



One Water & Stewardship Committee

Proposed agreements with Western Canal Water District and Richvale Irrigation District for water transfer options and first rights of refusal during 2025 through 2027

Item 9-3

September 9, 2024

Item 9-2 Proposed Water Transfer Agreements

Subject

Proposed agreements with Western Canal Water District and Richvale Irrigation District for water transfer options and first rights of refusal during 2025 through 2027

Purpose

Update the board on proposed water transfer agreements that would improve access to limited north-of-Delta water transfer supplies and increase drought reliability for the SWP dependent area.

Next Steps

Staff will return to the One Water and Stewardship Committee in October with an Action letter and oral report.

Background



Slide 6 Item 6B OW&S Committee
August 19, 2024

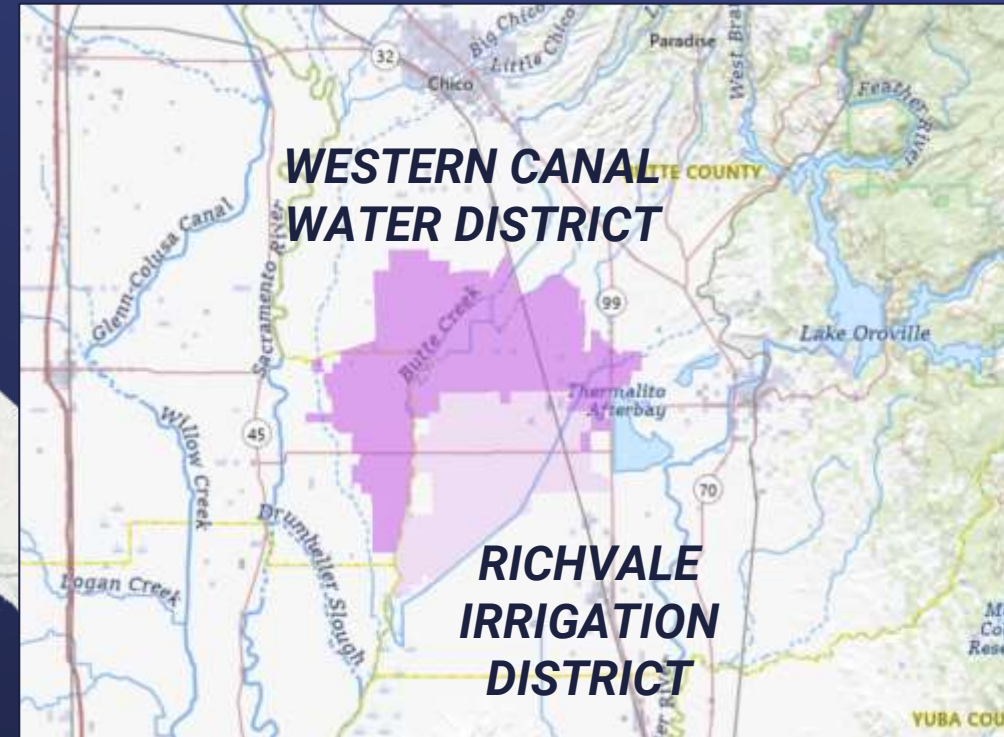
- Water transfers help meet demands
 - Approach for dry and critical years
- Board authorized the General Manager to secure up to \$50M of water transfers in 2024
 - Funded by unused Water Supply Program and SWP Budget
- Past participation in the dry-year transfer program with State Water Contractors
 - Limited availability and access
- Exploring new partnerships and approaches to water transfer arrangements
 - Improve access to limited supplies
 - Increase drought reliability for the SWP-dependent area

Proposed Water Transfer Agreements

- Multi-year option with north-of-Delta sellers for single-year transfers
 - Annual decision to purchase water based on WSDM recommendation
- One-time option payment for first right of refusal of available water supplies
- Pre-negotiated price of water based in SWP allocation

Western Canal Water District and Richvale Irrigation District

- Located in Glenn and Butte Counties
- Land in these districts is irrigated primarily for rice production
- Combined total of 445 TAF of water supply from the Feather River during irrigation season (Apr-Oct)
- Pre-1914 surface water rights
- Diversion agreements with the State of California

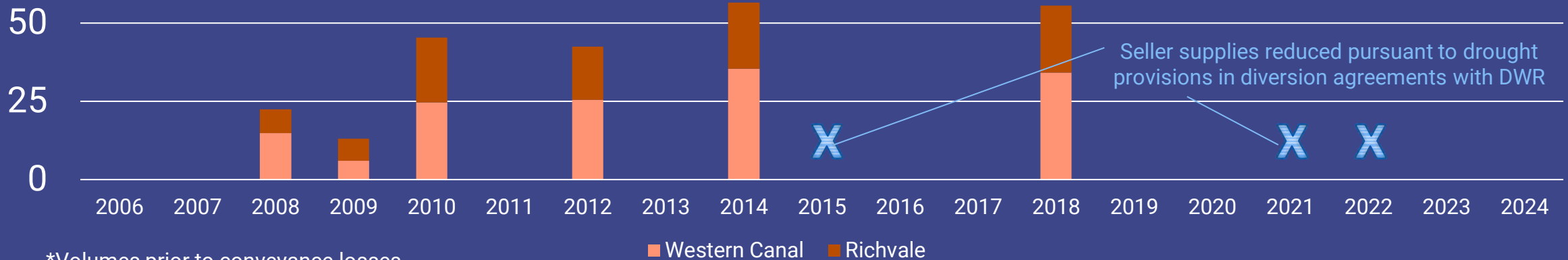


Seller Water Transfer Program

Program Description

- Transfer water provided by idling up to 20 percent of rice acreage within the districts
 - Up to 53 TAFY transfer supply combined is available

Historical Transfer Volumes* to SWP Contractors (TAF)



Seller Water Transfer Program

Program Description (continued)

- Water made available on same pattern as rice irrigation season (May – September)
- Department of Water Resources temporarily stores water in Oroville prior to conveyance to Delta export facilities
 - Separate annual storage and conveyance agreements needed with DWR
 - Delta carriage losses of 20 to 35 percent imposed
 - Help achieve Delta water quality objectives

Multi-Year Option

Proposed Agreements

- One agreement for each seller (two total):
 - Western Canal Water District
 - Richvale Irrigation District
- Term: 2025-2027
- One-time option payment to each seller for first right of refusal on crop idling water transfers
- Water purchase price based on final SWP allocation

Rice fields in northern CA, DWR photo

Multi-Year Option

Proposed Agreements (continued)

- Annual decisions for single-year transfers
 - Sellers decide:
 - To offer water for sale
 - Quantity of water for sale
 - Metropolitan decides:
 - To purchase water
 - Quantity of water to purchase



Rice fields in northern CA, DWR photo

Fiscal Impact

- In February 2024, Board authorized the General Manager to secure up to \$50 million of water transfers if needed
 - Funding from unused Water Supply Program and SWP Budget

	FY 24/25	FY 25/26	FY 26/27
Option Payment	\$500,000	\$0	\$0
Water Purchase Payments	Up to \$51M	Up to \$51M	Up to \$51M
Total	Up to \$51.5M	Up to \$51M	Up to \$51M
Source of Funds	Unused Water Supply Program and State Water Project Budget		Budget request for Water Supply Programs

Benefits

- Increase Metropolitan's flexibility in managing water resources
 - Better planning and response to fluctuating hydrologic conditions
- Securing available water supplies from trusted sources reduces the risk of shortages
 - Maintain consistent service to its customers
- Exclusive first-right access to limited north-of-Delta transfer supplies
- Stability in purchase price
- Building partnerships with north of Delta agricultural districts

Next Steps

- Receive committee feedback
- Board action item on proposed new agreements in October
- Continue to identify new structures and partnerships

