligation under the Banking Agreement to meet such schedules is on a best efforts basis.

V

DELIVERED WATER

5.1 Delivery. Metropolitan shall implement the Delivery of Program Water pursuant to a Call Notice subject to the provisions of this Paragraph.

(a) Manner of Delivery. Except as may otherwise be provided in this Agreement, Delivery of Program Water shall be governed by Metropolitan's rules and regulations for delivery of water set forth in Chapter 5 of Division IV of the Administrative Code in the same manner as other water delivered by Metropolitan to the IRWD Delivery Points.

(b) Delivery Facilities. Delivery of Program Water shall be made at IRWD Delivery Points. Subject to clause (d) below, Metropolitan is not required to use any particular facilities for the Delivery of Program Water. Delivery of Program Water is further subject to Paragraph 3.8 in regard to availability of Metropolitan transportation system capacity.

(c) Temporary Interruption. Metropolitan's Chief Executive Officer shall have the right to control, curtail, interrupt or suspend the Delivery of Program Water in accordance with the Administrative Code. IRWD understands that any number of factors, including emergencies, inspection, maintenance or repair of Metropolitan facilities or State Water Project facilities, may result in a temporary and incidental modification of scheduled Delivery of Program Water. Metropolitan shall notify IRWD through MWDOC of any control, curtailment, interruption, or suspension of Delivery of Program Water in accordance with and to the same extent and manner set forth in the Administrative Code for other water served by Metropolitan to the IRWD Delivery Points. Metropolitan agrees that Delivery of Program Water shall be resumed as soon as possible following any such curtailment, interruption or suspension of delivery. Unless Metropolitan is otherwise relieved of its obligations under the provisions of this Agreement, a curtailment, interruption or suspension of the Delivery of Program Water pursuant to this clause shall not discharge any unperformed obligation for the Delivery of Program Water.

(d) Scheduling. IRWD, in coordination with MWDOC as applicable, shall have the same rights and obligations with respect to ordering, scheduling, curtailing, interrupting, or suspending the Delivery of Program Water as it has with respect to any other water delivered by Metropolitan at the IRWD Delivery Points.

(e) Measurement of Quantity. Delivery of Program Water shall be deemed to be completed by Metropolitan when the quantity delivered, as metered at the requested IRWD Delivery Points as provided in the Administrative Code, is equal to the quantity specified in the applicable Call Notice. If during any Metropolitan billing period, IRWD receives deliveries of water at the IRWD Delivery Points in an aggregate amount greater than the amount of the Delivery of Program Water to be made pursuant to an outstanding Call Notice, then for billing purposes, the water delivered during such billing period shall be allocated first, to the Call Notice, and second, to Metropolitan/MWDOC deliveries other than under this Agreement.

(f) Quality. Delivery of Program Water shall be governed by the same quality requirements that apply to the quality of any other water that may be delivered by Metropolitan to the IRWD Point(s) of Delivery.

5.2 Independent Local Supply. Irrespective of any Metropolitan pricing tier which may be in effect and applicable to the Local Delivery Rate paid for any Delivery of Program Water, Delivery of Program Water shall not be counted as water delivered by Metropolitan for purposes of aggregating the total of Metropolitan water delivered to MWDOC under a pricing tier.

5.3 Extraordinary Supply; Water Supply Allocation Plan. The Delivery of Program Water shall qualify as Extraordinary Supply provided the Integrated Banking Project is operated consistent with the Water Supply Allocation Plan principles governing Extraordinary Supply. Nothing in this Agreement precludes Non-SWP Water from qualifying as Extraordinary Supply under the Water Supply Allocation Plan if the Non-SWP Water otherwise would qualify absent this Agreement.

5.4 Delivery to Extraordinary Supply Programs. If IRWD takes a Delivery of Program Water and directs such water to an Extraordinary Supply program consistent

with the principles in the Water Supply Allocation Plan, such as a qualified Extraordinary Supply program using IRWD storage facilities, a consumptive use of that Delivery of Program Water shall not be deemed to occur until such water is withdrawn by IRWD from the Extraordinary Supply program.

5.5 MWDOC To Pass Through Extraordinary Supply Benefits. MWDOC shall pass through to IRWD the applications of Extraordinary Supply under Paragraph 5.3, without alteration or limitation, except for any retail impact adjustments and adjustments for conservation hardening credits relating to Extraordinary Supply that are generally applicable and computed in a manner consistent with such adjustments applied to Extraordinary Supply of other MWDOC member agencies, pursuant to the Water Supply Allocation Plan and any MWDOC water supply allocation plan as amended from time to time.

VI

WATER STORAGE, RECOVERY AND DELIVERY COSTS

6.1 Costs For Conveyance of Program Water. The costs associated with conveyance of water under this Agreement shall be allocated and paid as provided in this Paragraph.

(a) Delivery to Metropolitan Service Area. All DWR Variable OMP&R charges associated with delivery of Program Water to Metropolitan's service area shall be paid by Metropolitan.

(b) Delivery to Integrated Banking Project. IRWD shall pay all the costs, including DWR administrative charges, DWR Variable OMP&R charges and CVC power charges associated with delivery of any Program Water to a Banking Delivery Point for storage in the Integrated Banking Project. IRWD shall also pay RRBWSD's applicable charges, including administrative charges, for such delivery. After a Delivery of Program Water is made, IRWD shall be reimbursed by Metropolitan for the actual DWR Variable OMP&R charges that were paid by IRWD for delivery of that Program Water to the Integrated Banking Project. Metropolitan shall be responsible for all conveyance charges, including DWR Variable OMP&R charges, CVC power charges, and RRBWSD's applicable

charges, associated with delivery of Program Water to the Integrated Banking Project, if Metropolitan's cumulative Metropolitan Deliveries cycle Program Water more than one time through the Integrated Banking Project.

(c) Recovery From Integrated Banking Project. The Party recovering water from the Integrated Banking Project (Metropolitan under Paragraph 4.2(a) or IRWD under Paragraph 4.2(b) or 4.2(c), as the case may be) shall pay the applicable costs charged by RRBWSD pursuant to the Banking Agreement for recovery by in-lieu exchange or by extraction, including Administrative Charges as specified therein. IRWD shall reimburse Metropolitan for the applicable costs incurred by Metropolitan to recover the Program Water, should Metropolitan complete the Delivery of Program Water without the same Program Water being returned to the Integrated Banking Project.

(d) Metropolitan's Kern County Conveyance. For purposes of obtaining delivery of Program Water into or out of the Integrated Banking Project, IRWD shall reimburse Metropolitan for the marginal costs to transport Program Water using Metropolitan's rights to Kern County conveyance facilities.

6.4 Capital Costs. Metropolitan and MWDOC shall have no responsibility for the payment of capital costs incurred with respect to the development of the Integrating Banking Project facilities.

VII

PAYMENTS FOR WATER DELIVERED TO IRWD

7.1 Local Delivery Rate. MWDOC shall pay Metropolitan the Local Delivery Rate for each acre-foot of Delivery of Program Water. IRWD shall pay MWDOC the Local Delivery Rate for each acre-foot of Delivery of Program Water, plus MWDOC's current or future customary charges used to recover administrative costs incurred by MWDOC in connection with delivering water to its member agencies, which is currently a surcharge of \$6.75 per acre-foot.

7.2 Metropolitan and MWDOC Invoicing and Payment. Metropolitan shall mail monthly invoices to MWDOC in accordance with the Administrative Code, and MWDOC shall make monthly payments of amounts due pursuant to Paragraph 7.1 in

accordance with the Administrative Code. In its invoicing to MWDOC for deliveries of water, Metropolitan shall separately identify any quantities of delivered water constituting Delivery of Program Water, determined as provided in Paragraph 5.1(e). MWDOC shall mail monthly invoices to IRWD in accordance with its generally applicable invoicing procedures, and IRWD shall make monthly payments of amounts due pursuant to Paragraph 7.1 in accordance with MWDOC's generally-applicable procedures. In its invoicing to IRWD for water deliveries, MWDOC shall separately identify any quantities of delivered water constituting Delivery of Program Water, as indicated on Metropolitan's invoice. MWDOC shall pass through the Local Delivery Rate, as indicated on Metropolitan's invoice, and shall not increase such rates or assess any additional charges except for the applicable MWDOC administrative charges specified in Paragraph 7.1.

7.3 Applicable Procedures. Unless otherwise provided for in this Agreement, all Metropolitan invoicing, billing and crediting processes shall be in accordance with generally applicable rules and regulations established from time to time by Metropolitan as reflected in the Administrative Code, and all MWDOC invoicing, billing and crediting processes shall be in accordance with the generally applicable rules and regulations established from time to time by MWDOC.

7.4 Reimbursement of Costs Between IRWD and Metropolitan.
The Parties may mutually agree to a method for direct reimbursement, without using pass-through invoicing by Metropolitan and MWDOC.

VIII TERM

8.1 Commencement and Expiration. This Agreement shall become effective on the Effective Date and shall expire on the Termination Date.

8.2 Early Termination. This Agreement may be terminated with the mutual written agreement of the Parties.

8.3 Force Majeure.

(a) If the performance, in whole or in part, of the obligations of the respective Parties, or any of them, to make any Delivery of Program Water under

this Agreement is prevented by acts or failures to act of any agency, court or other government authority (other than the Parties), or any other person; by natural disaster (such as earthquake, fire, drought or flood), contamination or outbreak of a water borne disease, war, strike, lockout, act of God, act of civil or military authority; by the operation of applicable law; or by any other cause beyond the control of the affected Party or Parties, whether similar to the causes specified herein or not, then, in any such circumstances, the obligation of the affected Party or Parties to make such Delivery of Program Water under this Agreement shall be suspended from the time and to the extent that the performance thereof is prevented, but reasonable diligence shall be observed by the affected Party or Parties, so far as it lies in their power, in performing such respective obligations in whole or in part under this Agreement. In the event such performance of any of the Parties under this Agreement is prevented as described above, then during the period of such prevention, performance by the non-affected Party under this Agreement shall be excused until such prevention ceases, at which time all the Parties shall become obligated to resume and continue performance of their respective obligations hereunder during the term of this Agreement. Notwithstanding the foregoing, no such prevention shall suspend or otherwise affect any payment obligations for Delivery of Program Water actually completed or any obligation of any Party to indemnify the other Parties pursuant to Paragraph 12.10, or shall extend the term of this Agreement beyond the Termination Date, except as provided in clause (b) of this Paragraph.

(b) In the event that the Delivery of Program Water is prevented as described in clause (a) of this Paragraph, the term of this Agreement shall be extended, for a period not to exceed five Years, without the necessity for further action on the part of any Party, unless the Parties mutually agree to a longer period, if and to the extent necessary to permit Metropolitan to return Program Water that was taken as a Metropolitan Delivery pursuant to Paragraph 3.6 or to complete the Delivery of Program Water pursuant to a Call Notice in the quantity required to discharge all Program Water remaining in the Metropolitan Delivery Account balance.

8.4 Survival. Notwithstanding the foregoing or anything to the contrary in this Agreement, any outstanding payment obligation under Articles VI and VII, and the provisions in Paragraphs 11.6, 12.2, 12.3, 12.8, 12.10 and 12.15 and Articles IX and X shall survive the expiration or termination of this Agreement.

IX

ADDITIONAL COVENANTS AND CONDITIONS

9.1 Applicable Laws. This Agreement and the actions described herein are contingent upon and subject to compliance with all applicable laws.

9.2 No Effect on Ownership of Facilities or Capacity in Facilities. Neither IRWD nor MWDOC shall acquire or be deemed to have acquired any ownership, capacity rights, security interest or any dedicated interest in any Metropolitan storage, transmission or other facilities as a result of any provision of this Agreement. Neither Metropolitan nor MWDOC shall acquire or be deemed to have acquired any ownership, capacity rights, security interest or any dedicated interest in any IRWD or RRBWSD water banking or other facilities as a result of any provision of this Agreement.

9.3 Covenants of Good Faith. This Agreement is subject to reciprocal obligations of good faith and fair dealing.

9.4 CEQA Compliance. On May 27, 2008, RRBWSD certified an environmental impact report ("Project EIR") for the Integrated Banking Project and subsequently on said date IRWD approved the Project EIR as a responsible agency. The Project EIR evaluated the delivery of water from the Integrated Banking Project to IRWD for use in the IRWD service area. The Parties agree to cooperate in obtaining further CEQA compliance or any permits, regulatory approvals or agreements to the extent required for the implementation of this Agreement.

9.5 Costs and Expenses. Except as provided in Articles VI and VII, each Party shall bear its own costs and expenses incurred in connection with the negotiation, execution and implementation of this Agreement and in obtaining related agreements, permits and regulatory approvals.

9.6 No Impact on Banking Agreement. Nothing in this Agreement shall be construed to amend the Banking Agreement.

9.7 Mutual Agreements In Writing. The terms of all mutual agreements reached between two or all of the Parties, as contemplated in this Agreement, shall be reduced to writing, and copies of each such mutual agreement shall be provided to all of the Parties prior to the commencement of the actions provided for in such mutual agreement.

X

DISPUTE RESOLUTION

10.1 Reasonable Best Efforts to Resolve by Negotiation. The Parties shall exercise reasonable best efforts to resolve all disputes arising under this Agreement through negotiation. In the event negotiation is unsuccessful, then the Parties reserve their respective rights to all legal and equitable remedies.

XI

EVENTS OF DEFAULT; REMEDIES

11.1 Events of Default by IRWD. Each of the following constitutes an Event of Default by IRWD if not cured within 30 days of receiving notice from Metropolitan or MWDOC of such matter:

- (a) IRWD fails to perform or observe any term, covenant or undertaking that it is to perform or observe under this Agreement.
- (c) Any representation or warranty made by IRWD and contained in this Agreement or in any exhibit, certificate or other document furnished pursuant to this Agreement is on the date made or later proves to be false, misleading or untrue in any material respect.

11.2 Events of Default by Metropolitan. Each of the following constitutes an Event of Default by Metropolitan if not cured within 30 days of receiving notice from IRWD or MWDOC of such matter:

- (a) Subject to Paragraphs 8.3 and 9.1, Metropolitan fails to complete a Delivery of Program Water as required under this Agreement.
- (b) Metropolitan fails to perform or observe any other term, covenant or undertaking that it is to perform or observe under this Agreement.

(c) Any representation or warranty made by Metropolitan and contained in this Agreement or in any exhibit, certificate or other document furnished pursuant to this Agreement is on the date made or later proves to be false, misleading or untrue in any material respect.

11.3 Events of Default by MWDOC. Each of the following constitutes an Event of Default by MWDOC if not cured within 30 days of receiving notice from IRWD or Metropolitan of such matter:

(a) MWDOC fails to pass through a consideration from Metropolitan to IRWD or from IRWD to Metropolitan as required in this Agreement.

(b) MWDOC fails to perform or observe any other term, covenant or undertaking that it is to perform or observe under this Agreement.

(c) Any representation or warranty made by MWDOC and contained in this Agreement or in any exhibit, certificate or other document furnished pursuant to this Agreement is on the date made or later proves to be false, misleading or untrue in any material respect.

11.4 Remedies Generally. If an Event of Default occurs, a non-breaching Party will have all rights and remedies provided at law or in equity against the breaching Party.

11.5 Specific Performance. Any Event of Default as defined in Paragraph 11.2(a) may be remedied by an order of specific performance.

11.6 Cumulative Rights and Remedies. The Parties do not intend that any right or remedy given to a Party on the breach of any provision of this Agreement be exclusive; each such right or remedy is cumulative and in addition to any other right or remedy provided in this Agreement or otherwise available at law or in equity. If the non-breaching Party fails to exercise or delays in exercising any such right or remedy, the non-breaching Party does not thereby waive that right or remedy. In addition, no single or partial exercise of any right, power or privilege precludes any other or further exercise of a right, power or privilege granted by this Agreement or otherwise.

11.7 Action or Proceeding Among the Parties. Each Party acknowledges that it is a "local agency" within the meaning of Section 394(c) of the California Code of Civil Procedure ("CCP"). Each Party further acknowledges that any action or proceeding commenced by one Party against another Party would, as a matter of law, be subject to

- (a) transfer to a “neutral county,” or instead
- (b) assignment of a disinterested judge from a “neutral county” by the Chairman of the Judicial Council to hear the action or proceeding.
- (c) A “neutral county” is any county other than Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara and Ventura.

In the event an action is filed by any Party against another Party to enforce this Agreement and to obtain damages for its alleged breach, each Party hereby:

- (d) Stipulates to the transfer of the action or proceeding to a “neutral county” or to assignment of a disinterested judge from a “neutral county” to hear the action or proceeding;
- (e) Waives the usual notice required under the law-and-motion provisions of Rule 3.1300 of the California Rules of Court;
- (f) Consents to having any motion under CCP Section 394(c) heard with notice as an *ex parte* matter under Rule 3.1200-1207 of the California Rules of Court; and
- (g) Acknowledges that this Agreement, and in particular this Paragraph, may be submitted to the court as part of the moving papers.
- (h) Nothing in this Paragraph, however, shall impair or limit the right of a Party to contest the suitability of any particular county to serve as a “neutral county” or operate as a waiver by a Party of any other right.

XII

GENERAL PROVISIONS

12.1 No Third-Party Rights. This Agreement is made solely for the benefit of the Parties and their respective permitted successors and assigns (if any). Except for such a permitted successor or assign, no other person or entity may have or acquire any right by virtue of this Agreement.

12.2 Ambiguities. Each Party and its counsel have participated fully in the drafting, review and revision of this Agreement. No rule of construction to the effect that

ambiguities are to be resolved against the drafting Party shall be applied in the interpretation of this Agreement or any amendments or modifications thereof.

12.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflict of laws provisions.

12.4 Binding Effect; No Assignment. This Agreement is and will be binding upon and will inure to the benefit of the Parties and the legal successors and assigns of their assets and liabilities by operation of law. Other than as contemplated in the preceding sentence, no Party may assign any of its rights or delegate any of its duties under this Agreement. Any assignment or delegation made in violation of this Agreement is void and of no force and effect.

12.5 Notices. All notices, requests, demands, or other communications under this Agreement must be in writing and sent to each Party. Notice will be sufficiently given for all purposes as follows:

- *Personal Delivery*. When personally delivered to the recipient. Notice is effective on delivery.
- *First-Class Mail*. When mailed first-class, postage prepaid, to the last address of the recipient known to the Party giving notice. Notice is effective three days after the postmark date.
- *Certified Mail*. When mailed certified mail, return receipt requested. Notice is effective on receipt, if a return receipt confirms delivery.
- *Overnight Delivery*. When delivered by an overnight delivery service such as Federal Express, charges prepaid or charged to the sender's account. Notice is effective on delivery, if delivery is confirmed by the delivery service.
- *Facsimile Transmission*. Notice is effective on receipt, provided that a copy is mailed by first-class mail on the facsimile transmission date.
- *Electronic Mail*. Notice is effective on receipt, provided that a copy is mailed by first-class mail on the electronic mail date.

Addresses for purposes of giving notice are as follows:

To Metropolitan:	Metropolitan Water District of Southern California Attn: General Manager
Address for U.S. Mail	P.O. Box 54153 Los Angeles, CA 90054-0153
Address for personal or overnight delivery	700 North Alameda Street Los Angeles, CA 90012-2944 Telephone: 213-217-6950
With a copy delivered by the same means and at the same address to	Metropolitan Water District of Southern California Attn: General Counsel
Address for facsimile	213-217-6890
Address for e-mail	jroberts@mwdh2o.com

To MWDOC:	Municipal Water District of Orange County Attn: General Manager
Address for U.S. Mail	18700 Ward Street Fountain Valley, CA 92708
Address for personal or overnight delivery	18700 Ward Street Fountain Valley, CA 92708 Telephone:
With a copy delivered by the same means to	McCormick, Kidman & Behrens 650 Town Center Drive, Suite 100 Costa Mesa, CA 92626-1989 Attn: Russell G. Behrens
Address for facsimile	714-964-9389
Address for e-mail	khunt@mwdoc.com , with a copy to rbehrens@mkblawyers.com

To IRWD:	Irvine Ranch Water District Attn: General Manager
Address for U.S. Mail	P.O. Box 57000 Irvine, CA 92619-7000
Address for personal or overnight delivery	15600 Sand Canyon Avenue Irvine, CA 92618
With a copy delivered by the same means to	Bowie, Arneson, Wiles & Giannone 4920 Campus Drive Newport Beach, CA 92660 Attn: Joan Arneson
Address for facsimile	949-453-1228
Address for e-mail	JONES@irwd.com , with a copy to WEGHORST@irwd.com

(a) A correctly addressed notice that is refused, unclaimed or undeliverable because of an act or omission by the Party to be notified will be

deemed effective as of the first date that notice was refused, unclaimed or undeliverable by the postal authorities, messenger, or overnight delivery service.

(b) A Party may change its address by giving the other Parties notice of the change in any manner permitted by this Agreement.

12.6 Entire Agreement. This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement among the Parties pertaining to its subject matter and supersedes all prior and contemporaneous understandings or agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

12.7 Time of the Essence. If the day on which performance of any act or the occurrence of any event hereunder is due is not a business day, the time when such performance or occurrence shall be due shall be the first business day (as defined in Section 4507 of the Administrative Code) occurring after the day on which performance or occurrence would otherwise be due hereunder. All times provided in this Agreement for the performance of any act will be strictly construed, time being of the essence of this Agreement.

12.8 Modification.

(a) Written Agreement Required. This Agreement may be supplemented, amended or modified only by the written agreement of the Parties. No supplement, amendment or modification will be binding unless it is in writing and signed by all of the Parties.

(b) Reopening of Agreement. The Parties agree to meet and confer in good faith to negotiate amendments to preserve the intent of this Agreement in the event that a change to the Administrative Code, Metropolitan's rate structure design, Water Supply Allocation Plan, legislative change or other change of an institutional nature materially alters the consideration for this Agreement.

(c) Conformance to Other Agreement. If concurrent with or after the execution of this Agreement by Metropolitan, Metropolitan shall execute any other agreement, with a counterparty who is a Metropolitan member agency and/or an agency providing water service within the service area of Metropolitan

and that, on the whole, contains terms more favorable to the counterparty agency than this Agreement, then at IRWD's election, terms comparable to those in the other agreement's more favorable terms shall be deemed to be automatically inserted or substituted, as the case may be, into this Agreement, including elimination of unfavorable terms that are absent from the other agreement.

12.9 Waiver. No waiver of a breach, failure of condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the Party waiving the breach, failure, right or remedy. No waiver of a breach, failure of condition, right or remedy is or may be deemed a waiver of any other breach, failure, right or remedy, whether similar or not. In addition, no waiver will constitute a continuing waiver unless the writing so specifies.

12.10 Indemnification.

(a) Metropolitan shall indemnify IRWD and MWDOC pursuant to Section 4502 of the Administrative Code against liability in connection with Metropolitan's Delivery of Program Water to the same extent as is required with respect to water supplied by Metropolitan to a member public agency. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement. Notwithstanding anything to the contrary in Section 4502 of the Administrative Code, Metropolitan's obligations pursuant to Section 4502 of the Administrative Code shall not be deemed to apply prior to the point where Metropolitan's control of the delivery of Program Water commences under Paragraph 3.11.

(b) IRWD shall indemnify Metropolitan and MWDOC pursuant to Section 4502 of the Administrative Code against liability in connection with acts of IRWD after Metropolitan's Delivery of Program Water to the same extent as is required with respect to water supplied by Metropolitan to a member public agency. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement. In addition to the liability indemnification provisions of the preceding sentence, IRWD shall defend, indemnify and hold harmless Metropolitan and MWDOC against claims and liabilities that arise from

implementation of this Agreement, including liabilities arising from obligations to DWR assumed by Metropolitan, prior to the point where Metropolitan's control of the delivery of Program Water commences under Paragraph 3.11.

(c) MWDOC shall indemnify Metropolitan pursuant to Section 4502 of the Administrative Code against liability in connection with acts of MWDOC after Metropolitan's Delivery of Program Water to the same extent as is required with respect to water supplied by Metropolitan to a member public agency. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement.

(d) Notwithstanding anything in this Agreement to the contrary, each Party agrees to proceed with reasonable diligence and use reasonable good faith efforts to jointly defend any lawsuit or administrative proceeding by any person other than the Parties challenging the legality, validity or enforceability of this Agreement.

12.11 Authority of the Legislature. Nothing in this Agreement will limit any authority of the Legislature of the State of California to allocate or reallocate water.

12.12 Right to Amend the Administrative Code. Notwithstanding anything in this Agreement to the contrary, express or implied, Metropolitan shall have the right to amend the Administrative Code at its sole discretion, except that, for purposes of this Agreement, no such amendment shall result in a materially adverse change or modification of IRWD's rights to obtain Program Water from the Integrated Banking Project or Metropolitan's Delivery Account, obtain Delivery of Program Water by Call Notice, or the obligations of Metropolitan hereunder, or be binding on IRWD unless such effect is first approved by the Board of Directors of IRWD.

12.13 Right to Amend Banking Agreement. Notwithstanding anything in this Agreement to the contrary, express or implied, IRWD shall have the right to amend the Banking Agreement at its sole discretion, except that, for purposes of this Agreement, no such amendment shall result in a materially adverse change or modification of Metropolitan's rights with respect to the recharge, storage or recovery of water in the Integrated Banking Project as contemplated hereunder, or be binding on Metropolitan, unless such effect is first approved by the Board of Directors of Metropolitan. The

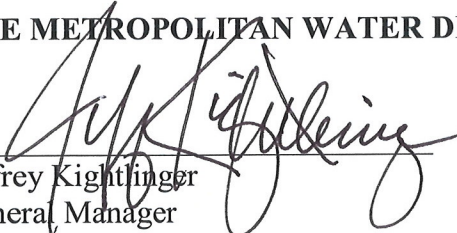
preceding sentence notwithstanding, an amendment of the Banking Agreement to expand the Integrated Banking Project shall not, by itself, be considered to result in a materially adverse change or modification of Metropolitan's rights hereunder.

12.14 Counterparts. This Agreement may be executed in two or more counterparts, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

12.15 Audit. Each Party shall be responsible for assuring the accuracy of its books, records and accounts of billings, payments, metering of water and other records (whether on paper or in electronic or other format) evidencing the performance of its obligations pursuant to this Agreement and shall maintain all such records for not less than three years. Each Party will have the right to audit the other Parties' books and records relating to this Agreement for purposes of determining compliance with this Agreement during the term hereof and for a period of three years following termination of this Agreement. Upon reasonable notice, each Party shall cooperate fully with any such audit and shall permit access to its books, records and accounts as may be necessary to conduct such audit.

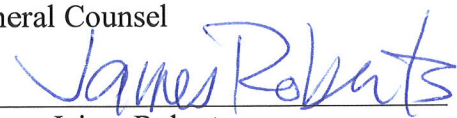
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

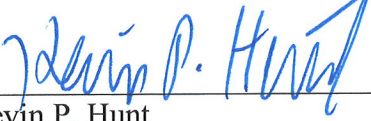

Jeffrey Kightlinger
General Manager

APPROVED AS TO FORM:

Karen L. Tachiki
General Counsel

By 
Jaime Roberts
Senior Deputy General Counsel

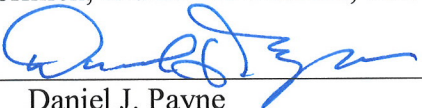
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY



Kevin P. Hunt
General Manager

APPROVED AS TO FORM:

McCormick, Kidman & Behrens, LLP

By 

Daniel J. Payne

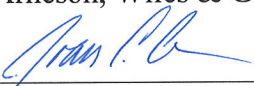
IRVINE RANCH WATER DISTRICT



Paul D. Jones II
General Manager


APPROVED AS TO FORM:

Bowie, Arneson, Wiles & Giannone

By 

Joan C. Arneson

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November 19, 2020
Prepared by: K. Welch / F. Sanchez
Submitted by: P. Weghorst
Approved by: Paul A. Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

REVISED WATER BANKING, TRANSFERS AND WHEELING POLICY POSITION PAPER

SUMMARY:

Irvine Ranch Water District policy position papers are reviewed periodically to determine if the positions are still valid, need revisions or if additional papers need to be written on different issues of importance to the District. Staff has revised the existing Water Banking, Transfers and Wheeling Policy Position Paper that was last updated and approved on September 25, 2017. The current revisions take into consideration significant changes that have occurred since that time. Staff recommends the Board approve the revised Water Banking, Transfers and Wheeling Policy Position Paper.

BACKGROUND:

In 2004, IRWD began producing policy position papers on topics of particular interest and importance to IRWD. Because of the IRWD Board of Directors' standing in the water industry, the opinions of individual Board members are regularly solicited on issues of vital interest to the industry and the community. To keep these position papers current, staff occasionally recommends that the Board review the papers and when appropriate, incorporate revisions.

IRWD's Water Banking, Transfers and Wheeling position paper was last revised and adopted by the Board on September 25, 2017. Since that time:

- IRWD has completed construction of wells that allow IRWD to ensure the ability to recover water for itself and its partners during peak demand periods;
- IRWD has made progress on the development of the Kern Fan Groundwater Storage Project; and
- Other Extraordinary Supply projects are being developed in the Metropolitan Water District of Southern California service area;

These changes, as well as other events that are increasing competition for water resources and increasing the cost of water, require updating of the Water Banking, Transfers and Wheeling Policy Position Paper. The other events that are increasing the competition for supplies include:

- Implementation of the Sustainable Groundwater Management Act;
- Amendments to the State Water Project Contract allowing compensation for transfers of water; and
- The Isabella Lake Dam Safety Modification Project.

Staff has updated the policy paper taking into consideration these changes. The updated Water Banking, Transfers and Wheeling Policy Position Paper is provided as Exhibit “A”. The position paper with changes identified from the September 25, 2017 version of the document is provided as Exhibit “B”.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

None.

RECOMMENDATION:

That the Board approve the updated Water Banking, Transfers and Wheeling Policy Position Paper.

LIST OF EXHIBITS:

Exhibit “A” – Updated Policy Paper: Water Banking, Transfers and Wheeling
Exhibit “B” – Updated Policy Paper: Water Banking, Transfers and Wheeling with Changes
Shown from the September 25, 2017 Version

Exhibit "A"

IRVINE RANCH WATER DISTRICT POLICY POSITION WATER BANKING, TRANSFERS AND WHEELING

Revised: November 19, 2020

Issue Summary:

The Irvine Ranch Water District is further diversifying its water supply portfolio by developing water banking facilities in the Kern Fan area located in the southern San Joaquin Valley in Kern County. Water supplies continue to be stressed in California due to implementation of the Sustainable Groundwater Management Act (SGMA), increased competition for water supplies, potential shortages from the Colorado River, supply limitations from and environmental constraints in the Sacramento-San Joaquin Delta (Delta), potential climate change and reoccurring droughts. Under such conditions, water banking recharge, storage and recovery programs will continue to provide a cost effective and reliable supplemental source of water that can be relied upon during majors droughts and periods of supply interruptions. The development of and participation in water banking programs and other types of emergency supply projects by retail water agencies should be encouraged throughout the State. This policy position paper provides Policy Principles for the implementation of the IRWD water banking program as well as other banking programs in the Metropolitan Water District of Southern California (MWD) service area.

IRWD Supply Diversity Requirements:

IRWD's primary mission is to provide a safe and reliable water supply to its customers. IRWD's water supply reliability is directly related to supply diversity. Along with the implementation of numerous water use efficiency programs, IRWD has developed and continues to develop a diverse mix of local and non-local supplies including high quality groundwater, impaired groundwater, and recycled water – all of which reduce IRWD's dependence on imported water.

In March 2020, IRWD completed a Water Supply Reliability Evaluation that affirmed the need for IRWD's water banking programs to meet District demands during future droughts and major supply interruptions. Current demand projections indicate that IRWD has a long-term need to store supplemental water that could be called upon during drought conditions or major supply interruptions. In the event of a major and prolonged supply interruption, such as an earthquake that significantly damages the levees in the Delta, this stored water would be available to fulfill IRWD's estimated needs for imported water over extended periods of time. IRWD's water banking programs make IRWD more resilient during major shortages. IRWD's water banking program is a cost effective and environmentally sound method to store and recover supplemental water to meet such long-term supply reliability requirements.

Key Elements of IRWD's Water Banking Program:

Since 2005, IRWD has made significant progress in the development of its water banking program and in securing associated supplemental supplies. IRWD has purchased land, constructed facilities, and is now operating the Strand and Stockdale Integrated Banking Projects through a long-term partnership with Rosedale-Rio Bravo Water Storage District. IRWD retains equity ownership of these water banking projects. IRWD has also partnered with Rosedale and

Santa Clarita Valley Water Agency to complete the construction of wells that ensure IRWD's ability to recover water for itself and its partners during peak demand periods.

Securing Water Supplies:

So far, IRWD has secured water supplies for its water banking projects through unbalanced exchange partnerships with other agencies. These partnerships allow agencies with surplus water to store water in IRWD's water banking projects in return for transferring 50 percent or more of the water to IRWD. Such exchanges are called unbalanced exchanges because only half or less of the water that is delivered into storage is returned to the originating agency.

Addressing Increased Competition:

SGMA was signed into law by Governor Jerry Brown in September 2014 for the purpose of developing and implementing sustainable groundwater management plans throughout California. By January 31, 2022, all high- and medium-priority groundwater basins must have in place a Groundwater Sustainability Plan and all basins in overdraft must achieve groundwater sustainability by year 2042. The implementation of these plans is increasing competition for water supplies and putting upward pressure on the cost of water as agencies work to optimize the use of surface supplies and expand water storage capabilities.

Other factors that will increase cost of water in the Kern Fan area include implementation of amendments to the State Water Project (SWP) Contract allowing compensation for transfers of water and the completion of the Isabella Lake Dam Safety Modification project, both of which will allow water right holders to better manage their supplies with a greater financial return. The use of transfers with associated financial compensation will become more flexible and easier to implement. Unbalanced exchanges will frequently include financial compensation components.

Increased competition for water supplies will require IRWD to adopt strategies to continue securing water for its Water Banking Projects while minimizing its cost of water. Strategies to be adopted by the IRWD Board of Directors could include leveraging IRWD's existing banked supplies to secure greater amounts of water and focusing on increasing the District's reliance on smaller schedulable sources of supply.

Wheeling and Exchange Agreements:

In 2011, IRWD, Metropolitan Water District of Southern California (MWD) and Municipal Water District of Orange County (MWDOC) executed a long-term Coordinated Operating, Exchange and Delivery Agreement (Coordinated Agreement) that facilitates the delivery of SWP supplies from IRWD's water banking projects to IRWD's service area. The agreement allows IRWD to secure SWP supplies with the concurrence of MWD, with MWD maintaining control of the introduction of these supplies into its service area. In 2014, IRWD, MWD and MWDOC developed and executed a template Wheeling Agreement that facilitated the delivery of non-SWP water into IRWD's service area. Water delivered to IRWD's service area, through the use of either of these agreements, is considered "Extraordinary Supply" by MWD during water supply allocation periods. It is IRWD's position, that the Coordinated Agreement and the

template Wheeling Agreement will be used by IRWD in the future to facilitate the delivery of water that is recovered from IRWD's water banking projects to IRWD's service area.

Supporting Extraordinary Supply Projects:

Other agencies in southern California are pursuing the development of Extraordinary Supply Projects that will require water purchase, wheeling and exchange capabilities. It is IRWD's position that MWD Member Agencies should support and not impede the ability of agencies to develop and implement agreements for purchasing water, implementing exchanges and wheeling of water associated with Extraordinary Supply Projects. Sponsors of all Extraordinary Supply Projects should work together to avoid impediments being imposed on projects.

Sharing Reliability Benefits:

The acquisition of supplemental supplies for IRWD's water banking projects is likely to require the use of unbalanced exchange concepts whereby IRWD stores water on behalf of another party in return for 50 percent or more of the water being transferred to IRWD. The storage and recovery of water for IRWD's exchange partners will take up capacity in IRWD's water banking projects that might otherwise be available for IRWD's use.

Recently, other agencies have expressed an interest in securing shared reliability from IRWD's water banking programs. It is IRWD's intent, after taking into consideration IRWD's reliability needs as well as hydrologic conditions, regional water supply conditions and storage levels, that IRWD will be able to enter into shared reliability program agreements that will allow other retail water agencies to receive reliability benefits from IRWD's water banking program. In exchange for receiving these benefits, the agencies would reimburse IRWD for its costs along with a proportional share of IRWD's capital investment in its water banking facilities.

Need for Expansion:

The implementation of future unbalanced exchanges and sharing of reliability benefits from IRWD's water banking projects will result in the need to expand IRWD's water banking capacities. In addition, potential climate change impacts could further increase the need to expand IRWD's water banking projects. Such expansions will ensure that IRWD can meet its water supply reliability requirements while meeting the requirements of its partners. IRWD and Rosedale are working to expand their respective water banking projects with the development of the Kern Fan Groundwater Storage Project (Kern Fan Project). IRWD and Rosedale will each have equity ownership in half of the project. IRWD and Rosedale have been conditionally approved to receive \$67.5 million in Proposition 1 Water Storage Investment Program funding for the Kern Fan Project. The agencies are currently pursuing up to \$63 million in Water Infrastructure Improvements for the Nation Act funding for the project.

Offsetting Capital Investments:

When IRWD has enough water in storage to meet its Extraordinary Supply Needs as well as the needs of those agencies to which IRWD has committed to shared water supply reliability, then

IRWD could consider selling a portion of its banked supplies in dry years to offset its capital investment in the water banking projects. The use of this strategy would need to take into careful consideration of existing regional storage levels, current water supply conditions, IRWD's demands for imported water and expectations for future water supplies.

Objectives for Acquiring Supplemental Water Supplies:

IRWD's objectives for acquiring both short and long-term supplemental water supplies through water transfers, exchanges and other market transactions, that would be available to IRWD's water banking projects and other water supply reliability programs, excluding supplies needed to fulfill local operations (including irrigation), are as follows:

1. IRWD seeks to acquire low-cost and diverse supplemental sources of water such as high flow Kern River water, State Water Project supplies, water associated with pre-1914 rights, CVP supplies and water from other available sources depending on annual availability and conveyance capacity availability.
2. Generally, IRWD seeks to acquire up to 67% of its supplemental supplies during wet hydrologic periods subject to the conditions established by the water supplier and availability. IRWD does not intend to compete for supplemental supplies during dry years.
3. Over the long term, IRWD plans to acquire up to 33% of its supplemental supplies through smaller sustained, controllable and schedulable supply sources. Such supplies are expected to be acquired through the purchases of farm land that have water supply entitled to it and by securing rights to new water supplies and the ability to convey the water without significant losses. IRWD intends to preserve existing agricultural uses on purchased lands when possible, and will schedule excess water for direct or exchange delivery to its water banking and other water supply reliability programs through rotational fallowing or onsite conservation using methods that are implemented in coordination with the local community with the intent to minimize significant third-party impacts to local economies.

Policy Principles:

Based on the information provided above, the following IRWD policy principles have been developed. These principles provide guidance on issues related to water banking, transfers, exchanges, wheeling of water and Extraordinary Supply projects.

1. The State's water supplies are being impacted by reoccurring droughts, problems in the Delta, a growing population, competition for supplies, increasing costs of water, increasing regulatory pressure, potential climate change impacts, and an imbalance between available water supplies and available storage. As a result, IRWD needs supplemental supplies and storage facilities to bank the supplemental water supplies for use during dry periods.

2. Based on economic and environmental criteria, water banking programs involving storage in groundwater aquifers are preferred, having demonstrated that they are less expensive and preferable to surface storage.
3. A primary mission of IRWD is to provide a highly reliable supply of water. Reliability is enhanced by having multiple redundant sources of supply. To address this need, IRWD will develop diverse supplemental water supply sources and water banking capacities that will be sufficient to meet changes in IRWD's reliability needs in the future.
4. IRWD seeks to secure low-cost and diverse supplemental sources of wet year and smaller schedulable water supplies including high flow Kern River, State Water Project supplies, water with pre-1914 rights, CVP supplies and water from other available sources depending on annual availability and conveyance and/or exchange capacity that will allow IRWD to achieve its water supply reliability goals through the implementation its water banking program.
5. Because of the District's obligation to its customers, long-term equity ownership of water banking capacity as well as lands and projects that have water supplies entitled to them is strongly preferred over contract or lease arrangements. Equity partnerships that provide benefits to both the District and to local entities are preferred.
6. The District's water banking partners will benefit from the sharing of recharge, storage and recovery capacity through unbalanced exchanges and shared reliability benefit programs. In addition, due to potential climate change, the future intervals between wet years could become longer with increases in the rate of runoff. These issues may make it necessary for IRWD in the future to consider increasing recharge, storage and recovery capacities in its water banking program.
7. Expansion of water banking capacities may be considered through equity purchases of capacities available in existing water banking programs or development of partnerships for capacity expansion.
8. IRWD will support wheeling policies and rates adopted by MWD, MWD Member Agencies and other agencies to the extent they reflect cost of service approach. Any wheeling or exchange of water through MWD's conveyance facilities should be consistent with MWD's Administrative Code, must not financially impact MWD or its Member Agencies and should protect MWD's rights including its SWP contract.
9. MWD Member Agencies should support and not impede the ability of agencies to implement Extraordinary Supply projects and to wheel or exchange water through MWD's conveyance facilities.
10. IRWD will work with sponsors of other Extraordinary Supply projects and support exchanges of water that prevent or avoid impediments that threaten the feasibility or increase the costs of the projects.

11. IRWD will put all available supplemental water supplies to beneficial use using methods that are implemented in coordination with the communities that are local to the source waters and where necessary attempt to minimize significant third-party impacts while preserving the agricultural benefits of the contributing lands through temporary fallowing arrangements and / or water conservation efforts.
12. IRWD will seek partnerships that result in mutually beneficial exchange and transfer opportunities including the ability to enhance direct and in-lieu recharge or recovery operations associated with IRWD's water banking program.
13. IRWD will support and actively work with the State and the Federal governments and available legislative processes to streamline procedures for the implementation of short and long-term water transfers and exchanges as well as the formation of local, regional and statewide water marketing systems.
14. IRWD will support the development of water marketing systems in the State of California that are consistent with and do not expand existing lawful authorities, provide local and regional oversight of markets, encourage regional and statewide cooperation, protect existing land, water and capacity rights, attempt to protect communities from unreasonable third party and / or environmental impacts, do not interfere with contract rights and that result in streamlined abilities to effectuate water transfers, exchanges and wheeling of supplies among voluntary market participants.
15. To address increasing competition and costs for water, IRWD will consider leveraging its existing banked supplies to secure greater amounts of water while maximizing the exportability of water. IRWD will also consider increasing the District's reliance on small and schedulable sources of supplies.
16. IRWD will support sharing water supply reliability benefits from its water banking program after considering its own water supply reliability needs as well as hydrologic and regional water supply conditions including storage levels. In providing such benefits, IRWD will ensure that it is kept financially whole and that IRWD recovers a proportional share of its capital investments in a way that avoids negative impacts to its customers.
17. When IRWD has enough water in storage to meet its Extraordinary Supply Needs as well as the needs of the agencies to which IRWD has committed shared water supply reliability, then IRWD will consider selling a portion of its banked supplies in dry years to offset its capital investment in the water banking projects. Such sales would consider existing regional storage levels, current water supply conditions, IRWD's demands for imported water and expectations for future water supplies.

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Exhibit "B"

IRVINE RANCH WATER DISTRICT POLICY POSITION WATER BANKING, TRANSFERS AND WHEELING

Revised: ~~September 25, 2017~~ November 19, 2020

Issue Summary:

The Irvine Ranch Water District is further diversifying its water supply portfolio by developing water banking facilities in the Kern Fan area located in the southern San Joaquin Valley in Kern County. Water supplies continue to be stressed in California due to implementation of the Sustainable Groundwater Management Act (SGMA), increased competition for water supplies, potential shortages from the Colorado River, supply limitations from and environmental constraints in the Sacramento-San Joaquin Delta (Delta), potential climate change and reoccurring droughts. Under such conditions, water banking recharge, storage and recovery programs will continue to provide a cost effective and reliable supplemental source of water that can be relied upon during majors droughts and periods of supply interruptions. The development of and participation in water banking programs and other types of emergency supply projects by retail water agencies should be encouraged throughout the State. This policy position paper provides Policy Principles for the implementation of the IRWD water banking program as well as other banking programs in the Metropolitan Water District of Southern California (MWD) service area.

IRWD Supply Diversity Requirements:

IRWD's primary mission is to provide a safe and reliable water supply to its customers. IRWD's water supply reliability is directly related to supply diversity. Along with the implementation of numerous water use efficiency programs, IRWD has developed and continues to develop a diverse mix of local and non-local supplies including high quality groundwater, impaired groundwater, and recycled water – all of which reducing-reduce IRWD's dependence on imported water.

In March 2020, IRWD ~~has~~ completed a Water Supply Reliability Evaluation that affirmed the need for IRWD's water banking programs to meet District demands during future droughts and major supply interruptions. Current demand projections indicate that IRWD has a long-term need to store supplemental water that could be called upon during drought conditions or major supply interruptions. In the event of a major and prolonged supply interruption, such as an earthquake that significantly damages the levees in the Delta, this stored water would be available to fulfill IRWD's estimated needs for imported water over extended periods of time. IRWD's water banking programs make IRWD more resilient during major shortages. IRWD's water banking program is a cost effective and environmentally sound method to store and recover supplemental water to meet such long-term supply reliability requirements.

Key Elements of IRWD's Water Banking Program:

Since 2005, IRWD has made significant progress in the development of its water banking program and in securing associated supplemental supplies. IRWD has purchased land, constructed facilities, and is now operating the Strand and Stockdale Integrated Banking Projects through a long-term partnership with Rosedale-Rio Bravo Water Storage District. IRWD retains

equity ownership of these water banking projects. IRWD ~~hasis~~ also ~~partnering-partnered~~ with Rosedale and ~~Castaie Lake Water Agency~~ Santa Clarita Valley Water Agency to complete in the construction of wells that ~~will allow~~ ensure IRWD's ~~to ensure the~~ ability to recover water for itself and its partners during peak demand periods.

Securing Water Supplies:

So far, IRWD has secured water supplies for its water banking projects through unbalanced exchange partnerships with other agencies. These partnerships allow agencies with surplus water to store water in IRWD's water banking projects in return for transferring 50 percent ~~or~~ more of the water to IRWD. Such exchanges are called unbalanced exchanges because only half ~~or less~~ of the water that is delivered into storage is returned to the originating agency.

Addressing Increased Competition:

SGMA was signed into law by Governor Jerry Brown in September 2014 for the purpose of developing and implementing sustainable groundwater management plans throughout California. By January 31, 2022, all high- and medium-priority groundwater basins must have in place a Groundwater Sustainability Plan and all basins in overdraft must achieve groundwater sustainability by year 2042. The implementation of these plans is increasing competition for water supplies and putting upward pressure on the cost of water as agencies work to optimize the use of surface supplies and expand water storage capabilities.

Other factors that will increase cost of water in the Kern Fan area include implementation of amendments to the State Water Project (SWP) Contract allowing compensation for transfers of water and the completion of the Isabella Lake Dam Safety Modification project, both of which will allow water right holders to better manage their supplies with a greater financial return. The use of transfers with associated financial compensation will become more flexible and easier to implement. Unbalanced exchanges will frequently include financial compensation components.

Increased competition for water supplies will require IRWD to adopt strategies to continue securing water for its Water Banking Projects while minimizing its cost of water. Strategies to be adopted by the IRWD Board of Directors could include leveraging IRWD's existing banked supplies to secure greater amounts of water and focusing on increasing the District's reliance on smaller schedulable sources of supply.

Wheeling and Exchange Agreements:

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service area, through the use of either of these agreements, is considered “Extraordinary Supply” by MWD during water supply allocation periods. It is IRWD’s position, that the Coordinated Agreement and the template Wheeling Agreement will be used by IRWD in the future to facilitate the delivery of water that is recovered from IRWD’s water banking projects to IRWD’s service area.

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Other agencies in southern California are pursuing the development of Extraordinary Supply Projects that will require water purchase, wheeling and exchange capabilities. It is IRWD’s position that MWD Member Agencies should support and not impede the ability of agencies to develop and implement agreements for purchasing water, implementing exchanges and wheeling of water associated with Extraordinary Supply Projects. Sponsors of all Extraordinary Supply Projects should work together to avoid impediments being imposed on projects.

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Need for Expansion:

The implementation of future unbalanced exchanges and sharing of reliability benefits from IRWD’s water banking projects will result in the need to expand IRWD’s water banking capacities. In addition, potential climate change impacts could further increase the need to expand IRWD’s water banking projects. Such expansions will ensure that IRWD can meet its water supply reliability requirements while meeting the requirements of its partners. IRWD and Rosedale are ~~currently planning~~ working to expand their respective water banking projects ~~and are working together to secure grant funds from the California Water Commission through the Water Storage Investment Program, that would be used to~~ with the development of the proposed Kern Fan Groundwater Storage Project (Kern Fan Project). IRWD and Rosedale will each have equity ownership in half of the project. IRWD and Rosedale have been conditionally approved to receive \$67.5 million in Proposition 1 Water Storage Investment Program funding for the Kern Fan Project. The agencies are currently pursuing up to \$63 million in Water Infrastructure Improvements for the Nation Act funding for the project.

Offsetting Capital Investments:

When IRWD has enough water in storage to meet its Extraordinary Supply Needs as well as the needs of those agencies to which IRWD has committed to shared water supply reliability, then IRWD could consider selling a portion of its banked supplies in dry years to offset its capital investment in the water banking projects. The use of this strategy would need to take into careful consideration of existing regional storage levels, current water supply conditions, IRWD's demands for imported water and expectations for future water supplies.

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9. MWD Member Agencies should support and not impede the ability of agencies to implement Extraordinary Supply projects and to wheel or exchange water through MWD's conveyance facilities.

~~8-10.~~ IRWD will work with sponsors of other Extraordinary Supply projects and support exchanges of water that prevent or avoid impediments that threaten the feasibility or increase the costs of the projects.

~~9-11.~~ IRWD will put all available supplemental water supplies to beneficial use using methods that are implemented in coordination with the communities that are local to the source waters and where necessary attempt to minimize significant third-party impacts while preserving the agricultural benefits of the contributing lands through temporary fallowing arrangements and / or water conservation efforts.

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