

AGENDA
IRVINE RANCH WATER DISTRICT
WATER BANKING COMMITTEE
THURSDAY, FEBRUARY 18, 2016

CALL TO ORDER **1:30 p.m.** Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

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

<u>ALSO PRESENT</u>	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

- | | |
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| <p>5. <u>WATER BANKING PROJECT FACILITIES AND CAPACITIES
OVERVIEW – JOHNSON/WELCH/SANCHEZ/WEGHORT</u></p> | |
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Recommendation: Receive and file.

ACTION

- | | |
|---|--|
| <p>6. <u>CONCEPTUAL WATER SUPPLY EXCHANGE AND TRANSFER
OPPORTUNITIES - WEGHORST</u></p> | |
|---|--|

Recommendation: That the Committee provide input on the conceptual water exchange and transfer opportunities presented by staff at the meeting.

ACTION - Continued

7. PROPOSED TERMS FOR LONG TERM EXCHANGE PROGRAMS
WITH CENTRAL COAST WATER AUTHORITY – WELCH/SANCHEZ/
WEGHORST

Recommendation: That the Committee provide input on the draft terms for a Long-Term Exchange Program with Central Coast Water Authority (CCWA) and authorize staff and legal counsel to work with CCWA to prepare a Long-Term Exchange Program agreement consistent with the terms as may be revised based upon input from the Committee and to present the agreement for consideration by the full Board of Directors.

OTHER BUSINESS

8. 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.

February 18, 2016

Prepared by: D. Johnson/K. Welch

Submitted by: F. Sanchez/P. Weghorst *PMW*

Approved by: Paul Cook *Paul Cook*

WATER BANKING COMMITTEE

WATER BANKING PROJECT FACILITIES AND CAPACITIES OVERVIEW

SUMMARY:

Staff has prepared a summary table of the storage, recharge and recovery capacities of existing and planned IRWD water banking projects including capacities available to IRWD in the Kern Water Bank. A table that provides a quarterly update on Strand Ranch recovery and recharge operations and the balance of the stored water in the Kern Water Bank has also been prepared. These tables are provided as Exhibits "A" and "B", respectively. It is anticipated that water will be available for recharge later in the year. Staff will update the Committee in future reports as recharge occurs.

A map depicting project wells and pipelines and a map showing Cross Valley Canal turn-out locations have also been prepared. These maps are provided as Exhibits "C" and "D", respectively. The four exhibits are provided for the Committee's reference.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Recharge, Storage and Recovery Capacities of Existing and Proposed Water Banking Projects

Exhibit "B" – Strand Ranch Storage, Recharge and Recovery Operations Update

Exhibit "C" – Map of Water Banking Project Wells and Pipelines

Exhibit "D" – Map of Cross Valley Canal Turnouts

Exhibit "A"

TABLE 1
Current and Anticipated Water Banking Projects
Recharge, Storage and Recovery Capacities
February 18, 2016

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	23.0	-	-
Stockdale West	Yes	-	3	26,000	27,100	-	11,250	-	16.5	-	-	-
Stockdale East	No	-	2	-	-	19,000	-	7,500	-	-	10.0	-
IRWD Acquired Storage Account ³	No	-	-	50,000	-	-	-	-	-	-	-	-
Drought Relief Project Wells	No	-	3	-	-	-	-	-	16.5	-	-	-
Kern Water Bank Storage Account ⁵	No	-	-	9,495	3,200	-	6,330	-	-	-	-	-
TOTALS		7	8	135,495	47,800	19,000	35,080	7,500	73.0	23.0	10.0	0.0
Partner Capacities ⁴				38,000	-	-	9,583	-	35.5	35.5	-	-
IRWD Capacities				97,495	-	-	25,497	-	37.5	0.0	-	-
IRWD's recovery <i>during</i> 6 month partner recovery period (AF)									13,500	0.0	-	-
IRWD's recovery <i>after</i> 6 month partner recovery period (AF)									11,997	25,497	-	-
TOTALS (AF)									25,497	25,497	-	-
Number of months needed to recover IRWD's total AF after partners' recovery (Assumes IRWD has use of total recovery capacity after partners' recovery)									11.5	17.6	-	-
¹ Based on designed Strand recovery capacity assuming 370' bgs. Assumes 5.5 cfs for each of the Stockdale West and Drought Relief wells. Assumes partners' water is recovered over 6 months. ² Current Conditions for Strand at 430' bgs. 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.												

Exhibit "B"

TABLE 2
Water Banking Recovery & Recharge Operations
February 18, 2016

TRANSACTIONS	WATER BANKING ENTITY					
	IRWD		BUENA VISTA (BVWSD)	CARPINTERIA VALLEY (CVWD)	ANTELOPE VALLEY EAST KERN (AVEK)	DUDLEY RIDGE WATER DISTRICT (DRWD) ³
	SWP ¹	NON-SWP ²	NON-SWP	SWP	SWP	SWP
BEGINNING WATER IN STORAGE 2015 (AF)						
Total Kern Water Bank	-	4,084	-	-	-	-
Total MWD System ⁵	7,327	-	-	-	-	-
Total Kern County	249	9,675	4,341	413	-	474
TOTAL STORED WATER (1/1/2015)	7,576	13,759	4,341	413	-	474
(RECOVERY) AND RECHARGE IN 2015 (AF)						
CVWD	-	-	-	(413)	-	-
BVWSD	-	-	(4,341)	-	-	-
Kern Water Bank	-	284	-	-	-	-
2015 SWP Allocation ⁵	175	-	-	-	-	175
Reserve Water Available in 2015 ⁶	70	-	-	15	55	-
TOTAL 2015 TRANSACTIONS	245	284	(4,341)	(398)	55	175
Total Kern Water Bank	-	4,368	-	-	-	-
Total MWD System	7,502	-	-	-	-	-
Total Kern County	319	9,675	-	15	55	649
TOTAL STORED WATER (1/1/2016)	7,821	14,043	-	15	55	649
(RECOVERY) AND RECHARGE IN 2016 (AF)						
Recharge	TBD	TBD	-	-	-	-
Kern Water Bank	-	-	-	-	-	-
2016 SWP Allocation (initial 15%) ⁵	131	-	-	-	-	131
TOTAL ESTIMATED 2016 TRANSACTIONS	131	-	-	-	-	131
Total Kern Water Bank	-	4,368	-	-	-	-
Total MWD System	7,633	-	-	-	-	-
Total Kern County	319	9,675	-	15	55	780
TOTAL ESTIMATED STORED WATER (1/1/2017)	7,952	14,043	-	15	55	780

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 2013-2015 SWP allocation (948 AF) and assumes MWD will store 2016 SWP allocation amounts in MWD's system and not at Strand Ranch.

⁵ 4% of banked water is placed into a reserve to account for actual or potential losses. The reserve water may be purchased within 3 years following the end of the calendar year in which the water was banked. If the water is not purchased at the end of 3 years, it is made available for recovery.

Exhibit "C"

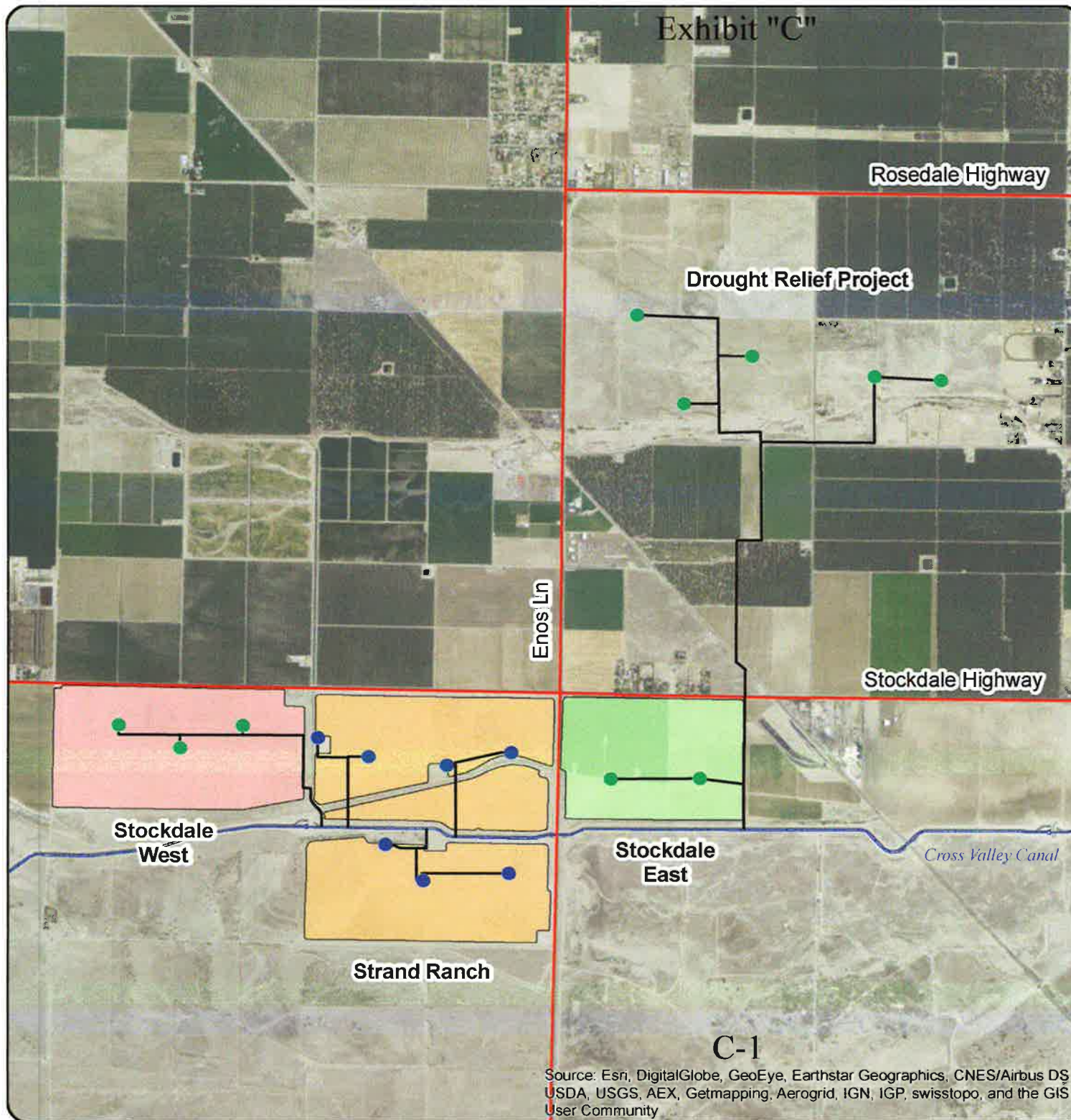


Location Map: IRWD Water Banking Projects Wells and Turn-in Pipelines

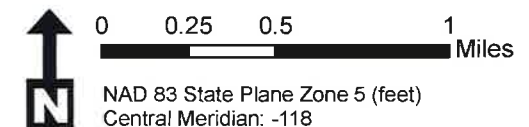
MAP FEATURES

- Existing Extraction Well
- Planned Extraction Well
- 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



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



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

MAP FEATURES

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

This figure shows the location of existing and anticipated pipelines and turnout facilities.



0 0.25 0.5 1

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

Miles

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

February 18, 2016

Submitted by: P. Weghorst 

Approved by: Paul Cook 

WATER BANKING COMMITTEE

CONCEPTUAL WATER SUPPLY EXCHANGE AND TRANSFER OPPORTUNITIES

SUMMARY:

Staff continues to explore water supply exchange and transfer program opportunities that could further diversify the sources of water to IRWD's water banking projects in Kern County. Such opportunities will assist IRWD in fulfilling its long-term requirement for the storage of at least 90,000 acre-feet of supplemental water that could be called upon during drought conditions or supply interruptions. At the Committee meeting, staff will present conceptual exchange and transfer opportunities. Staff recommends that the Committee provide input on the opportunities presented.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

That the Committee provide input on the conceptual water exchange and transfer opportunities presented by staff at the meeting.

LIST OF EXHIBITS:

None.

February 18, 2016

Prepared By: K. Welch/F. Sanchez

Submitted By: F. Sanchez/P. Weghorst

Approved By: Paul Cook

WATER BANKING COMMITTEE

PROPOSED TERMS FOR LONG-TERM EXCHANGE PROGRAM WITH CENTRAL COAST WATER AUTHORITY

SUMMARY:

The District has successfully completed a Pilot Exchange Program with Carpinteria Valley Water District (CVWD) that allowed CVWD to store a portion of its State Water Project (SWP) Table A water at the Strand Ranch Integrated Banking Project in exchange for allocating half of the water to IRWD. CVWD is a member agency of the Central Coast Water Authority (CCWA). Based on the success of the pilot program, CCWA has requested that IRWD provide terms for a Long-Term Exchange Program that would be established for the mutual benefit of IRWD and CCWA's member agencies. Staff has prepared draft terms for a Long-Term Exchange Program with CCWA that would make use of facilities at both the Strand Ranch and Stockdale West Integrated Banking Projects (Water Banking Projects). Staff recommends that the Committee provide input on the draft terms and authorize staff and legal counsel to work with CCWA to prepare a Long-Term Exchange Program agreement to be presented for consideration by the full Board of Directors.

BACKGROUND:

In October 2011, the Board approved a Pilot Exchange Program agreement with CVWD that allowed CVWD to deliver up to 1,500 AF of CVWD's 2011 SWP water to the Strand Ranch on a 2-for-1 basis. The terms of the Pilot Exchange Program are presented as Exhibit "A". In 2012, CVWD recharged 1,397 AF at the Strand Ranch consistent with the terms of the pilot program with half of the water being allocated to IRWD. In 2014, IRWD recovered and returned 208 AF to CVWD and in 2015 IRWD recovered and returned CVWD's remaining 413 AF.

Table A Rights:

The Central Coast Water Authority (CCWA) manages and operates the SWP contract on behalf of Santa Barbara County Flood Control and Water Conservation District which has the right to use of 39,078 AF of SWP Table A water. CVWD has the rights to use 2,000 AF every year of the Table A water allotted to Santa Barbara County.

Proposed Terms for a Long-Term Exchange Program:

Based upon the successful completion of the pilot program described above, CCWA has requested that IRWD provide terms for a Long-Term Exchange Program that would provide for a mutually beneficial program for IRWD and CCWA's member agencies. In response to this request, staff has developed draft terms for a long-term program with CCWA that are similar to the terms of the Pilot Exchange Program with CVWD. The draft terms are provided as Exhibit "B". The draft terms are for increased amounts of water and incorporate a put and take fee

structure that reflects the expected costs of administering the programs that are consistent with costs that have been incurred by IRWD in its ongoing Strand Ranch programs. The long-term program would be structured to make use of recharge, storage and recovery facilities on the Water Banking Projects. At the Committee meeting staff will present an overview of the draft terms. Staff recommends that the Committee provide input on draft terms.

Metropolitan's Consent:

The consent of Metropolitan Water District of Southern California (Metropolitan) is required for IRWD to secure SWP water as specified in the Coordinated Operating, Water Storage, Exchange and Delivery Agreement (Metropolitan Agreement) between IRWD, Metropolitan and the Municipal Water District of Orange County (MWDOC). As the Exchangee in IRWD's SWP water transactions, Metropolitan will have the right to decide whether the IRWD secured SWP water is delivered into storage at the Water Banking Projects or to Metropolitan's reservoirs in Southern California. IRWD will receive a credit for all water stored in Metropolitan's reservoirs. The Metropolitan Agreement calls for Metropolitan to pay the variable supply costs associated with SWP water secured by IRWD and for IRWD to pay Metropolitan its Full Service Tier-1 rate when IRWD calls on the water for delivery to IRWD's service area.

FISCAL IMPACTS:

The total cost of IRWD's share of the water under the proposed Long-Term Exchange Program with CCWA is currently estimated to range between the cost of Metropolitan's Full Service Treated Tier-1 Rate of \$942 per AF and \$1,042 per AF depending on whether the exchange water is delivered directly to Metropolitan's reservoirs in Southern California, or delivered, stored and recovered from IRWD's Water Banking Projects by pumping or by exchange.

ENVIRONMENTAL COMPLIANCE:

Final Environmental Impact Reports for the Strand Ranch and Stockdale Integrated Water Banking Projects were prepared, certified and approved in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq. and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. Rosedale-Rio Bravo Water Storage District as lead agency filed Notice of Determinations for both the Stand Ranch and Stockdale Integrated Banking Projects with the County of Kern. IRWD, as a responsible agency, filed Notice of Determinations for both projects with the County of Orange and with the County of Kern.

RECOMMENDATION:

That the Committee provide input on the draft terms for a Long-Term Exchange Program with CCWA and authorize staff and legal counsel to work with CCWA to prepare a Long-Term Exchange Program agreement consistent with the terms as may be revised based upon input from the Committee and to present the agreement for consideration by the full Board of Directors.

Water Banking Committee: Proposed Terms for a Long-Term Exchange Program with Central
Coast Water Authority
February 18, 2016
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EXHIBITS:

Exhibit "A" – Terms for 2011 Pilot Exchange Program with Carpinteria Valley Water District
Exhibit "B" – Draft Terms for a Long-Term Exchange Program with Central Coast Water
Authority

Exhibit "A"

Terms of 2011 Pilot Exchange Program with Carpinteria Valley Water District

	CVWD Pilot Program
Term Length of Pilot Program	6 years
Amount of Water into Storage	Up to 1,500 AF
Stored Water	Half of the water recharged and stored would be deemed transferred to IRWD.
Return Water	The other half of the water, after a reduction due to pro-rated losses, would be returned to CVWD by the end of the 5th full calendar year after the recharge event.
Losses	Water Bank losses are shared equally between IRWD and CVWD.
Quantity of Return Water	Return water to CVWD shall be at an annual rate of no more than one-third of the portion of the water accrued to CVWD, after losses.
IRWD Pays	All variable costs incurred with delivering and recharging water. CVWD shall reimburse IRWD for one-half of these costs after the delivery of the Return Water to CVWD. Costs include Cross Valley Canal (CVC) pumping costs and Rosedale administrative charges.
CVWD Pays	CVWD pays all fixed SWP costs. Amended August 16, 2012, CVWD pays Kern County Water Agency (KCWA) third-party wheeling fee of \$5.00 per AF on its share of the water.
Recovery Costs	IRWD and CVWD each pay the actual costs to recover water. Recovery occurs either by exchange or by the pumping of wells. The cost of recovery from wells was estimated at \$65 per AF, plus the Rosedale administrative cost per AF.

EXHIBIT "B"

Draft Central Coast Water Authority and Irvine Ranch Water District

Summary of Proposed Long-Term Exchange Program Terms

GENERAL TERMS

Parties: Irvine Ranch Water District (IRWD); Central Coast Water Authority (CCWA)

Description: The IRWD seeks to enter into an Exchange Program (Exchange Program) with CCWA as described in this Summary of Proposed Program Terms (Term Sheet) on a long-term basis pursuant to an Exchange Program Agreement (as defined below). CCWA was transferred the rights and responsibilities to manage State Water Project (SWP) water from the Santa Barbara County Flood Control and Water Conservation District. The CCWA and IRWD Exchange Program will provide for IRWD to store a portion of CCWA's unused SWP water in IRWD's Strand Ranch and Stockdale Integrated Banking Project (Water Banking Project) for the benefit of both agencies. The Exchange Program will provide for storage of up to 10,000 AF of CCWA water on a 2 for 1 basis as described under Exchange Program Terms below.

Effective Date: _____, 2016.

Term: Through December 31, 2035; the end of the SWP Contract.

Integrated Banking Project: IRWD has developed and continues to develop its Water Banking Project in Kern County with storage, recharge and recovery capacities which it operates through agreements with Rosedale-Rio Bravo Water Storage District (Rosedale). IRWD has developed its Water Banking Project and holds first priority rights to the use of the facilities on the Strand Ranch and Stockdale West properties.

Adjustments: The Exchange Program Agreement shall include language allowing for IRWD and CCWA to jointly agree to extend this Agreement under terms agreeable to both agencies. The Exchange Program Agreement shall include provisions for IRWD's consideration to increase the storage, recharge and recovery limits allocated to the Exchange Program with CCWA within the existing Water Banking Project or expansions thereof. The Agreement shall also include provisions allowing IRWD to reduce the storage, recharge and recovery limits allocated to the Exchange Program if CCWA is not exercising its rights to deliver water to the Water Banking Project.

Non-Binding Effect: This Term Sheet is intended to be a non-binding statement of the terms of the proposed Exchange Program. It is subject to the negotiation, execution and

delivery of an Exchange Program Agreement by IRWD and CCWA not inconsistent with the basic terms and conditions set forth herein. CCWA and IRWD will provide usual and customary representations and warranties including: 1) title to Exchange Water as described below; 2) the adequacy of Exchange Water and; 3) authority to transfer unbalanced portions of Exchange Water pursuant to the Exchange Program Agreement to IRWD.

General Expenses: Each party shall be responsible for its own fees and expenses arising out of the negotiation and execution of agreements related to the Exchange Program, obtaining necessary approvals, and the like.

Coordination of approvals and agreements: IRWD and CCWA shall jointly coordinate with the California Department of Water Resources (DWR), Metropolitan Water District of Southern California (Metropolitan) and the Kern County Water Agency (KCWA) in the development of all approvals and agreements necessary to deliver Exchange Water to the Water Banking Project and to deliver Return Water to CCWA as described below. IRWD and CCWA shall each be responsible for their own costs associated for such coordination.

CEQA Compliance: Both parties shall comply with California Environmental Quality Act (CEQA) and cooperate with one another with respect to CEQA compliance that may be required by the California Department of Water Resources for the proposed Exchange Program. IRWD has already conducted environmental review under CEQA for the Water Banking Project that takes into consideration the delivery of SWP water to the Water Banking Project. Rosedale and IRWD independently certified the environmental documents and approved the Water Banking Project. IRWD and CCWA will share equally any additional costs associated with environmental review deemed necessary for delivering CCWA Exchange Water into storage. Both IRWD and CCWA shall separately be responsible for any other environmental review necessary to implement the Exchange Program within their own respective service areas.

Permit Costs: No permits are expected to be required for the Exchange Program; however IRWD and CCWA will share equally any and all regulatory and permitting fees that might come to be required during the implementation of the Exchange Program.

Water Rights: It is expressly agreed, understood, and acknowledged by IRWD and CCWA that any existing or future delivery of Exchange Water to the Water Banking Project by CCWA will not result in or be considered a sale or transfer of CCWA's contractual rights to SWP Table A water.

Exchange Program Agreement: Contract language to be incorporated into the Exchange Program Agreement between the Parties.

EXCHANGE PROGRAM TERMS

- Exchange Water:** CCWA will supply SWP Table A water to the Water Banking Project available to CCWA as a result of allocations of Table A water to CCWA under its SWP Contract with DWR (Exchange Water).
- Quantity:** Up to 5,000 AF of Exchange Water may be delivered per year to the Water Banking Project or Metropolitan storage facilities in Southern California by CCWA within the first fifteen (15) years of the execution of the Exchange Program Agreement with a maximum cumulative program balance limited to the lesser of 10,000 acre-feet or the total amount of Exchange Water delivered to the Water Banking Project within the first seven years (Maximum Account Balance). Each recharge event would initiate a separate transaction that must be completed with IRWD returning 50 percent of the recharged water less associated losses to CCWA within 10 years as described under Return Water, Accounting and Losses below. Recharge deliveries would be subject to pre-existing IRWD contractual obligations to facilitate the recharge of flood waters from the Kern River.
- Quality:** The quality of water delivered to the Water Bank Project and returned to CCWA will be limited as follows:
- If and to the extent that either party delivers water to and into the California Aqueduct, the quality of water shall meet the water quality standards established by DWR for pump-in to the California Aqueduct.
- Availability:** The Exchange Water will be available as per Delivery Schedule below and upon completion of environmental review, agreements and permits.. The availability of Exchange Water to be delivered in any given year shall be determined in CCWA's sole discretion in accordance with the Quantity limit defined above. The availability of recharge and storage capacity beyond the Quantity limits described above will be determined in IRWD's sole discretion.
- Delivery Points:** CCWA will deliver Exchange Water to the IRWD point of delivery (IRWD POD) which will be the Water Banking Project Turnouts on the Cross Valley Canal (CVC) or other Rosedale diversion locations as specified by Rosedale. IRWD will deliver Return Water, as defined below, to the CCWA point of delivery (CCWA POD) which will be Check 28 of the California Aqueduct.
- Return Water:** IRWD will return one-half of the exchanged supply resulting from each recharge transaction on a first-in and first-out basis, less losses, to CCWA by the end of the 10th year following each recharge event (Return Water). Return Water deliveries would occur through exchanges of water pumped into the California Aqueduct for water in the aqueduct subject to Metropolitan exchange capacity and in accordance with applicable DWR agreements governing Table A

water. All Return Water shall be delivered to CCWA by the end of the term of the Exchange Program Agreement.

- Accounting: Each recharge event would initiate a separate exchange transaction that would need to be concluded within 10 years consistent with the terms for Return Water described above. The Parties would work together to develop transaction request and accounting forms documenting each transaction consistent with the requirements of DWR.
- Delivery Schedule: CCWA may deliver Exchange Water within the first year of the execution of the Exchange Program Agreement. IRWD shall provide Return Water at a time when requested by CCWA at an annual rate of no more than one-third of CCWA's 50 percent portion of the Maximum Account Balance due to be returned to CCWA after losses. For example, if the CCWA portion of the Maximum Account Balance after losses were 5,000 acre-feet, then Return Water would be provided at a rate not to exceed 1,666 acre-feet per year.
- Consideration: IRWD will remit Return Water equal to one-half of the Exchange Water placed into storage less applicable losses (as described below) by the end of the 10th full calendar year following each associated recharge transaction. The other one-half of the Exchange Water placed into storage less applicable losses shall be deemed transferred to IRWD.
- Losses: Exchange Water stored in the Water Bank Project will be subject to the loss provisions of any applicable "Memorandum of Understanding" between Rosedale and adjoining entities applicable to or affecting the Exchange Program. Losses for banking operations currently are fifteen percent (15%) for evaporation, migration and out-of county use. Losses in the CVC may be up to an additional two percent (2%). IRWD and CCWA agree that all losses will be shared equally.
- Costs: Costs associated with the Exchange Program will be paid as follows:
- (i) IRWD will pay all variable costs actually incurred by CCWA associated with making the Exchange Water available for recharge at the IRWD POD in Kern County and charges assessed by Rosedale for the recharge of the water at the Water Bank Project. These costs are currently estimated at \$30.00 per acre-foot and are comprised of the current \$27 Unit Variable OMP&R Component of Transportation Charge in the State Water Project in Reach 13-b of the California Aqueduct and an administrative charge assessed by Rosedale of approximately \$3 per AF consistent with that certain Water Banking and Exchange Program Agreement (Banking Agreement) between Rosedale and IRWD dated as of January 13, 2009. CCWA will reimburse IRWD for 50 percent of these costs paid by IRWD upon delivery of Return Water to CCWA.

- (ii) CCWA will pay all fixed costs associated with making all Exchange Water available for recharge, including water that will be allocated to both CCWA and IRWD.
- (iii) IRWD will pay all necessary Kern County Water Agency administrative fees associated with the Exchange Program. These costs are currently estimated at \$5 per AF of the total acre-foot amount of the Exchange Program. CCWA will reimburse IRWD for 50 percent of these administrative costs paid by IRWD upon delivery of Return Water to CCWA.
- (iv) IRWD will pay all variable costs associated with delivery of the Exchange Water through the CVC and into the recharge basins. These costs are for use of two pumping plants on the CVC and are currently estimated at \$7.00 per acre-foot. CCWA will reimburse IRWD for 50 percent of these variable costs paid by IRWD upon delivery of Return Water to CCWA.
- (v) CCWA will reimburse IRWD for all costs incurred by IRWD in the recovery and/or exchange of Return Water from Storage at the Water Banking Project. Recovery costs associated with extraction are estimated at \$70 per acre-foot and are comprised of current groundwater pumping costs of \$60 per acre-foot and an administrative charge assessed by Rosedale that will be about \$3 per AF consistent with the Banking Agreement. The actual groundwater pumping cost will be dependent on water surface elevations and may be less if recovered via an exchange through Rosedale or another agency. CCWA shall also reimburse IRWD for any applicable CVC Standby, O&M charges for Return Water delivered utilizing CVC capacity. CCWA shall reimburse IRWD for any applicable fees assessed by Rosedale to contribute to the mitigation obligation "Action Fund" for recovery of CCWA's share of the water, initially set at \$2.00 per AF (for water actually pumped, not exchanged). CCWA will pay all conveyance and canal pumping costs associated with the delivery of Return Water to the CCWA POD and to its service area.
- (vi) IRWD will pay all costs associated with the recovery and/or exchange of its share of water from storage at the Water Banking Project including all conveyance costs and pumping costs to its respective service area.