

AGENDA
IRVINE RANCH WATER DISTRICT
SPECIAL SUPPLY RELIABILITY PROGRAMS COMMITTEE

MONDAY, JANUARY 30, 2017

CALL TO ORDER 3:30 p.m., Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE Committee Chair: Peer Swan _____
Member: Douglas Reinhart _____

ALSO PRESENT Paul Cook _____ Kellie Welch _____
Rob Jacobson _____ Patrick Sheilds _____
Ray Bennett _____ Paul Weghorst _____
Jo Ann Corey _____ Dane Johnson _____
Fiona Sanchez _____ Christine Compton _____
_____ _____ _____ _____

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. WATER BANKING PROJECT FACILITIES, CAPACITIES AND PROGRAMS
OVERVIEW – JOHNSON/WELCH/SANCHEZ WEGHORST

Recommendation: Receive and file.

6. WATER EXCHANGE OPPORTUNITIES FOR 2017 – WEGHORST

Recommendation: That the Committee authorize staff to pursue a 10-year extension or longer of the existing Multi-Year Agreement between the California Department of Water Resources, Dudley Ridge Water District, Metropolitan Water District of Southern California and the Kern County Water Agency that facilitates unbalanced exchanges involving IRWD's SWP water associated with the Jackson Ranch; provide input on the terms and conditions of the proposed 2017 Agreement Between Dudley Ridge Water District and Irvine Ranch Water District for a Long-Term Exchange Program and authorize staff to work with DRWD to finalize the agreement for presentation to IRWD's Board of Directors; and provide input on options presented at the meeting for providing mutually beneficial recharge assistance to Metropolitan Water District of Southern California.

OTHER BUSINESS

7. A. Directors' Comments
- B. 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 at the entrance of the meeting room at the District Office.

The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

January 30, 2017

Prepared by: D. Johnson/K. Welch

Submitted by: F. Sanchez/P. Weghorst

Approved by: Paul Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

WATER BANKING PROJECT FACILITIES, CAPACITIES AND PROGRAMS OVERVIEW

SUMMARY:

Staff has prepared information related to IRWD's water banking facilities, capacities, exchange programs and operations that can be used for reference purposes during Committee meetings. The information is provided in tabular, map and schematic formats that can be updated as necessary to reflect changes in IRWD's projects, programs and operations. At the Committee meeting, staff will provide an overview of the information. Staff will also provide an update on the status of the recharge facilities for current and imminent recharge transactions.

BACKGROUND:

To assist in the facilitation of Committee meeting discussions, staff has prepared reference materials in tabular, map and schematic formats that describe IRWD's water banking facilities, capacities, exchange programs and operations. The reference materials will be updated as needed to reflect changes to the projects, programs and operations. Following is an overview of the reference materials provided.

Capacity and Operations Tables:

A table has been prepared that presents storage, recharge and recovery capacities of existing and planned IRWD water banking projects including capacities available to IRWD in the Kern Water Bank. Another table has been prepared that provides an update on Strand Ranch recovery and recharge operations and the balance of the stored water in the Kern Water Bank. These tables are provided as Exhibits "A" and "B", respectively.

Project Maps:

To support the tables provided as Exhibits "A" and "B", staff has prepared maps that depict project wells, pipelines and Cross Valley Canal turn-out locations, and recharge basin locations. These maps are provided as Exhibits "C", "D", and "E", respectively. The facilities shown on these maps are associated with the Strand Ranch, Stockdale West, Stockdale East and Rosedale Drought Relief Projects.

Program Agreement Diagrams:

Schematic diagrams have been prepared that depict IRWD's water banking and exchange programs with Rosedale-Rio Bravo Storage District, Buena Vista Water Storage District, Dudley Ridge Water District and Metropolitan Water District of Southern California. These diagrams are provided as Exhibits "F", "G", "H", "I" and "J" as described in the List of Exhibits below.

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" – Strand Ranch Storage, Recharge and Recovery Operations
- Exhibit "C" – Map of Water Banking Project Wells and Pipelines
- Exhibit "D" – Map of Cross Valley Canal Turnout Facilities
- Exhibit "E" – Map of Water Banking Recharge Basins
- Exhibit "F" – Diagram of IRWD-Rosedale Water Banking and Exchange Program Agreements
- Exhibit "G" – Diagram of Long-Term Water Exchange Program with Buena Vista Water Storage District
- Exhibit "H" – Diagram of Unbalanced Exchange Program Diagram with Dudley Ridge Water District
- Exhibit "I" – Diagram of Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan Water District of Southern California
- Exhibit "J" – Diagram of Template Wheeling Agreement with Metropolitan Water District of Southern California

Exhibit "A"

TABLE 1
Current and Anticipated Water Banking Projects
Recharge, Storage and Recovery Capacities
 January 30, 2017

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	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	RECOVERY CAPACITY CURRENT CONDITIONS ²	RECOVERY CAPACITY AS PLANNED	RECOVERY CAPACITY CURRENT CONDITIONS
Strand Ranch	Yes	7	-	50,000	17,500	-	17,500	-	40.0	27.0	-	-
Stockdale West	Yes	-	3	26,000	27,100	-	11,250	-	15.0	-	-	-
Stockdale East	No	-	2	-	-	19,000	-	7,500	-	-	10.0	-
IRWD Acquired Storage Account ³	No	-	-	50,000	-	-	-	-	-	-	-	-
Drought Relief Project Wells	No	-	3	-	-	-	-	-	15.0	-	-	-
Kern Water Bank Storage Account ⁵	No	-	-	9,495	3,200	-	6,330	-	-	-	-	-
TOTALS		7	8	126,000	44,600	19,000	28,750	7,500	70.0	27.0	10.0	0.0
Partner Capacities ⁴				36,000	22,300	9,500	12,000	0	35.5	27.0	-	-
IRWD Capacities				90,000	22,300	9,500	16,750	7,500	34.5	0.0	-	-
IRWD's recovery <i>during</i> 6 month partner recovery period (AF)									12,420	0.0	-	-
IRWD's recovery <i>after</i> 6 month partner recovery period (AF)									4,330	6,733	-	-
TOTALS (AF)									16,750	6,733	-	-
Number of months needed to recover IRWD's total AF after partners' recovery (Assumes IRWD has use of total recovery capacity after partners' recovery)									8.1	14.0	-	-

¹ Based 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.

² Strand Ranch wells currently idle.

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

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

⁵ Kern 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 (10/26/2015).

Exhibit "B"

TABLE 2
Strand Ranch Storage, Recharge and Recovery Operations
January 30, 2017

TRANSACTIONS	WATER BANKING ENTITY				
	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 2016 (AF)					
Total Kern Water Bank	-	4,267	-	-	-
Total MWD System ⁴	7,502	-	-	-	-
Total Strand Ranch	389	9,675	-	-	649
TOTAL STORED WATER (1/1/2016)	7,891	13,942	-	-	649
(RECOVERY) AND RECHARGE IN 2016 (AF)					
CVWD	-	-	-	-	-
BVWSD	-	-	-	-	-
Kern Water Bank	-	22	-	-	-
2016 SWP Allocation ⁴	524	-	-	-	525
TOTAL 2016 TRANSACTIONS	524	22	-	-	525
Total Kern Water Bank	-	4,289	-	-	-
Total MWD System	8,026	-	-	-	-
Total Kern County	389	9,675	-	-	1,174
TOTAL STORED WATER (1/1/2017)	8,415	13,964	-	-	1,174
(RECOVERY) AND RECHARGE IN 2017 (AF)					
Recharge	TBD	TBD	TBD	TBD	-
Kern Water Bank	TBD	TBD	-	-	-
2017 SWP Allocation (60%) ⁴	525	-	-	-	524
TOTAL ESTIMATED 2017 TRANSACTIONS	525	-	-	-	524
Total Kern Water Bank	-	4,289	-	-	-
Total MWD System	8,551	-	-	-	-
Total Kern County	389	9,675	-	-	1,698
TOTAL ESTIMATED STORED WATER (1/1/2018)	8,940	13,964	-	-	1,698

NOTES:

-Water in storage has been adjusted to account for losses.

-MWD = Metropolitan Water District of Southern California.

¹ IRWD's SWP includes 229 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 to IRWD's Jackson Ranch.

⁴ MWD is storing IRWD's share of 2013-2017 SWP allocation.

Exhibit "C"

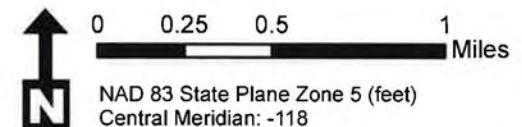


Location Map: IRWD Water Banking Projects Wells and Turnin Pipelines

MAP FEATURES

- Existing Extraction Well
- Planned Extraction Well
- Well Under Construction
- Well Discharge Pipelines
- Stockdale East
- Stockdale West
- Strand Ranch

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



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

Exhibit "D"

Rosedale Highway



**Location Map:
IRWD Water Banking Projects
Turnout Facilities**

MAP FEATURES

- ▲ Turnouts
- Stockdale East
- Stockdale West
- Strand Ranch

Existing Siphon
50 CFS Capacity
From Strand

Under Construction
Stockdale West
Turnout Facility
100 CFS Capacity

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

Stockdale Highway

Cross Valley Canal

Enos Ln

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, 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 "E"

Rosedale Highway



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

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

Existing Siphon
50 CFS Capacity
From Strand

Under Construction
Stockdale West
Turnout Facility 100
CFS Capacity

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

Stockdale Highway

Cross Valley Canal

Enos Ln

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 "F" **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)

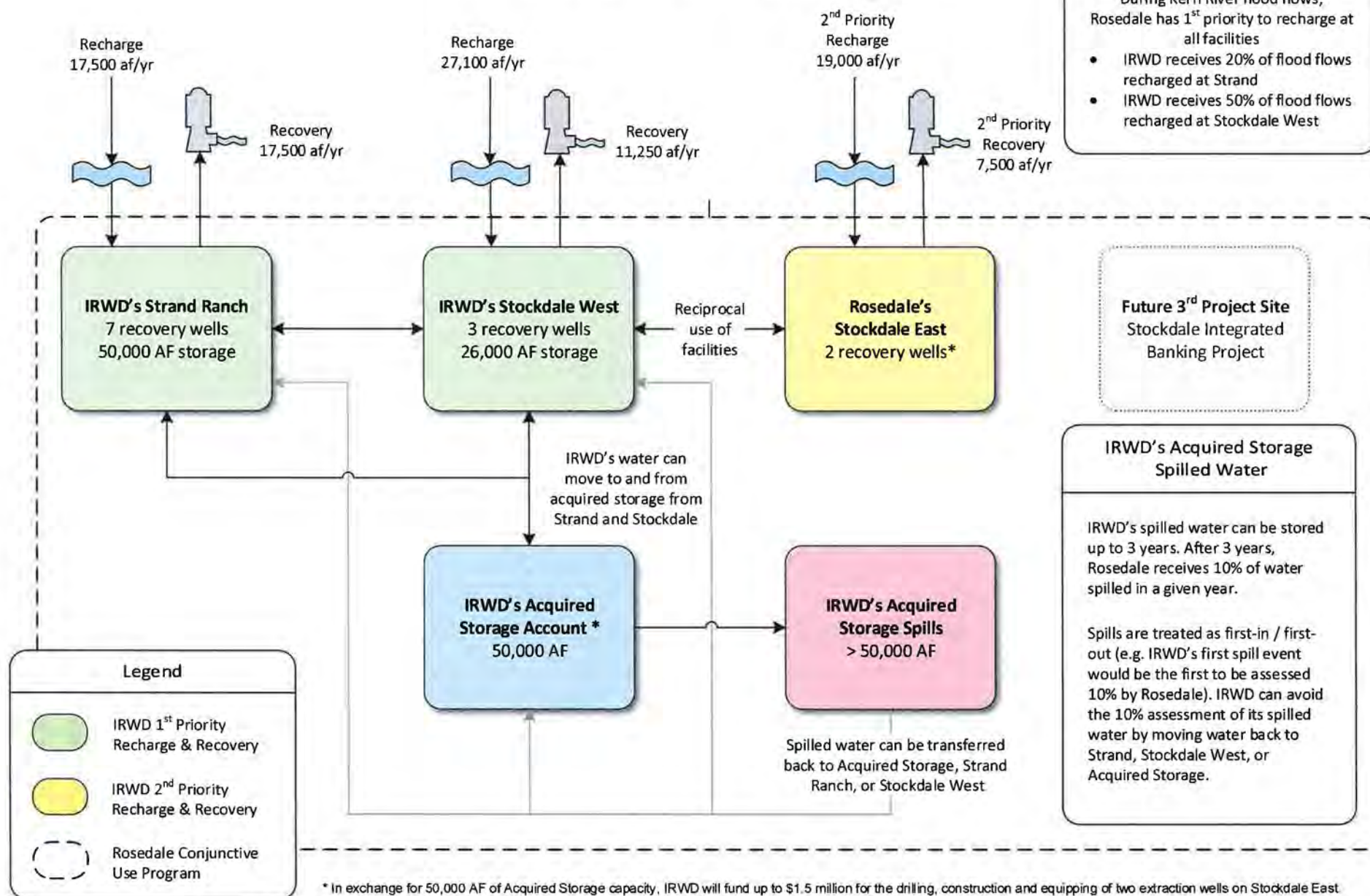
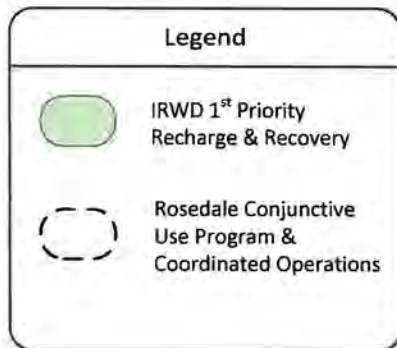
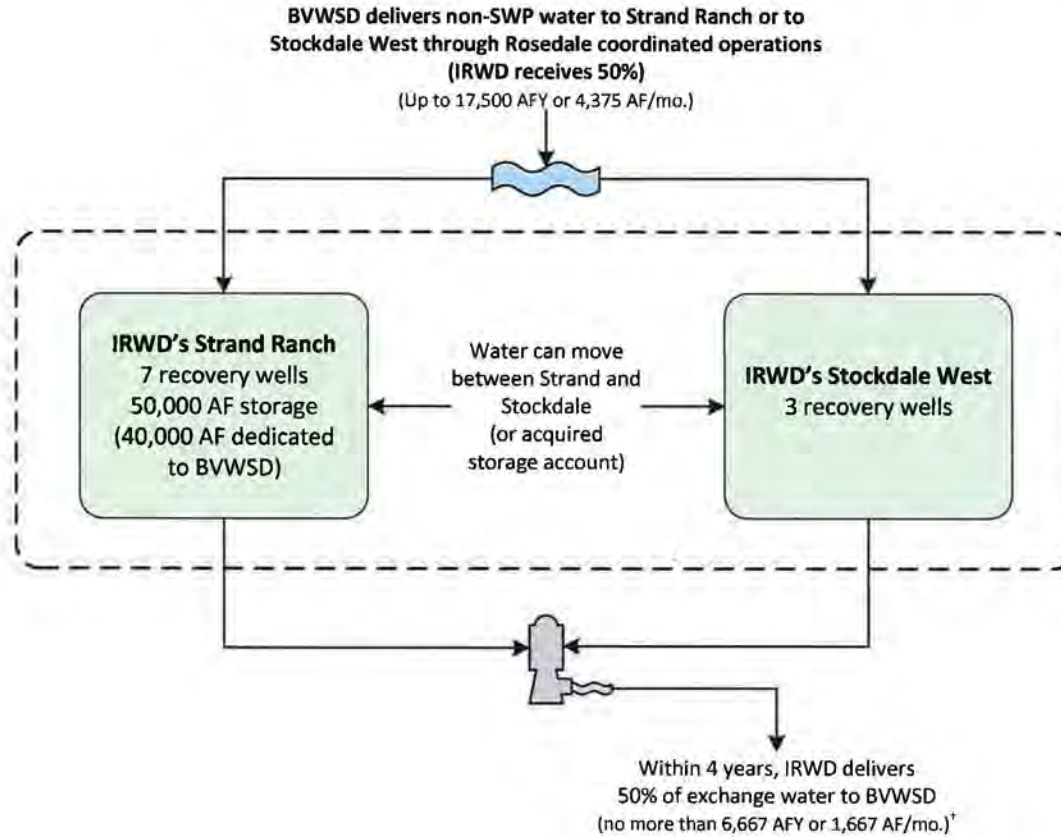


Exhibit "G"

Buena Vista Water Storage District Long Term Water Exchange Program

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



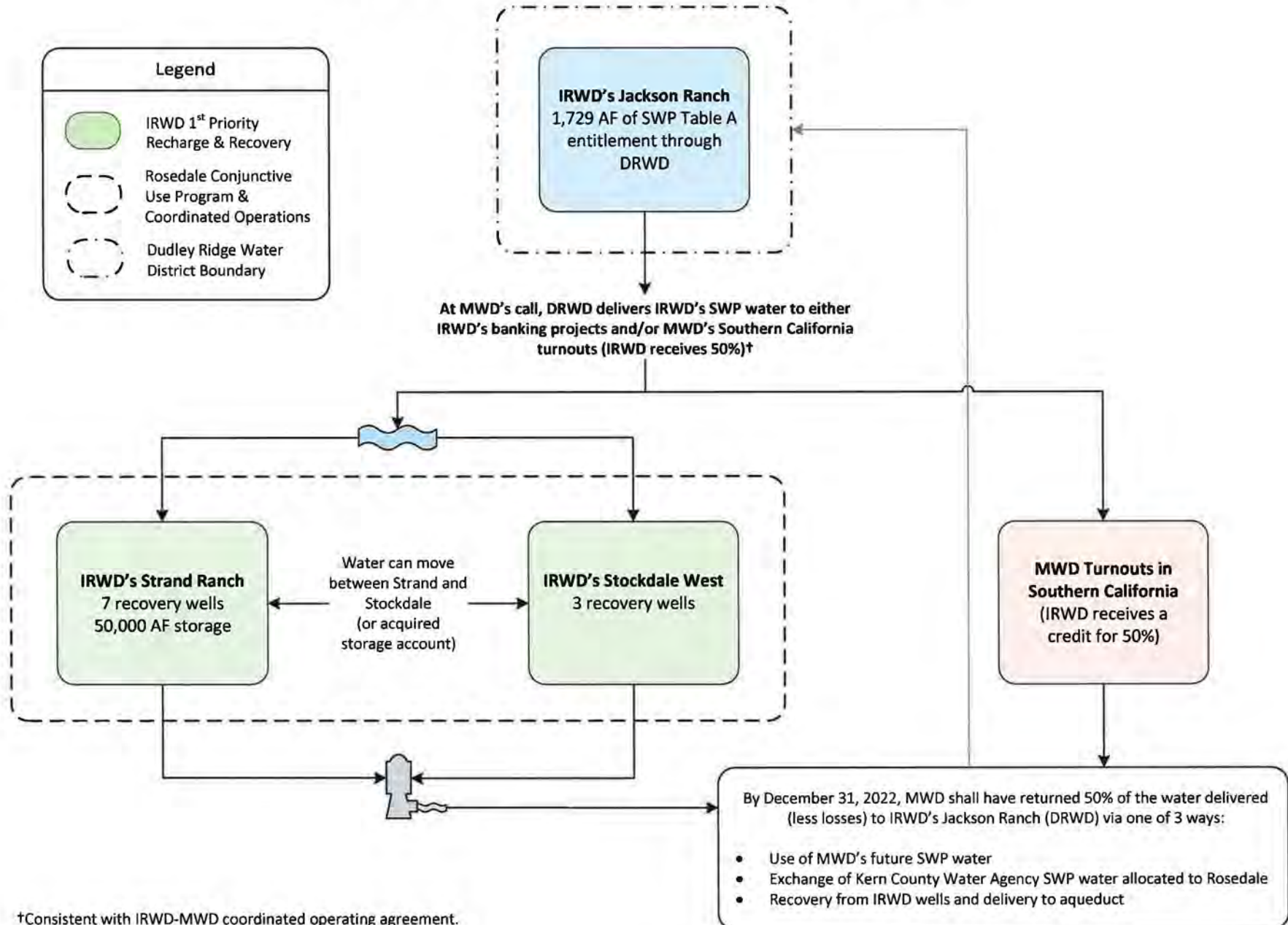
[†]IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 4th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch 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%

Exhibit "H"

Dudley Ridge Water District (DRWD) Unbalanced Exchange Program

Up to 8,700 AF delivered from 12/16/2013 through 12/31/2017



†Consistent with IRWD-MWD coordinated operating agreement.

Exhibit "I"

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

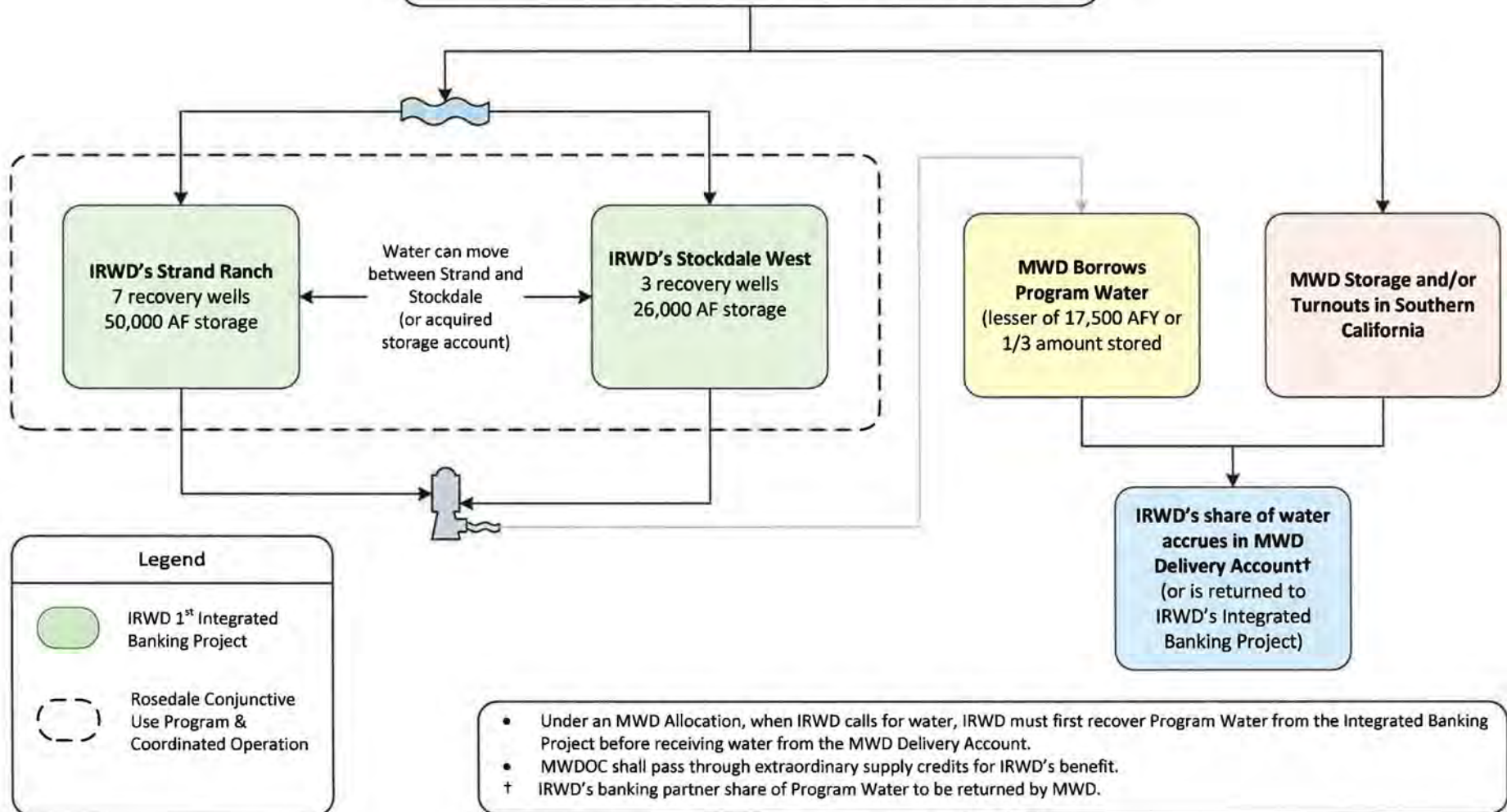
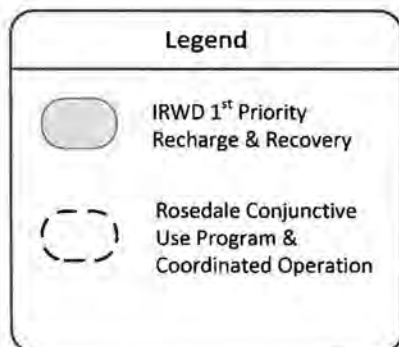
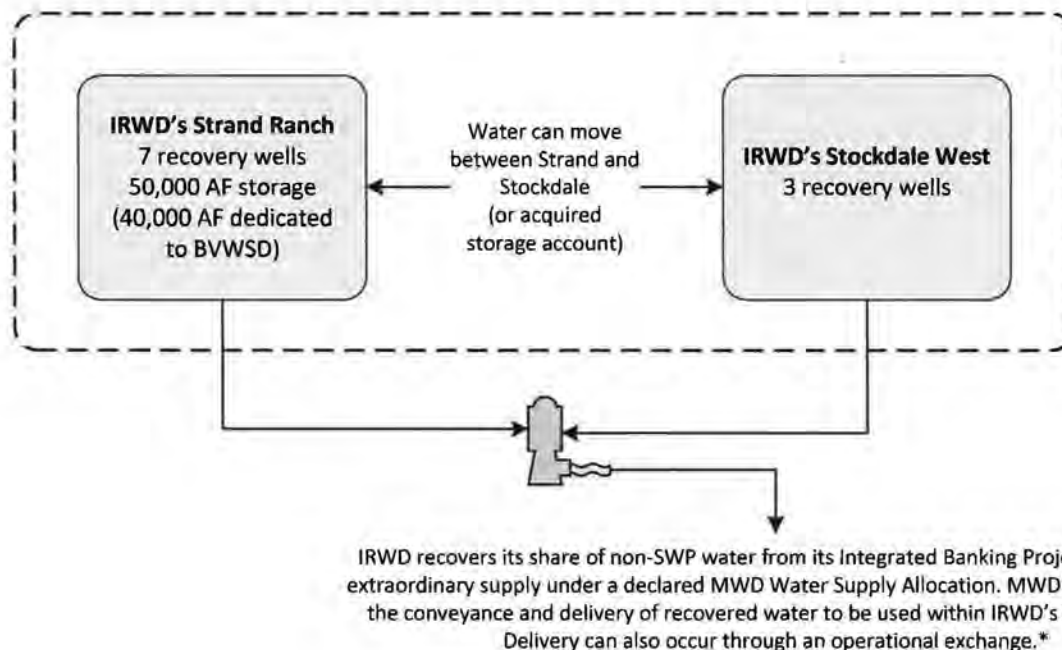


Exhibit "J"
Agreement for Conveyance of Water Between MWD, MWDOC, and IRWD (Wheeling Agreement)
Template for future agreements



*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.

January 30, 2017

Submitted by: P. Weghorst

Approved by: Paul Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

WATER EXCHANGE OPPORTUNITIES FOR 2017

SUMMARY:

This year, the amount of water available to IRWD for water banking purposes has increased dramatically. To prepare for the increase in available water, staff has been working to implement several mutually beneficial exchanges that would facilitate the delivery of water to IRWD's Strand and Stockdale Integrated Banking Projects. These opportunities include unbalanced exchanges with Central Coast Water Authority (CCWA), providing assistance to Dudley Ridge Water District (DRWD) landowners through mutually beneficial short-term exchanges, extending IRWD's existing unbalanced exchange program in DRWD, implementing a new exchange program with DRWD that would allow IRWD to exchange its Kern River Water for State Water Project (SWP) water and providing mutually beneficial assistance to Metropolitan Water District of Southern California (Metropolitan). As part of the effort to implement these opportunities, staff recommends that the Committee:

- Authorize staff to pursue a 10-year extension or longer to the existing Multi-Year Agreement between the California Department of Water Resources (DWR), DRWD, Metropolitan and the Kern County Water Agency (KCWA) that facilitates unbalanced exchanges involving IRWD's SWP water associated with the Jackson Ranch;
- Provide input on the terms and conditions of the proposed 2017 Agreement Between DRWD and IRWD for a Long-Term Exchange Program and authorize staff to work with DRWD to finalize the agreement which can then be presented to IRWD's Board of Directors; and
- Provide input on options presented at the meeting for providing recharge assistance to Metropolitan in a mutually beneficial way.

BACKGROUND:

Staff has been working to implement several mutually beneficial exchanges that would facilitate the delivery of water to IRWD's Strand and Stockdale Integrated Banking Projects in 2017. Water supply conditions have improved significantly in comparison to previous years and securing agreements to implement such mutually beneficial exchanges is a high priority. The following is an update on progress that staff has made in this effort and associated recommendations.

Unbalanced Exchanges with CCWA:

On January 13, 2017, the Board approved execution of a letter agreement that would initiate a short-term 2-for-1 exchange with the Central Coast Water Authority (CCWA). This program would assist CCWA avoid the loss of carryover SWP water when San Luis spills in February by allowing the delivery of CCWA's carryover water into the Strand Ranch Integrated Banking Project consistent with IRWD's Coordinated Operating and Exchange Agreement with Metropolitan and Municipal Water District of Southern California (MWDOC). Through this program, 50 percent of the water banked with IRWD would remain for IRWD's use.

IRWD has executed a letter agreement with CCWA, and DWR is now developing (and expediting) exchange and point of delivery agreements required to implement the program. These agreements should soon be available for execution by Metropolitan, Santa Barbara County Flood Control and Water Conservation District on behalf of CCWA, and KCWA. At the Committee meeting, staff will provide an update on the status of the development of the DWR agreements, preparations made with Metropolitan, KCWA and Rosedale-Rio Bravo Water Storage District to accept delivery of CCWA's carryover water into the Strand Ranch Integrated Banking Project.

Staff continues discussions with CCWA related to implementation of a long-term unbalanced exchange program consistent with terms previously reviewed with the Committee. CCWA has expressed its desire to proceed with the development of the necessary agreements to facilitate the long-term program. Staff will return to the Committee with an update specific to these discussions.

Exchanges with DRWD:

Staff worked with DRWD and its landowners in developing mutually acceptable terms to implement a short-term exchange to assist landowners in Dudley Ridge Water District (DRWD). In addition, staff worked with DRWD to refine terms for a proposed long-term exchange and for extending IRWD's existing multi-year unbalanced exchange program. These efforts are described below:

Short-Term Unbalanced Exchange:

On January 13, 2017, staff reviewed with the Board opportunities for implementing an unbalanced exchange with DRWD landowners that would assist them in avoiding the loss of carryover State Water Project (CWP) water when San Luis spills in February. The Board approved offering DRWD landowners the opportunity for a 2-for-1 exchange. Staff prepared terms for such a program and worked through DRWD in presenting IRWD's offer to the landowners. Sandridge Partners considered implementing an unbalanced operational exchange with IRWD but was able to secure other methods of saving its carryover water. No other landowners were interested in participating in IRWD's proposed short-term program.

Multi-Year Unbalanced Exchange:

In December 2013, DWR, DRWD, Metropolitan and the KCWA entered into a Multi-Year Exchange and Change in Point of Delivery Agreement that facilitates unbalanced exchanges of IRWD's SWP water allotment associated with the Jackson Ranch. This multi-year agreement is provided as Exhibit "A". The agreement facilitates exchanges to the benefit of IRWD and Metropolitan, consistent with IRWD's Coordinated Agreement with Metropolitan and MWDOC, through the delivery of IRWD's portion of DRWD's SWP water to either the Strand Ranch or into Southern California. These deliveries are allowed under the terms of the agreement through December 31, 2017. Fifty percent of the water will be returned to IRWD's Jackson Ranch by December 31, 2022.

An amendment to the multi-year agreement is needed to extend IRWD's ability to delivery water to the Strand Ranch or into Southern California beyond December 31, 2017. Staff recommends that the Committee authorize staff to pursue a 10-year extension or longer to the multi-year agreement with DWR for this program under substantially the same terms.

Long-Term 1-for-1 Exchange:

In the April 2016, staff reviewed with the Committee revised terms for a Long-Term Exchange Program with DRWD. An agreement based on these terms was reviewed with the DRWD Board of Directors where it was deferred for further consideration subject to IRWD's acceptance of different terms. Since then, staff has worked with DRWD and some of its landowners in revising the proposed agreement to provide mutually beneficial refinements and additional benefits. The proposed revised agreement is provided as Exhibit "B".

Upon execution, the long-term agreement would allow IRWD to exchange its Kern River Water for SWP Table A water on a 1-for-1 basis in a way that ensures that IRWD's Kern River Water is used to the benefit of DRWD landowners that own land in both Kern County and DRWD. The SWP water received would be available to IRWD through the Coordinated Agreement with Metropolitan and MWDOK. At the Committee meeting, staff will provide an overview of the terms and conditions of the proposed agreement. Staff recommends that the Committee provide input on the terms and conditions of the proposed agreement and authorize staff to work with DRWD to finalize the agreement which can then be presented to the Board for its consideration.

Assistance to Metropolitan:

There is a possibility that in spring 2017, Metropolitan may be interested in other opportunities to augment its ability to deliver water into storage water at its Kern County groundwater banking programs. At the Committee meeting, staff will present options for how IRWD may be able to assist Metropolitan through the use of IRWD recharge facilities in Kern County in mutually beneficial ways. Staff recommends that the Committee provide input on options presented at the meeting for providing mutually beneficial recharge assistance to Metropolitan.

FISCAL IMPACTS:

Exchange agreements developed for the programs described above would provide for the proportional distribution of costs associated with the recharge and recovery of water. Staff will present details related to the allocation of these costs at the time staff presents program agreements to the Board.

ENVIRONMENTAL COMPLIANCE:

Both the Strand Ranch and Stockdale Integrated Banking Projects are subject to the California Environmental Quality Act (CEQA). In compliance with CEQA, the California Public Resources Code Section 21000 et. seq., and per the California CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3, Rosedale as a lead agency, filed Notices of Determinations with the County of Kern and with the California State Clearinghouse for the Strand Ranch Integrated Banking Project Final Environmental Impact Report (EIR) and the Stockdale Integrated Banking Project Final EIR. IRWD, as a Responsible Agency, filed Notices of Determinations with the Counties of Orange and Kern and with the California State Clearinghouse for both the Strand Ranch and Stockdale Integrated Banking Projects Final EIRs.

RECOMMENDATION:

That the Committee authorize staff to pursue a 10-year extension or longer of the existing Multi-Year Agreement between the California Department of Water Resources, Dudley Ridge Water District, Metropolitan Water District of Southern California and the Kern County Water Agency that facilitates unbalanced exchanges involving IRWD's SWP water associated with the Jackson Ranch; provide input on the terms and conditions of the proposed 2017 Agreement Between Dudley Ridge Water District and Irvine Ranch Water District for a Long-Term Exchange Program and authorize staff to work with DRWD to finalize the agreement for presentation to IRWD's Board of Directors; and provide input on options presented at the meeting for providing mutually beneficial recharge assistance to Metropolitan Water District of Southern California.

LIST OF EXHIBITS:

- Exhibit "A" – Multi-Year Exchange and Change in Point of Delivery Agreement Between DWR, DRWD, Metropolitan and KCWA.
- Exhibit "B" – Draft 2017 Agreement Between DRWD and IRWD for a Long-Term Exchange Program.

EXHIBIT "A"

STATE OF CALIFORNIA - CALIFORNIA NATURAL RESOURCES AGENCY

EDMUND G. BROWN JR., Governor

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



DEC 18 2013

Mr. Dale Melville, Manager-Engineer
Dudley Ridge Water District
286 West Cromwell Avenue
Fresno, California 93711

Mr. Jeffrey Kightlinger, General Manager
The Metropolitan Water District of Southern California
Post Office Box 54153
Los Angeles, California 90054-0153

Mr. James M. Beck, General Manager
Kern County Water Agency
Post Office Box 58
Bakersfield, California 93302-0058

Enclosed for your records is an executed original of the "Agreement among the Department of Water Resources of the State of California, Dudley Ridge Water District, Kern County Water Agency and Metropolitan Water District of Southern California for a Multi-Year Exchange and Change in Point of Delivery of a Portion of Dudley Ridge Water District's State Water Project Supplies (SWPAO #13012)."

The Contract sets forth the terms and conditions governing the proposed unbalanced exchange between Dudley Ridge Water District and the Metropolitan Water District of Southern California.

If you have any questions or need additional information, please call Geoff Shaw at (916) 653-9593 and refer to SWPAO #13012.

Sincerely,

A handwritten signature in blue ink that reads 'Robert B. Cooke'.

Robert B. Cooke, Chief
State Water Project Analysis Office

Enclosure

Mr. Dale Melville, et al

DEC 16 2013

Page 2

cc: Mr. Terry Erlewine, General Manager
State Water Contractors
1121 L Street, Suite 1050
Sacramento, California 95814

Mr. Rick Besecker, Water Management Specialist
Dudley Ridge Water District
286 W. Cromwell Avenue
Fresno, California 93711-6162

Mr. Kevin Donhoff, Resource Implementation Section Manager
The Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, California 90054-0153

State of California
The Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,
DUDLEY RIDGE WATER DISTRICT,
KERN COUNTY WATER AGENCY
AND
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
FOR A MULTI-YEAR EXCHANGE
AND
CHANGE IN POINT OF DELIVERY
OF A PORTION OF DUDLEY RIDGE WATER DISTRICT'S
STATE WATER PROJECT WATER SUPPLIES

SWPAO #13012

THIS AGREEMENT is made this 16th day of December, 2013, pursuant to the provisions of the California Water Resources Development Bond Act and other applicable laws of the State of California, among the Department of Water Resources of the State of California, herein referred to as "DWR," the Dudley Ridge Water District, herein referred to as "DRWD," the Kern County Water Agency, herein referred to as "KCWA," a political subdivision of the State of California created by an Act of the California State Legislature (Statutes 1961, Chapter 1003 or as amended) and the Metropolitan Water District of Southern California, herein referred to as "MWDSC," a metropolitan water district incorporated pursuant to an Act of the California State Legislature (Statutes 1969, Chapter 209 as amended). DWR, DRWD, KCWA and MWDSC may be referred to individually by name as "Party" or collectively as "Parties".

RECITALS

- A. DWR and DRWD have entered into a water supply contract, executed December 13, 1963, providing that DWR shall supply certain quantities of water to DRWD, and providing that DRWD shall make certain payments to DWR, and setting forth the terms and conditions of such payment (hereafter the "DRWD Water Supply Contract").
- B. DWR and MWDSC have entered into a water supply contract, executed November 4, 1960, providing that DWR shall supply certain quantities of water to MWDSC, and providing that MWDSC shall make certain payments to DWR, and setting forth the terms and conditions of such payment (hereinafter the "MWDSC Water Supply Contract").
- C. DWR and KCWA have entered into a water supply contract, executed November 15, 1963, providing that DWR shall supply certain quantities of water to KCWA, and providing that KCWA shall make certain payments to DWR, and setting forth the terms and conditions of such payment (hereinafter the "KCWA Water Supply Contract").
- D. Irvine Ranch Water District (IRWD) is a California water district located in Orange County, California. IRWD receives State Water Project (SWP) water supplies from Municipal Water District of Orange County (MWDOC), a member unit of MWDSC.
- E. IRWD has entered into an agreement with Rosedale-Rio Bravo Water Storage District (RRBWSD), a member unit of KCWA, entitled "Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for a Water Banking and Exchange Program Agreement" in January 2009. The agreement provides for, among other things, terms and conditions between IRWD and RRBWSD for the development and operations of a water banking project. This water banking project consists of recharge, storage and recovery facilities that are located on IRWD property in Kern County known as "Strand Ranch" and integrated into RRBWSD's water banking program, hereafter referred to as the "RRBWSD/IRWD Water Banking and Exchange Program."
- F. MWDSC, IRWD and MWDOC have entered into an agreement entitled "Coordinated Operating, Water Storage, Exchange and Delivery Agreement," executed in April 2011. Such agreement, hereafter referred to as the "MWDSC/IRWD Agreement," provides for, among other things, terms and conditions for IRWD to secure SWP water supplies for the joint benefits of increased water supply reliability and diversification to MWDSC and IRWD.

- G. DRWD adopted a 2005 Water Management Plan which among many management actions, discusses this multi-year exchange with MWDSC. DRWD certified an Initial Study and Negative Declaration (ND) and filed a Notice of Determination (NOD) and Findings with the Office of Planning and Research (OPR) (SCH #2004121103) on the adoption and implementation of the 2005 Water Management Plan.
- H. DWR and KCWA have entered into an agreement entitled "Agreement between Department of Water Resources, State of California and Kern County Water Agency for Introduction of Local Water and Flood Water into the California Aqueduct" in December 1998 (KCWA/DWR/CVC Turn-in Agreement). The KCWA/DWR/CVC Turn-in Agreement provides for the introduction of local water into the California Aqueduct from the Cross Valley Canal at Reach 12E.
- I. DRWD requests DWR's approval for a long-term unbalanced exchange program between DRWD and MWDSC. Under the proposed program, up to 8,700 acre-feet of DRWD's approved SWP water supplies (Project water) will be delivered to MWDSC over a five year period from 2013-2017. By the year 2022, MWDSC will return a portion of its future Project water to DRWD equal to fifty percent (50%) of the approved Project water delivered to MWDSC.
- J. The purpose of this Agreement, SWPAO #13012, is to set forth provisions governing the proposed unbalanced exchange between DRWD and MWDSC. DWR will deliver a portion of DRWD's approved Project water to MWDSC by: (1) delivery of DRWD's approved Project water to MWDSC's service area; and/or (2) a change in point of delivery of DRWD's approved Project water to KCWA's turnout for storage under the RRBWSD/IRWD Water Banking and Exchange Program and for future return of stored water to MWDSC.
- K. In compliance with the California Environmental Quality Act (CEQA), DRWD, as Lead Agency, proposed to adopt and implement the provision of its 2005 Water Management Plan (Plan) in which DRWD identified the need to improve the process of approving water exchanges among SWP contractors. DRWD filed an NOD with the OPR on March 14, 2005 (SCH #2004121103).
- L. IRWD prepared an ND for the Jackson Ranch Allocation Project which provides for water to be delivered to the Strand Ranch Integration Water Banking Project. IRWD filed the ND with the State Clearinghouse on November 30, 2009 (SCH #2009111097). DRWD as the responsible agency prepared an NOD dated January 20, 2010.
- M. DWR, as Responsible Agency, has considered all of these environmental documents prior to entering into this Agreement, and will file an NOD upon execution of this Agreement.

AGREEMENT

DWR approves the delivery of up to 8,700 acre-feet of DRWD's Project water to MWDSC in exchange for the return of MWDSC's future Project water equal to 50 percent of the total amount delivered to MWDSC, which will be accomplished by: (1) delivery of a portion of DRWD's approved Project water to MWDSC's service area; and/or (2) delivery of a portion of DRWD's approved Project water to KCWA's turnout for storage in the RRBWSD/IRWD Water Banking and Exchange Program and for future return of stored water to MWDSC, subject to the following terms and conditions:

1. TERM OF AGREEMENT

This Agreement shall become effective upon execution by all parties and shall provide for the delivery of a portion of DRWD's approved Project water to MWDSC by December 31, 2017. MWDSC shall return its future Project water to DRWD by December 31, 2022.

Notwithstanding the terms of the RRBWSD/IRWD Agreement and the MWDSC/IRWD Agreement, 50% of the net water delivered to storage under this Agreement shall be returned to MWDSC by December 31, 2022. This Agreement shall remain in effect until all water less losses is returned, or upon final payment to DWR of all costs attributable to this Agreement, whichever occurs later. However, the liability, hold harmless and indemnification obligations in this Agreement shall remain in effect until December 31, 2026, or until any claim or litigation concerning this Agreement asserted to DWR, MWDSC, DRWD, or KCWA as of December 31, 2026 is finally resolved, whichever occurs later.

2. UNIQUENESS OF AGREEMENT

This Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

3. WATER DELIVERY MECHANISMS

DWR's delivery of DRWD's approved Project water to MWDSC can be accomplished in two ways: 1) water delivery directly to MWDSC's turnouts and/or 2) water delivery to KCWA's turnouts in Reach 12E of the California Aqueduct.

a. WATER DELIVERY FROM DRWD TO MWDSC's TURNOUT

- i. DWR may deliver a portion of DRWD's approved Project water to MWDSC's turnouts for use in its service area.

- ii. The delivery of a portion of DRWD's approved Project water to MWDSC shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations, facilities or other SWP contractors' water costs.
- iii. In coordination with and upon approval of DRWD, MWDSC shall be responsible for scheduling with DWR the water for delivery to MWDSC's service area.
- iv. In any given year, the sum of deliveries scheduled to MWDSC under this Agreement, plus scheduled MWDSC approved Project water, plus deliveries to MWDSC pursuant to any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based pursuant to MWDSC's Water Supply Contract with DWR, unless DWR determines that deliveries will not adversely impact SWP operations, or facilities, or other SWP contractors.

b. WATER DELIVERY FROM DRWD TO STORAGE FOR MWDSC

- i. DWR may deliver a portion of DRWD's approved Project water, scheduled for delivery to MWDSC's turnouts under this Agreement, to KCWA's turnouts in Reach 12E of the California Aqueduct.
- ii. The delivery of MWDSC's approved Project water to KCWA shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
- iii. In coordination with and upon approval of KCWA, MWDSC shall be responsible for scheduling with DWR the delivery of DRWD's approved Project water to KCWA's turnouts.
- iv. As part of coordinating delivery schedules between MWDSC and KCWA, MWDSC will submit a delivery schedule to KCWA and RRBWSD for review and approval. KCWA and RRBWSD shall review the proposed schedule with MWDSC, and after consultation with RRBWSD, KCWA agrees to inform MWDSC of its decision to either approve, propose modifications, or withhold approval as promptly as possible. KCWA agrees that it shall not arbitrarily withhold approval or propose modifications. KCWA may withhold approval of, or propose modification

to MWDSC's deliveries to storage under this Agreement if, on the basis of a with and without analysis, KCWA determines that such deliveries would adversely impact KCWA's water management activities, finances, water supply or operations, and MWDSC or RRBWSD do not agree to mitigate for such impacts. The base case (without analysis) shall be those conditions estimated to occur in the absence of deliveries to the RRBWSD/IRWD Water Banking and Exchange Program. The KCWA analysis is a matter involving KCWA and MWDSC, not DWR. DWR is not liable to MWDSC for the determinations KCWA makes under this paragraph. DWR is not asserting the validity of KCWA's analysis, nor is it to be held liable by MWDSC for any actions resulting from KCWA's analysis.

- v. The sum of deliveries scheduled to KCWA under this Agreement, plus scheduled KCWA approved Project water deliveries, plus deliveries to KCWA pursuant to any other agreements, shall not exceed the quantities on which the proportionate Use-of-Facilities factors are based pursuant to KCWA's and/or MWDSC's Water Supply Contract, unless DWR determines that deliveries will not adversely impact SWP operations or facilities, or other SWP contractors' Table A deliveries.

4. USE OF STORED WATER

- a. DRWD's approved Project water delivered to KCWA under this Agreement shall not be sold by KCWA, but will be temporarily stored for future delivery and use in MWDSC's service area. Provisions for storage and recovery of MWDSC's approved Project water within KCWA are governed by the RRBWSD/IRWD Agreement and the MWDSC/IRWD Agreement. The RRBWSD/IRWD Agreement specifies the losses for the banked water as up to 15 percent.
- b. When MWDSC's stored water is returned to MWDSC by exchange for KCWA's Project water, the Parties acknowledge that RRBWSD shall be entitled to a like amount of MWDSC's Project water stored in the RRBWSD/IRWD Water Banking and Exchange Program.

5. USE OF CALIFORNIA AQUEDUCT CAPACITY

Conveyance of water in the California Aqueduct under this Agreement shall be in accordance with a schedule which has been reviewed and approved by DWR under applicable provisions of DRWD's, MWDSC's and KCWA's Water Supply Contracts. Article 12(f) of DRWD's, MWDSC's and KCWA's Water Supply Contracts shall govern the priority for delivery of such water.

6. RETURN WATER DELIVERY MECHANISMS

Return water to DRWD can be accomplished by one of three ways: 1) MWDSC's future Project water 2) by exchange of KCWA's Project Water and/or 3) by Pump-in to the California Aqueduct.

a. RETURN WATER DELIVERY FROM MWDSC TO DRWD

- i. The return water delivered to DRWD may be from MWDSC's future Project water. Any return water delivered this way shall be equal to 50%, less losses, of DRWD's water delivered to MWDSC. The return of water to DRWD shall be completed by December 31, 2022. DWR shall return the return water to DRWD's turnouts in Reach 8D of the California Aqueduct.
- ii. The delivery of a portion of MWDSC's future Project water under this Agreement shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations, facilities, or other SWP contractors' water deliveries or costs.
- iii. In coordination with and upon approval of MWDSC, DRWD shall be responsible for scheduling with DWR the water for delivery to DRWD's service area.
- iv. In any given year, the sum of deliveries scheduled to DRWD under this Agreement, plus scheduled DRWD Project water deliveries, plus deliveries to DRWD under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based pursuant to DRWD's Water Supply Contract, unless DWR determines that the deliveries will not adversely impact SWP operations, facilities or other SWP contractors.

b. RETURN OF STORED WATER TO MWDSC BY EXCHANGE OF KCWA'S PROJECT WATER

- i. KCWA may return stored water to MWDSC by exchange of a portion of its future approved Project water allocated to RRBWSD in the year that water is returned. DWR shall deliver the return water to MWDSC's turnouts for use in its service area.

- ii. The return delivery of stored water to MWDSC shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
 - iii. In coordination with KCWA, MWDSC shall be responsible for scheduling with DWR the return delivery of its stored water to MWDSC's service area.
 - iv. KCWA may propose modifications to the proposed schedule for the return of MWDSC's previously stored water under this Agreement if, on the basis of a with and without analysis, KCWA determines that such deliveries would adversely impact KCWA's finances, water supply or operations, and MWDSC or RRBWSD do not agree to mitigate for such impacts. The base case (without analysis) shall be those conditions estimated to occur in the absence of deliveries to the RRBWSD/IRWD Water Banking and Exchange Program. The KCWA analysis is a matter involving KCWA and MWDSC, not DWR. DWR is not liable to MWDSC for the determinations KCWA makes under this paragraph. DWR is not asserting the validity of KCWA's analysis, nor is it to be held liable by MWDSC for any actions resulting from KCWA's analysis.
 - v. The sum of return water deliveries scheduled to MWDSC under this Agreement, plus scheduled MWDSC Project water deliveries, plus deliveries to MWDSC pursuant to any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based pursuant to MWDSC's Water Supply Contract, unless DWR determines that deliveries will not adversely impact SWP operations or facilities, or other SWP contractors' Table A deliveries.
- c. RETURN OF STORED WATER BY PUMP-IN TO THE CALIFORNIA AQUEDUCT
- i. Return water may be pumped and introduced into Reach 12E of the California Aqueduct for delivery by DWR to MWDSC. Such return water shall meet DWR's water quality standards in effect when the water is returned.
 - ii. The turn-in facility used to return water to the California Aqueduct shall be subject to the December, 1998 "Agreement between Department of Water Resources, State of California and Kern County Water Agency for

Introduction of Local Water and Flood Water into the California Aqueduct" as it exists at the time this Agreement is executed and as amended in the future.

- iii. KCWA shall collect water quality data for wells from which local water will be pumped, pursuant to the "Interim Department of Water Resources Water Quality Criteria for Acceptance of Non-Project Water into the State Water Project, March 1, 2001," or other document that supersedes this interim document. KCWA shall submit such data to the Division of Operations and Maintenance, Environmental Assessment Branch, Water Quality Section, Post Office Box 942836, Sacramento, California 94236-0001, or as otherwise directed by DWR.

7. WATER DELIVERY SCHEDULES

- a. All water delivery schedules and revisions under this Agreement shall be in accordance with Article 12 of DRWD's, MWDSC's and KCWA's Water Supply Contracts.
- b. DRWD, MWDSC and KCWA shall submit revised monthly water delivery schedules for approval to the State Water Project Analysis Office, Water Deliveries Section, indicating timing and point of delivery requested under this Agreement with reference to SWPAO #13012. Revised schedules shall be sent by electronic mail to SWPDeliveries@water.ca.gov or by FAX to (916) 653-9628, Attention: Chief, Water Deliveries Section.
- c. DRWD and KCWA shall submit weekly water schedules for the delivery of water under this Agreement to the San Joaquin Field Division, Water Operations Section, indicating timing and point of delivery requested with reference to SWPAO #13012.
- d. MWDSC shall submit weekly water schedules for the delivery of water under this Agreement to the Southern Field Division, Water Operations Section, indicating timing and point of delivery requested with reference to SWPAO #13012.
- e. All weekly water schedules described above shall be submitted by 10:00 a.m. Wednesday, for the following week, Monday through Sunday, to the appropriate field division Water Operations Section for the SWP Contractor.
- f. Weekly water schedules shall also be concurrently sent by electronic mail or faxed to the State Water Project Operations Control Office:

1. Water Management Branch
Water_deliv_sched@water.ca.gov
FAX to (916)574-2785
Attention: Chief, Water Management Branch
2. Power Management and Optimization Branch
Water_deliv_sched@water.ca.gov
FAX to (916)574-2785
Attention: Chief, Power Management and Optimization Branch
3. Pre-Scheduling Section
Presched@water.ca.gov
FAX to (916)574-2782
Attention: Chief, Pre-Scheduling Section

8. WATER DELIVERY RECORDS

DWR will maintain monthly records accounting for the delivery of water to MWDSC, KCWA and DRWD under this Agreement. DRWD and MWDSC shall certify to DWR's State Water Project Analysis Office by January 31 of each year the following monthly information for the previous calendar year:

- a. the quantity of water delivered to the RRBWSD/IRWD Water Banking and Exchange Program;
- b. the quantity of water delivered directly to MWDSC's turnouts;
- c. the quantity of stored water returned to MWDSC;
- d. the actual losses of stored water; and
- e. the quantity of MWDSC's water returned to DRWD.

9. NO IMPACTS

This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. DRWD, MWDSC and KCWA shall be responsible, as determined by DWR, for any adverse impacts that may result from water deliveries under this Agreement.

10. SWP ALLOCATIONS

Water delivered to DRWD, MWDSC or KCWA under this Agreement shall not be considered by DWR in the determination of approved annual Table A deliveries or allocation of other SWP water to DRWD, MWDSC and KCWA under Article 18 of DRWD's, MWDSC's and KCWA's long-term Water Supply Contracts.

11. CHARGES

DRWD, MWDSC and KCWA shall pay to DWR the following charges for water delivered under this Agreement, including all future adjustments, which shall be calculated in the same manner as charges are calculated for Project water deliveries and shall be in accordance with the provisions of DRWD's, MWDSC's and KCWA's Water Supply Contracts with DWR, and as amended in the future. Charges shall be determined for the year the water is delivered or returned.

a. Water Delivered to MWDSC's Service Area

When a portion of DRWD's approved Project water is delivered to MWDSC, MWDSC shall pay to DWR the charges associated with the delivery of the water from the Delta to the point of delivery at MWDSC's turnouts of the California Aqueduct. The charges associated with such delivery will be the Variable Operation, Maintenance, Power and Replacement (OMP&R) components of the Transportation Charge and the Off-Aqueduct Power Facilities Charge in effect for the year in which the water is delivered to MWDSC.

b. Water Delivered to Storage in KCWA

When a portion of DRWD's approved Project water is delivered from the Delta to KCWA's turnouts located in Reach 12E of the California Aqueduct for storage in the RRBWSD/IRWD Water Banking and Exchange Program, MWDSC shall pay to DWR the Variable Operation, Maintenance, Power and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facility costs for each acre-foot of water delivered from the Delta to Reach 12E.

c. Return of Stored Water to MWDSC

i. Return Water Delivered by exchange of KCWA's Project Water:

When KCWA provides return water to MWDSC by releasing a portion of its approved Project Water on behalf of RRBWSD, DWR will deliver such water to MWDSC's turnouts in the California Aqueduct. KCWA shall pay to DWR the Variable Operation, Maintenance, Power and Replacement Component of the Transportation Charge and Off-Aqueduct Power

Facility costs for each acre-foot of Project water released on behalf of RRBWSD, as if the released Project water were conveyed to KCWA from the Delta to Reach 12E. MWDSC shall pay to DWR the Variable Operation, Maintenance, Power and Replacement Component of the Transportation Charge and Off-Aqueduct Power Facility Costs for each acre-foot of Project water conveyed from Reach 12E to MWDSC's turnouts in the California Aqueduct.

ii. Return Water Delivered by Pump-in:

When MWDSC's stored water is pumped and introduced into the California Aqueduct at Reach 12E for subsequent delivery to MWDSC, such water will be conveyed by DWR to MWDSC's turnouts in the California Aqueduct. MWDSC shall pay the Variable Operation, Maintenance, Power and Replacement Component of the Transportation Charge.

d. Return Water Delivery to DRWD

When MWDSC's future Project water is delivered to DRWD, DRWD shall pay to DWR the charges associated with the delivery of the return water from the Delta to DRWD's turnouts in Reach 8D of the California Aqueduct. The charges associated with the return water will be the Variable Operation, Maintenance, Power and Replacement (OMP&R) components of the Transportation Charge and the Off-Aqueduct Power Facilities Charge in effect for the year in which water is returned to DRWD.

e. In addition to the charges identified above, DRWD, MWDSC and KCWA agree to pay to DWR any identified demonstrable increase in costs that would otherwise borne by the SWP contractors not signatory to this Agreement or by DWR as result of activities under this Agreement.

f. Payment terms shall be in accordance with DRWD's, MWDSC's, and KCWA's long-term Water Supply Contracts with DWR, in their current forms and as amended in the future.

12. LIABILITY

a. Responsibility for water delivered under this Agreement shall be governed by Article 13 of DRWD's, MWDSC's and KCWA's long-term Water Supply Contracts with DWR, with responsibilities under the terms of that article shifting from DWR to DRWD, MWDSC and KCWA when the water passes through their respective delivery points.

- b. DRWD, MWDSC and KCWA agree to defend and hold DWR, its officers and employees, jointly or severally, harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers and employees, jointly or severally, for all lawsuits, costs, damages, judgments, attorney fees, and liabilities that DWR, its officers and employees incur as a result of DWR providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR.
- c. If uncontrollable forces preclude DWR from delivering water pursuant to this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable force. Uncontrollable forces shall include, but are not limited to earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. DRWD, MWDSC and KCWA will not be entitled to recover any administrative costs, or costs paid for delivery of water pursuant to this Agreement if uncontrollable forces preclude DWR from completing the delivery of the water.

13. NO MODIFICATION OF WATER SUPPLY CONTRACTS

This Agreement shall not be interpreted to modify the terms or conditions of DRWD's Water Supply Contract, as amended, or MWDSC's Water Supply Contract, as amended, or KCWA's Water Supply Contract, as amended. Unless expressly provided herein, the terms and conditions of DRWD's, MWDSC's and KCWA's Water Supply Contracts and future amendments apply to this Agreement.

14. DISPUTE RESOLUTION

In the event of dispute regarding interpretation or implementation of this Agreement, the Director of DWR and general managers of DRWD, MWDSC and KCWA shall endeavor to resolve the dispute by meeting within 30 days after the request of a Party. If the dispute is unresolved, the Parties shall use the services of a mutually acceptable consultant in an effort to resolve the dispute. Parties involved in the dispute shall share the fees and expenses of the consultant equally. If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may at its option pursue any available legal remedy, including, but not limited to, injunctive and other equitable relief.

15. ASSIGNMENT OF AGREEMENT

Without the prior written consent of DWR, DRWD, MWDSC and KCWA, this Agreement shall not be assignable by DRWD, MWDSC or by KCWA in whole or in part.

16. MODIFICATION OF AGREEMENT

No modification of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties to this Agreement.

17. PARAGRAPH HEADINGS

The paragraph headings of this Agreement are for the convenience of the Parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

18. TERMS TO BE REASONABLE

Where the terms of this Agreement provide for actions to be based upon the opinion, judgment, approval, review, or determination of any party, such terms are to be construed as providing that such opinion, judgment, approval, review, or determination be reasonable.

19. SIGNATURE CLAUSE

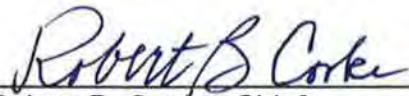
The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. A copy of the resolution or other documentation authorizing DRWD, KCWA and MWDSC to enter into this Agreement shall be delivered to DWR.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement.

Approved as to Legal Form
and Sufficiency

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

VB 
Cathy Crothers
Chief Counsel


Robert B. Cooke, Chief
State Water Project Analysis Office

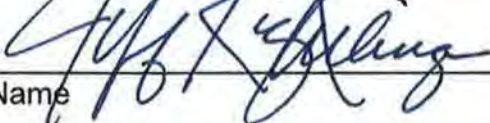
Date 12-15-13

Date 12/16/13

DUDLEY RIDGE WATER DISTRICT

METROPOLITAN WATER DISTRICT


Name


Name

MANAGER-ENGINEER
Title

GENERAL MANAGER
Title

Date 9-20-2013

Date 10/23/2013

KERN COUNTY WATER AGENCY


Name

General Manager
Title

Date 11/20/13

EXHIBIT "B"

DRAFT

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04/11/1601/26/17

2017~~6~~ AGREEMENT BETWEEN DUDLEY RIDGE WATER DISTRICT AND IRVINE RANCH WATER DISTRICT FOR LONG-TERM EXCHANGE PROGRAM

THIS AGREEMENT (the "Agreement"), dated this _____ day of _____, 2017~~6~~, is made and entered into by and between DUDLEY RIDGE WATER DISTRICT ("DRWD") and IRVINE RANCH WATER DISTRICT ("IRWD"), each of the foregoing a California Water District formed under and existing pursuant to Section 34000 *et seq.* of the California Water Code (together, the "Parties" and each a "Party").

RECITALS:

WHEREAS, IRWD has developed and continues to develop the Integrated Banking Project (defined below) in Kern County with storage, recharge and recovery capacities which it operates with Rosedale-Rio Bravo Water Storage District ("Rosedale"); and

WHEREAS, DRWD holds a long-term Water Supply Contract with the California Department of Water Resources ("DWR") dated December 13, 1963, as amended, pursuant to which it is entitled to receive certain quantities of water from the State Water Project ("SWP"), including without limitation water derived from DRWD's Table A Amount ("Table A Water"); and

WHEREAS, IRWD has entered into the agreement entitled "Coordinated Operating, Water Storage, Exchange and Delivery Agreement" dated as of April 21, 2011 (the "COA"), by and among the Metropolitan Water District of Southern California ("Metropolitan"), the Municipal Water District of Orange County and IRWD; and

WHEREAS, each Party seeks to increase its flexibility and improve water management and reliability by implementing a long term exchange program beginning in 2017~~6~~, in which IRWD, as a landowner in DRWD, will, at its discretion, recover up to 40,000 acre feet of non-SWP water from the Integrated Banking Project for delivery to DRWD in exchange for which IRWD will receive for an equal amount of DRWD's Table A Water ~~to be returned by DRWD to IRWD~~ in accordance with the COA as provided herein; and

WHEREAS, DRWD will implement such program as a part of, and consistent with, the 2015 Update to its 2012 Agricultural Water Management Plan ("2015 AWMP"); and

WHEREAS, IRWD and DRWD desire to enter into this Agreement for the purpose of setting forth the terms and conditions of the Exchange Program (defined below); and

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WHEREAS, the Parties intend that this Agreement shall be consistent with that certain Water Banking and Exchange Program Agreement between Rosedale and IRWD dated as of January 13, 2009, as amended (the "Banking Agreement"), and that certain Water Banking, Recovery and Exchange Program Agreement [Stockdale West and Stockdale East Properties] between Rosedale and IRWD dated as of February 4, 2016.

NOW, THEREFORE, in consideration of the promises and covenants herein contained, DRWD and IRWD agree as follows:

AGREEMENT:

Section 1. Definitions of Certain Terms.

1.1 COA means the agreement entitled "Coordinated Operating, Water Storage, Exchange and Delivery Agreement", dated as of April 21, 2011, by and among Metropolitan, the Municipal Water District of Orange County and IRWD.

1.2 Exchange Program means the program generally described in Section 2 and implemented under this Agreement.

1.3 Exchange Water means the amount of up to 40,000 acre feet of non-SWP water that IRWD determines, at its discretion, is available to recover from the Integrated Banking Project for delivery to DRWD under the Exchange Program.

1.4 Integrated Banking Project means, consistent with the COA, 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 recharge, storage and recovery facilities on the property known as "Strand Ranch" and other property.

1.5 DRWD POD means the Integrated Banking Project turn-ins on the Cross Valley Canal (the "CVC"), to which IRWD delivers Exchange Water to DRWD or for its account pursuant to Section 3.

1.6 IRWD POD means the Integrated Banking Project turn-outs in Reach 2 of the CVC to which DRWD delivers Return Water to IRWD or for its account pursuant to the option for physical delivery of Return Water to the Integrated Banking Project described in Section 4.1.

1.7 Return Water means Table A Water or other SWP Table A supplies available to or controlled by DRWD that will be delivered water returned to IRWD in exchange for Exchange Water as provided herein, ~~which shall be Table A Water or other SWP Table A supplies available to or controlled by DRWD.~~

1.8 Table A Water means water derived from DRWD's Table A Amount under DRWD's long-term Water Supply Contract with DWR.

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Section 2. Exchange Program. IRWD shall make up to 40,000 AF of Exchange Water available at IRWD's discretion for delivery to DRWD over the term of this Agreement when and if DRWD requests Exchange Water and such request is approved by IRWD, in exchange for an equal amount of Return Water, to be ~~delivered returned~~ by DRWD to IRWD pursuant to Section 4 of this Agreement. IRWD may use for this purpose any water supplies that IRWD banks under a program that may be recovered and delivered to or as directed by DRWD in a manner acceptable to DRWD for its use either in or out of Kern County.

Section 3. Conveyance of Exchange Water.

3.1 IRWD will utilize its recovery capacity to recover and deliver the Exchange Water to the DRWD POD.

3.2 DRWD will take possession of the Exchange Water at the DRWD POD, when it is physically able to take delivery of Exchange Water, and will be responsible for conveying the Exchange Water for use by DRWD landowners.

Section 4. Return Water.

4.1 General. Within five (5) years of receiving a delivery of Exchange Water, and when the SWP allocation is greater than 65%, at a time selected by DRWD, DRWD shall deliver an equivalent amount of Return Water, as provided herein, to IRWD. If the SWP allocation for the five-year period following delivery of Exchange Water does not exceed 65%, an additional year will be added for DRWD's delivery of Return Water. Delivery of Return Water shall be made by either (i) if preferred by DRWD, an in-ground transfer of DRWD Table A Water from DRWD's Kern Water Bank account to the Integrated Banking Project, or otherwise (ii) as directed by Metropolitan, (A) delivery of Return Water from the California Aqueduct to the IRWD POD or (B) delivery to Metropolitan for subsequent delivery to Southern California. DRWD shall provide thirty (30) days' written notice to IRWD before it delivers Return Water and will confer with IRWD as to the date(s) and location(s) of delivery. With IRWD's approval, at the request of DRWD, DRWD may also pre-deliver Return Water prior to receiving a delivery of Exchange Water. Within five (5) years of receiving a pre-delivery of Return Water, at a time selected by IRWD, and when DRWD is physically able to take delivery of Exchange Water, IRWD shall deliver an equivalent amount of Exchange Water, as provided herein, to DRWD.

4.2 Return Water To Constitute Program Water. The Parties acknowledge and agree that Return Water shall be deemed by IRWD to be Program Water, as defined in the COA, including Return Water delivered by in-ground transfer as provided in clause (i) of Section 4.1 and Return Water delivered as directed by Metropolitan as provided in clause (ii) of Section 4.1. However, all obligations to comply with the COA with respect to Return Water shall be borne by IRWD.

4.2.1 In accordance with the COA, Program Water delivered to the Metropolitan service area shall be under the control of Metropolitan, and any transfer, exchange or other transaction for water to be moved to Metropolitan's service area or to be made Program Water requires Metropolitan's prior consent; Metropolitan's consent to the Exchange Program

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shall be obtained as provided in Section 7 below.

4.2.2 Any provisions of Sections 10.2 and 10.3 to the contrary notwithstanding, control, carriage, handling, use, disposal, or distribution of water that has been delivered to Metropolitan for subsequent delivery to Southern California turnouts shall be governed as provided in the COA and DRWD shall have no responsibility therefor.

Section 5. Delivery Schedule.

5.1 General. As and when requested by DRWD and approved by IRWD, and pursuant to a schedule established pursuant to Section 5.2, IRWD may deliver Exchange Water and DRWD may pre-deliver Return Water within the first fifteen (15) years of the execution of this Agreement. DRWD shall provide Return Water on a first-in and first-out basis within five (5) years of each Exchange Water delivery as provided in Section 4 and any pre-delivered Return Water shall be credited to DRWD for such purpose. All Return Water shall be delivered to IRWD by the end of the term of this Agreement.

5.2 Exchange Water. In any calendar year when DRWD requests and IRWD approves an Exchange Water delivery, DRWD shall supply a preliminary delivery schedule with dates and amounts to IRWD by May 1. The Parties will meet and confer as necessary and shall finalize the delivery schedule by June 1 of such calendar year. Exchange Water delivery shall be scheduled in coordination with the Kern County Water Agency ("KCWA").

5.3 Return Water. The delivery of Return Water shall be scheduled in accordance with the applicable agreements governing Table A Water, and the COA and also in coordination with KCWA when the Return Water is returned to the Integrated Banking Project.

Section 6. Losses. Exchange Water will be delivered to DRWD's POD net of losses determined in accordance with the applicable "Memorandum of Understanding" between Rosedale and adjoining entities. DRWD may incur other losses up to 2 % through the CVC conveyance as assigned by KCWA or any other losses that may be incurred with delivery to DRWD's service area. All Return Water will be delivered to IRWD net of losses, such that the quantity, net of losses, of Return Water delivered by in-ground transfer or delivered to the IRWD POD or to the point where Metropolitan takes control of the water under the COA if delivered to Southern California, as determined pursuant to Section 4.1, is equal to the amount, not reduced by losses, of the corresponding Exchange Water that IRWD delivered to the applicable DRWD POD.

Section 7. Coordination of Approvals and Agreements.

7.1 Coordination and Costs. The Exchange Program will require approvals from DWR, KCWA, and Metropolitan. IRWD and DRWD shall jointly coordinate using their respective staff resources in the development of all agreements necessary to deliver Exchange Water to DRWD and to deliver Return Water to IRWD. IRWD and DRWD shall each be responsible for their own costs associated with such coordination. IRWD and DRWD shall each execute indemnification and pass-through indemnification agreements, consistent with their

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respective responsibilities as set forth in Section 10, to the extent required in connection with such approvals.

7.2 Contingent Effectiveness. The effectiveness of this Agreement shall be contingent upon consent to the herein-described Exchange Program by Metropolitan, as indicated by its signature below, and approval of the herein-described Exchange Program by DWR as required for SWP delivery between SWP contractors, and approval by KCWA to the extent required by such DWR authorizing agreement(s). If within one (1) year of the execution of this Agreement by the Parties (the "Contingent Effectiveness Period"), any of the approvals described in the preceding sentence are not obtained, this Agreement shall not become effective; provided, the Parties may mutually agree to and make any modifications of this Agreement that they determine are necessary to gain such consent or approval.

Section 8. Costs.

8.1 Per Acre Foot Costs. All per acre foot costs associated with the Exchange Program will be paid as set forth in this Section. An illustrative table using current approximate amounts is set forth in Exhibit "A" attached and incorporated herein by this reference. As indicated in Exhibit A, the use of assumed non-SWP water cost figures and SWP allocation percentage reflect the Parties' overall intent to approximately equalize to each Party the per acre foot cost in the event Return Water is physically delivered to the Integrated Banking Project or Southern California, and if the assumptions materially change, the Parties agree to make adjustments to the cost responsibilities in Sections 8.1.1 and 8.1.2 to approximately equalize the allocation of costs. The costs listed in Exhibit A are by way of example and not limitation, and if a new per acre foot cost attributed to the Exchange Program is incurred that was not anticipated in the costs listed in Exhibit A, each of the Parties shall be responsible for one-half of the new cost unless the Parties agree otherwise.

8.1.1 Exchange Water Costs. Notwithstanding any other provision of this Agreement, IRWD shall be responsible for all per acre foot costs for acquisition and storage of Exchange Water prior to its delivery to the DRWD POD. IRWD shall be responsible for all costs of recovery of the Exchange Water, including recovery operation and maintenance, Rosedale administrative charges for recovery and CVC conveyance to the DRWD POD. Each of the Parties shall be responsible for one-half of all KCWA fees, including transaction set-up fees, per acre foot transaction request fees and third-party out-of-county fees.

8.1.2 Return Water Costs. Notwithstanding any other provision of this Agreement, DRWD shall be responsible for all per acre foot costs for Return Water. DRWD shall be responsible for all costs of delivery of the Return Water to the IRWD POD, including CVC pumping to the IRWD POD, CVC conveyance to the IRWD POD, and Rosedale administrative charges for recharge in the Integrated Banking Project. For water delivered to Southern California, the water delivery costs charged by the DWR (variable OMP&R and off-Aqueduct charges) are to be paid by Metropolitan under the COA.

8.2 Out of Pocket Costs Other Than Coordination Costs Or Per Acre Foot Costs. Without limiting the generality of Section 10.1 of this Agreement in any way, each Party shall

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bear its own expenses and costs incurred in connection with activities undertaken by such Party relating to the Exchange Program, except for costs of coordination otherwise provided for in Section 7.1 or per acre foot costs described and otherwise provided for in Section 8.1. A Party's expenses to be borne by such Party under this Section include without limitation (i) actual out-of-pocket expenses incurred by such Party (including costs of its staff), (ii) the actual amount of legal fees, consulting fees and similar third-party charges incurred by such Party in connection with the Exchange Program, including without limitation the costs incurred by such Party in connection with preparing and reviewing any environmental documentation, (iii) all costs of litigation (including without limitation attorneys' fees) actually incurred by such Party in defending any action brought by a third party as the result of or challenging such Party's actions in connection with the Exchange Program, and (iv) damages actually payable by such Party relating to any activities such Party undertakes in connection with the Exchange Program, except to the extent such damages were the direct result of the willful misconduct of the other Party that would otherwise be indemnified under Section 10 unless otherwise mutually agreed by the Parties.

8.3 Payments. The Parties agree to promptly process statements, invoices, payments, and reimbursements as needed to effectuate this Section 8 and Section 7.1.

Section 9. Environmental Compliance. On May 27, 2008 Rosedale certified an environmental impact report (SCH 2007041080) for the Integrated Banking Project ("Strand Ranch EIR") and subsequently on said date IRWD approved the Strand Ranch EIR as a responsible agency. On January 14, 2010 IRWD certified a Negative Declaration (SCH 2009111097) for the IRWD / Jackson Ranch Water Allocation Project ("Jackson ND"). On December 8, 2015 Rosedale certified an environmental impact report (SCH 2010091076) for the Stockdale Integrated Banking Project ("Stockdale EIR") and subsequently on December 14, 2015 IRWD approved the Stockdale EIR as a responsible agency. The Strand Ranch and Stockdale EIRs evaluated, among other things, the banking project facilities and the delivery of water from the facilities to IRWD for use in the IRWD service area.

DRWD has adopted a Negative Declaration (SCH 201621110) for DRWD's 2015 AWMP that addresses long-term banking and exchange programs, including the (a) IRWD Strand Ranch and Stockdale Integrated Banking Projects, (b) transfers with other SWP contractors or their member units, and (3) transfers with other SWP contractors or their member units with established water banking or exchange programs. Accordingly DRWD has determined that the Exchange Program has been adequately addressed by California Environmental Quality Act ("CEQA") action(s). Additionally, not as a requirement, but as an accommodation to approval agencies, DRWD has adopted a Notice of Exemption prior to DRWD taking action on the Exchange Agreement.

Section 10. Indemnification.

10.1. In the event of an administrative challenge and/or litigation related to the Exchange Program, the Parties will promptly meet and confer to perform a risk assessment of the challenge/litigation and cooperate in good faith to determine whether to terminate the Agreement due to the challenge/litigation. If the challenge/litigation is filed within the Contingent Effectiveness Period referred to in Section 7.2; or before any delivery of Exchange Water or

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Return Water has taken place, either Party may elect to terminate the Agreement by ___ days' written notice to the other Party. If the challenge/litigation is initiated after the Contingent Effectiveness Period or after a delivery of Exchange Water or Return Water has taken place, the Parties may terminate the Agreement only by mutual agreement. If a Party or the Parties do not so elect to terminate the Agreement and the challenge/litigation is not withdrawn, each Party shall indemnify, defend and hold the other Party and its directors, officers, employees, agents, attorneys and consultants free and harmless from and against any and all loss, cost, litigation, expense or claims, including without limitation attorneys' fees and costs (collectively, "Claims") incurred by any of them directly or indirectly resulting from any actions undertaken by or on behalf of the indemnifying Party in connection with any challenge to the environmental compliance performed by the indemnifying Party in connection with the Exchange Program, or otherwise relating in any way to the Exchange Program. It is the intent of this paragraph that the activities to be undertaken by each Party relating to the Exchange Program have either (1) been adequately analyzed by previously-adopted CEQA documents, which were not challenged, or (2) has been adequately analyzed in the DRWD proceedings described in Section 2. In the event the action challenges CEQA compliance pursuant to a previously-adopted CEQA document or the DRWD proceedings described in Section 2, all costs of such litigation (e.g., filing fees, administrative record costs, potential attorneys' fees and costs awarded to petitioners, etc. (collectively "litigation costs")) shall be borne by the Party who prepared, or prepared in consultation with another entity, the challenged CEQA document. In the event of any CEQA action related to the Exchange Program, the Parties shall each be responsible for the costs of their counsel of choice unless agreed to otherwise.

10.2 IRWD, its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of Exchange Water downstream of the DRWD POD, or for the control, carriage, handling, use, disposal, or distribution of Return Water upstream of the IRWD POD, nor for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water, unless such damages or claims are a result of negligent, intentional or reckless misconduct on the part of IRWD.

10.3 DRWD, its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of Return Water downstream of the IRWD POD or downstream of the point of delivery of Return Water to Metropolitan for delivery to Southern California or for the control, carriage, handling, use, disposal, or distribution of Exchange Water upstream of the DRWD POD, nor for any claim of damage of any nature whatsoever, including, but not limited to, property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water, unless such damages or claims are a result of negligent, intentional or reckless misconduct on the part of DRWD.

10.4 In-ground transfers which are accounting transfers not involving a physical delivery or POD are not deemed to be subject to the provisions of the preceding two paragraphs.

10.5 Neither IRWD nor DRWD shall be liable to the other for any claims related to the impairment of the quality of water as a result of storage in any Party's banking facilities or the aquifer from any cause.

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10.6 Each Party shall at all times indemnify, defend and save the other Party free and harmless from, and pay in full, any and all causes of action, claims, liabilities, obligations, demands, losses, judgments, damages or expenses, including reasonable attorney fees and costs ("claims") in any manner arising out of or connected with the indemnifying Party's activities in its performance under the Agreement or its diversion, control, carriage, handling, use, disposal or distribution of water into and out of storage, and any claims relating to any third party claiming a prior right, or interference with their right, to water delivered from one Party to the other, and any claims made by landowners in the respective Party's service area as a result of activities of the indemnifying party or its diversion, control, carriage, handling, use, disposal or distribution of water into and out of storage, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of the other Party, or its Board of Directors, officers, representatives, consultants, contractors, agents or employees.

10.7 In the event a Party entitled to indemnification is made a party to any action, lawsuit, or other adversarial proceeding alleging negligent or wrongful conduct on the part of an indemnifying Party, then (1) the indemnifying Party shall provide a defense to the other or, at the indemnitee's option, reimburse the indemnitee its costs of defense, including reasonable attorneys' fees, incurred in defense of such claims, and (2) the indemnifying Party shall promptly pay any final judgment or portion thereof rendered against the indemnitee(s).

Section 11. Notices. All written notices required to be given pursuant to the terms of the Agreement shall be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by overnight courier service, or (iv) delivered by facsimile transmission or e-mail, provided that the original of such notice is sent by certified United States mail, postage prepaid, or by overnight courier, no later than one (1) business day following such facsimile transmission or email. All such notices shall be deemed delivered upon actual receipt (or upon first attempt at delivery pursuant to the methods specified in clauses (i), (ii) or (iii) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the addresses shown in the Agreement or to such other address as the receiving Party may from time to time specify by written notice to the other Party given in the manner provided herein.

Section 12. Mediation. The Parties agree that any and all disputes, claims or controversies regarding the Exchange Program or this Agreement shall be submitted to mediation in a mutually agreeable venue and if the matter is not resolved through mediation, then it may be submitted to any court of competent jurisdiction. Any affected Party may commence mediation by providing the other Party a written request for mediation, setting forth the subject of the dispute and the relief requested. The Parties shall cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. The Parties covenant that they shall participate in the mediation in good faith, and that they shall share equally in costs charged by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Parties, their agents, employees, experts and attorneys, and by the mediator or any of the mediator's employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered

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inadmissible or non-discoverable as a result of its use in the mediation. The provisions of this Agreement with respect to mediation may be enforced by any Court of competent jurisdiction, and the Party seeking such enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the Party against whom such enforcement is ordered.

Section 13. Attorneys' Fees. Should any litigation be commenced between the Parties concerning the Agreement, or the rights and duties of any of them in relation thereto, the Party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its attorneys' fees and other costs of litigation as determined by the court or in a separate action brought for that purpose.

Section 14. Entire Agreement. This Agreement constitutes the entire agreement between the IRWD and DRWD with respect to the subject matter hereof. This Agreement supersedes all prior negotiations, discussions, contracts, agreements or understandings between the parties hereto, and no evidence of any prior or contemporaneous parol agreement or understanding shall be admissible to vary its terms. This Agreement shall not be amended or modified in any way except by a written instrument executed by each party hereto. The foregoing notwithstanding, this Agreement shall not supersede the Agreement Between Dudley Ridge Water District and Irvine Ranch Water District, dated February 25, 2010.

Section 15. Termination For Breach. Either Party may terminate the Agreement if the other Party breaches any material obligation under the Agreement and such breach continues for a period of sixty (60) days, or such other period as may be reasonable under the circumstances, after the date on which written notice is issued by the non-breaching Party. The non-breaching Party shall be entitled to seek any and all legal or equitable damages and/or remedies as a result of the breaching Party's breach.

In the event that either IRWD or DRWD is in material default of the Agreement, the non-defaulting Party shall provide written notice to the defaulting Party, identifying with reasonable specificity the nature of the claimed default. If the defaulting Party has not cured the event(s) of material default which is (are) identified in the notice required by this section within twenty (20) business days after receipt of written notification, or such other period as is reasonable under the circumstances, the non-defaulting Party shall be entitled to any and all remedies which may be available to it at law or in equity. This provision is not intended to provide a separate termination right, which is set forth in the first paragraph of this Section.

Section 16. Choice of Laws; Venue. The Agreement shall be governed and construed in accordance with the laws of the State of California. Venue for any action brought for the purpose of enforcing any provision of the Agreement shall be in Kings County, California.

Section 17. Cumulative Rights; Waiver. No failure by either Party to exercise, and no delay in exercising any rights, shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by either Party preclude any other or future exercise thereof or the exercise of any other right. Any waiver of any provision or of any breach of any provision of this Agreement must be in writing, and any waiver by either party of any breach of any provision of

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this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement.

Section 18. Further Action. The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the Exchange Program, consistent with each and all of the terms and conditions of this Agreement.

Section 19. Assignment. Neither Party shall assign or otherwise transfer its rights or obligations in, under or to the Exchange Program or this Agreement, in whole or in part, without the prior written consent of the other Party, which may be withheld in such other Party's sole and absolute discretion.

Section 20. Force Majeure; Change In Law. The respective obligations of each Party hereto shall be suspended while it is prevented from complying by acts of God; war; riots; civil insurrection; acts of civil or military authority; fires; floods; earthquakes; labor accidents or incidents; rules and regulations of any federal, state, or other governmental agency (other than the Parties themselves); changes in law, rules, or regulations of any federal, state or other governmental agency (other than the Parties themselves); or other cause of the same or other character any of which are beyond the reasonable control of such Party (collectively, "Force Majeure"). In the event of a suspension due to the foregoing, the Party whose obligations are suspended shall promptly notify the other Party in writing of such suspension and the cause and estimated duration of such suspension.

The Party providing such notice shall be excused from fulfilling its obligations under the Agreement until such time as the Force Majeure has ceased to prevent performance or other remedial action is taken, at which time the Party shall promptly notify the other Party of the resumption of its obligations under the Agreement. Any Party rendered unable to fulfill any of its obligations by reason of a Force Majeure shall exercise due diligence to remove such inability with reasonable dispatch within a reasonable time period and mitigate the effects of the Force Majeure. The relief from performance shall be of no greater scope and of no longer duration than is required by the Force Majeure.

Section 21. Interpretation. It is agreed and acknowledged by the parties that the Agreement has been arrived at through negotiation involving their respective counsel, and that each Party has had a full and fair opportunity to revise the terms of the Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting the Agreement.

Section 22. Headings. Headings used in the Agreement are for reference only and shall not affect the construction of the Agreement.

Section 23. No Third Party Beneficiaries. No third party beneficiaries are intended by the Parties hereto, and no third party shall be entitled to claim or enforce any rights under this Agreement.

Section 24. Severability. In the event that any provision of the Agreement is determined by a

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court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of the Agreement taken as a whole and legally valid. The remainder of the Agreement shall not be affected thereby.

Section 25. Successors and Permitted Assigns. All covenants and agreements contained in the Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns under Section 19, whether so expressed or not.

Section 26. Counterparts. This Agreement may be executed in counterparts. Facsimile and other electronic signatures shall be binding for all purposes.

Section 27. Effective Date; Term. Subject to Section 7.2, this Agreement shall take effect on the date first written above. Unless the terms of contingent effectiveness are not satisfied pursuant to Section 7.2 or the Agreement is terminated under Section 10.1 or Section 15, the term of this Agreement shall extend to and including November 4, 2035.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first hereinabove written.

DUDLEY RIDGE WATER DISTRICT

By _____
President

By _____
Secretary

APPROVED AS TO FORM:

By _____

IRVINE RANCH WATER DISTRICT

By _____
President

By _____

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Secretary

APPROVED AS TO FORM:

By _____

CONSENT:

In accordance with Paragraph 3.2 of that agreement entitled "Coordinated Operating, Water Storage, Exchange and Delivery Agreement," (the "COA") dated as of April 21, 2011, by and among The Metropolitan Water District of Southern California ("Metropolitan"), the Municipal Water District of Orange County and the Irvine Ranch Water District, and in accordance with Section 15(d) of Metropolitan's State Water Project Contract with the California Department of Water Resources, THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA hereby provides its written consent to IRWD's acquisition of State Water Project Water on Metropolitan's behalf as described in the Exchange Program defined herein, so long as that water meets the requirements of the COA.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN
CALIFORNIA

By: _____

Title:

By: _____

Secretary

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EXHIBIT A

All per acre foot costs associated with the Exchange Program will be paid as set forth in Section 8. An illustrative table using current approximate amounts is set forth in this Exhibit A.

Estimated per Acre-Foot Costs by Participant (in current dollars)

	DRWD	IRWD	Metropolitan
Exchange Water Costs			
Stored Exchange Water		\$ 81.00	
KCWA Fees: transaction set up fee, per AF transaction request fees, third party out of county fee	\$ 2.50	\$ 2.50	
Recovery of Exchange Water		\$ 70.00	
Recovery operations, maintenance costs		\$ 1.60	
Rosedale admin. charge for recovery at Strand		\$ 3.00	
CVC conveyance of Exchange Water to DRWD		\$ 3.00	
Return Water Costs			
DRWD Table A (assumes 60% SWP allocation)	\$147.00		
Water Toll			\$ 28.00
CVC pumping to Strand	\$ 7.00		
CVC conveyance of Return Water to Strand	\$ 3.00		
Rosedale admin charge for recharge at Strand	\$ 3.00		
Totals			
Per AF Cost if Return Water is physically delivered to Strand or Southern California	\$162.50	\$161.10	\$ 28.00
Per AF Cost if Return Water is delivered by in-ground transfer from KWB to Strand	\$149.50	\$161.10	