



One Water and Adaptation Committee

5/11/2026 One Water and Adaptation Committee Meeting

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Subject

Provide an update on ongoing discussions with respect to potential water supply program public-private partnerships.

Executive Summary

In response to director requests at the February 2026 One Water and Adaptation Committee, this report provides an update on staff activities with respect to potential water supply programs based around public-private partnership model. As one strategy for identifying and developing potential water supply programs, Water Resource Management staff engage in discussions with private entities regarding potential water supply programs at various stages of development. Proposed programs and potential partnerships are evaluated and assessed by staff consistent with Metropolitan's Climate Adaptation Master Plan for Water (CAMP4W) planning framework. When proposed programs shift from a development phase to an implementation phase, they will be brought to the Board for consideration. There are currently no proposed public-private partnership opportunities immediately ready for implementation or requiring board consideration. The report below highlights the types of opportunities and public-private entities that staff have most recently explored.

Fiscal Impact

None

Applicable Policy

Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

Related Board Action(s)/Future Action(s)

Staff will return to the Board as appropriate to discuss proposed water supply programs that require board consideration.

Details and Background

Background

Historically, water supplies and programs at Metropolitan are developed through two general paths. In the first path, potential water supplies and programs are identified and developed by Metropolitan staff. Diamond Valley Lake is an example of a water resource that was developed primarily by Metropolitan staff. In the second path, outside entities, both public and private, bring opportunities for Metropolitan to consider participation or investment in. Private enterprises often approach Metropolitan with water supply opportunities, such as surface or groundwater sales, water desalination, and water reclamation projects. The private enterprises include corporations and landowners with access to water rights and/or water treatment technologies. Staff reviews and evaluates these proposed projects as part of the normal course of business. Discussion and negotiation of key project parameters are consistent with the CAMP4W and include feasibility (legal, administrative, and operational), estimated water supply reliability improvements, and cost effectiveness. If a proposed water supply project is feasible and favorable and ready for implementation, staff would negotiate draft terms and bring

proposals to the Board for their review and consideration. Examples of recent and ongoing discussions are described below.

Potential Water Sales and Exchanges

Staff regularly coordinates with potential water sellers to improve drought resilience. Typically, discussions are with other public water agencies; however, there are also opportunities with private landowners and corporations. The Water Management Amendment to the State Water Project contract (SWP), which became effective in 2021, enables the sale of SWP supply on a single-year and multi-year bases between SWP contractors. In the San Joaquin Valley, individual landowners can negotiate water transfer agreements for SWP supplies with the consent of their parent SWP contractors, such as Dudley Ridge Water District and Kern County Water Agency. Staff is engaged in ongoing discussions with landowners and corporations interested in both SWP water sales and water purchases.

Staff is currently engaged in discussions with Silvertip LLC, and is evaluating an offer to purchase water on a take-or-pay basis. The proposal is still in development and continues to be refined.

Seawater Desalination

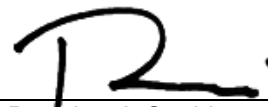
In 2023, OceanWell, a California-based desalination company, began engaging with water agencies across Southern California, including Metropolitan, to identify locations and demands that could benefit from offshore seawater desalination. OceanWell identified a site off the coast of Malibu as the location for its first planned 59 million gallons per day commercial-scale deployment, called Water Farm #1 (WF1). Metropolitan has participated in discussions and is currently evaluating the feasibility of one of OceanWell's options, which is to sell desalinated seawater from WF1 to Metropolitan. This water would then be integrated into Metropolitan's system.

Oilfield Water Reclamation

In 2023, Metropolitan staff was approached by Renovo Resources LLC with a proposed project to treat oilfield production water in Kern County to a very high quality for ultimate delivery to agricultural districts in Kern County in exchange for those districts' SWP supplies via the California Aqueduct. Although Renovo is no longer pursuing the proposed project, feasibility continues to be evaluated by oil companies in Kern County. Key project issues that remain unresolved include identifying parties able to take continuous delivery of a treated water supply, determining the total cost, and avoiding subsidence impacts.

Summary

Building a diverse portfolio of water management actions remains a priority for Metropolitan. Future water supply investments, including public-private partnerships, would be subject to the CAMP4W Framework. Current discussions related to public-private partnerships are in the earliest stages of development. Staff will return to the Board as needed as potential programs are further developed.



Brandon J. Goshi
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4/21/2026

Date



Shivaji Deshmukh
General Manager

4/21/2026

Date