THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Information

- **Board of Directors**
  One Water and Adaptation Committee

8/18/2026 Board Meeting

9-1

Subject

Information on proposed amendments to the Coordinated Operating, Water Storage, Exchange and Delivery Agreement among Metropolitan, the Municipal Water District of Orange County, and Irvine Ranch Water District

Executive Summary

In 2011, Metropolitan, the Municipal Water District of Orange County (MWDOC), and Irvine Ranch Water District (IRWD) (collectively, the Parties) entered into the Coordinated Operating, Water Storage, Exchange and Delivery Agreement (COA). The purpose of the COA is to provide joint benefits of increased water supply reliability and diversification to Metropolitan and IRWD. Through the COA, IRWD acquires State Water Project (SWP) supplies through exchanges with other State Water Contractors (SWCs) and banks the supplies in its Strand Ranch groundwater bank located within Rosedale Rio Bravo Water Storage District's (RRBWSD) groundwater bank in Kern County Water Agency. IRWD retains a share of the exchanged water and can request delivery of its share into its service area. Through its role as an SWC, Metropolitan facilitates the delivery and recovery of IRWD's exchanges using Metropolitan's capacity in the California Aqueduct and through coordination with the Department of Water Resources (DWR). When Metropolitan declares a Water Supply Allocation, IRWD may request delivery of its banked supplies into its service area as Extraordinary Supplies, while paying Metropolitan the full-service water rate for all delivered supplies. Under the COA, Metropolitan can also borrow IRWD's banked supplies by taking delivery of the supplies into Metropolitan's service area and returning the supplies to IRWD's bank.

The Parties propose to amend the COA to include IRWD's new Kern Fan Project facilities as eligible for storage and to update and clarify several agreement provisions, including provisions relating to eligible sources of water, financial responsibility, and the repayment of borrowed water.

Fiscal Impact

The proposed amendments would not result in a financial impact on Metropolitan. With the amendment, Metropolitan would continue to pay the DWR fees for exchanged water under the COA to be delivered to, and recovered from, IRWD's groundwater bank. When exchange water is returned to the Exchange Partners, Metropolitan is compensated through a DWR credit for the prior delivery of the Exchange Partner's share of exchange water to IRWD's groundwater bank. When IRWD's share of exchange water is delivered to MWDOC's service area, MWDOC pays Metropolitan's full-service water rate for the delivered water, which compensates Metropolitan for the prior delivery of IRWD's share of exchange water to IRWD's groundwater bank.

Applicable Policy

By Minute Item 48334, dated July 13, 2010, the Board adopted the CEQA determination and authorized executing agreements with the Municipal Water District of Orange County, the Irvine Ranch Water District, and the Department of Water Resources, as appropriate, for the coordinated delivery of procured State Water Project supplies with Irvine Ranch Water District's Strand Ranch Project.

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

See Applicable Policy section above.

Staff will return to the Board in September 2026 to seek authorization to amend the COA with the proposed changes.

Details and Background

Background

IRWD is within the service areas of Metropolitan and MWDOC and is a member agency of MWDOC. In 2009, IRWD entered into an agreement with RRBWSD for the development and operation of a groundwater recharge, storage, and recovery facility in IRWD's Strand Ranch facility in Kern County. In 2011, Metropolitan, MWDOC, and IRWD executed the COA, which allows IRWD to secure, exchange, and move water supplies to its service area, including those stored in its Strand Ranch groundwater bank, and provides Metropolitan with the ability to augment its water supplies.

Under the COA, IRWD acquires SWP supplies through exchanges with other SWCs, or "Exchange Partners". For the exchanges to be delivered through the California Aqueduct, Metropolitan enters into agreements with DWR and the Exchange Partners whereby DWR delivers the exchanged water from the Exchange Partner to Metropolitan at IRWD's groundwater bank or directly to Metropolitan's service area. Exchanged water is placed under the right and authority of Metropolitan and becomes "Program Water" under the COA. A share of the Program Water is obligated for return to the Exchange Partner, and the other share is held for IRWD's future use. Metropolitan holds the Program Water on behalf of the Exchange Partner and IRWD until either party requests delivery.

When an Exchange Partner requests the delivery of its water, stored water in IRWD's groundwater bank is either pumped and delivered to the Exchange Partner, or Metropolitan delivers its own SWP supplies to the Exchange Partner and accepts delivery of the banked water into its service area. IRWD can request the recovery of its share of the Program Water as an Extraordinary Supply during a Metropolitan Water Supply Allocation, provided that IRWD's Program Water is managed consistent with the Metropolitan Board Policy Principles on Determining the Status of Extraordinary Supply. Upon delivery to an MWDOC service connection, IRWD pays Metropolitan's full-service water rate for the requested Program Water. Metropolitan can also borrow IRWD's share of Program Water and is obligated to return an equal amount of water back to IRWD in the future.

To date, IRWD has secured approximately 75,000 acre-feet (AF) of Program Water through nine different exchange agreements. There are approximately 30,000 AF of Program Water stored in IRWD's groundwater bank under Metropolitan's ownership, of which 25,000 AF is held on behalf of IRWD for its future use. Metropolitan borrowed approximately 12,000 AF during periods of shortages, including 8,000 AF during the 2022 drought, to deliver to its member agencies where Metropolitan could only deliver SWP supplies. Metropolitan is currently in the process of returning approximately 4,000 AF of borrowed water to IRWD's groundwater bank.

Proposed Changes

The Parties are considering amending the existing COA with the following changes and clarifications:

Addition of Stockdale Ranch

IRWD's groundwater bank includes Strand Ranch. Since 2017, IRWD has also stored Program Water in its Stockdale Ranch banking facility, which is adjacent to, and operated in conjunction with, Strand Ranch. Staff proposes to clarify that Stockdale Ranch is included as a storage facility under the COA.

New Kern Fan Project Facilities

IRWD is constructing the Kern Fan Project in partnership with RRBWSD. Both IRWD and RRBWSD will each have access to 50 percent of the Kern Fan Project's storage capacity. The Kern Fan Project is adjacent and hydraulically connected to Strand Ranch. Deliveries of SWP supplies to Strand Ranch, Stockdale Ranch, and the Kern Fan Project are all made by utilizing the Cross Valley Canal. The proposed changes include adding the Kern Fan Project as a storage facility under the COA.

The Kern Fan Project is partly funded through the State of California's Water Storage Investment Program (WSIP). Under WSIP, the Kern Fan Project will accept deliveries of Article 21 supplies, store the Article 21 supplies in an ecosystem account, and, in the future, will provide supplies to support pulse flows in the Feather River. Metropolitan is not a partner on the Kern Fan Project and will have no obligation to deliver its Article 21 supplies to the Kern Fan Project or provide supplies to support pulse flows. The proposed amendment to the COA would only cover IRWD's utilization of the Kern Fan Project facilities to recharge, store, and recover Program Water.

Source of Program Water

IRWD primarily obtains Program Water through unbalanced exchanges. IRWD has also participated in one-for-one exchanges and wishes to purchase SWP transfer supplies as Program Water. Staff proposes to clarify that SWP water obtained through purchases and any exchange ratio is eligible to become Program Water.

DWR Fees Associated with Delivery of Program Water

Under the existing COA, IRWD pays the DWR costs associated with the delivery of Program Water from an Exchange Partner to Metropolitan, and Metropolitan reimburses IRWD. However, in practice, DWR does not bill IRWD since IRWD is not an SWC; rather, DWR bills Metropolitan. The proposed amendment would remove IRWD's cost responsibility to DWR, Metropolitan's reimbursement to IRWD, and clarify that Metropolitan pays all DWR fees.

Repayment of Borrowed Water

The existing COA requires Metropolitan to return water it borrows to IRWD's groundwater bank or incur a future obligation to deliver an equal amount of water to a MWDOC service connection when requested by IRWD. However, during a Metropolitan Water Supply Allocation, only water stored consistent with Metropolitan's Board Policy Principles on Determining the Status of Extraordinary Supply may qualify as Extraordinary Supply. If IRWD requests delivery of borrowed water to MWDOC during a Water Supply Allocation, the delivered water would not qualify as an Extraordinary Supply because it is not held in storage by IRWD. Additionally, Metropolitan may not always be able to deliver to MWDOC upon IRWD's request.

The proposed clarification to the COA would remove the option for Metropolitan to incur a future debt to deliver water to MWDOC. Instead, Metropolitan would be required to return all borrowed water to IRWD's groundwater bank within three years, unless otherwise approved by the Parties. IRWD would continue to maintain the reliability of Program Water by physically storing it in its bank, which qualifies as Extraordinary Supplies if maintained consistently with the Metropolitan's Board Policy Principles on Determining the Status of Extraordinary Supply.

Next Steps

Staff will return to the Board in September 2026 to seek authorization to include the proposed changes in an amended COA. If the Board approves, staff will work with MWDOC and IRWD to amend the COA. Following an amendment, IRWD would be able to pursue exchanges with Exchange Partners to begin storing new Program Water in the Kern Fan Project facilities.

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