One Water And Adaptation Committee

Authorize proposed changes to the Coordinated Operating, Water Storage, Exchange and Delivery Agreement with the Municipal Water District of Orange County and Irvine Ranch Water District

Item 7-6

September 15, 2026

Presented by: Jessica Arm

Item 7-6

Proposed changes to the Coordinated Operating, Water Storage, Exchange & Delivery Agreement with MWDOC and IRWD

Subject

Authorize proposed changes to the Coordinated Operating, Water Storage, Exchange and Delivery Agreement with the Municipal Water District of Orange County and Irvine Ranch Water District

Purpose

Request authorization for the proposed changes to the subject agreement

Recommendation

Authorize proposed changes to the subject agreement

Fiscal and Budget Impact

Metropolitan would incur DWR fees for moving Program Water into the proposed, added facilities but would later recover those costs through the Full-Service Water Rate

COA with MWDOC and IRWD

Background

- IRWD constructed a groundwater bank in Kern County Water Agency's service area
  - Operating Agreement between IRWD and Rosedale-Rio Bravo Water Storage District, 2009
- Coordinated Operating, Water Storage, Exchange and Delivery Agreement (COA) executed in April 2011
  - Parties: Metropolitan, MWDOC, IRWD
  - Provides a means for IRWD to acquire State Water Project (SWP) supplies, store those supplies in its Central Valley groundwater bank, and receive delivery of those supplies

COA with MWDOC and IRWD

Key Terms

- Termination Date: Nov. 4, 2035
- Program Water is obtained through exchanges with State Water Contractors: *"Exchange Partners"*

Costs

- Metropolitan pays DWR fees for deliveries to IRWD's bank
- IRWD pays all fees associated with the storage of water
- Exchange Partners pay DWR fees for deliveries to their service areas
- MWDOC pays Metropolitan's Full-Service Rate for all water delivered to MWDOC for IRWD: IRWD reimburses MWDOC

Benefits

- Metropolitan can borrow Program Water from IRWD
- Banked water may qualify as Extraordinary Supplies for IRWD if managed consistent with Metropolitan's Principles

COA between Metropolitan, MWDOC, and IRWD

Several proposed changes will update and clarify language in the COA

Proposed Changes

- Include additional storage facilities
- Clarify source of Program Water
- Clarify payments to DWR associated with delivery of Program Water
- Clarify options to repay Borrowed Water
- Allow transfers of Program Water to other Member Agencies

COA between Metropolitan, MWDOC, and IRWD

Proposed Changes

Include additional storage facilities:

- Strand Ranch
- Kern Fan
- Stockdale Ranch

} Adjacent and hydraulically connected to Strand Ranch

Kern Fan

COA between Metropolitan, MWDOC, and IRWD

Proposed Changes

Clarify source of Program Water:

- Exchanges ~~(Unbalanced)~~
- Transfers

Clarify payments to DWR associated with delivery of Program Water

- Metropolitan pays DWR fees

COA between Metropolitan, MWDOC, and IRWD

Proposed Changes

Clarify option to repay Borrowed Water

- Metropolitan returns borrowed water within 3 years ~~or incurs a future obligation to deliver an equal amount of water to a MWDOC service connection when requested by IRWD~~

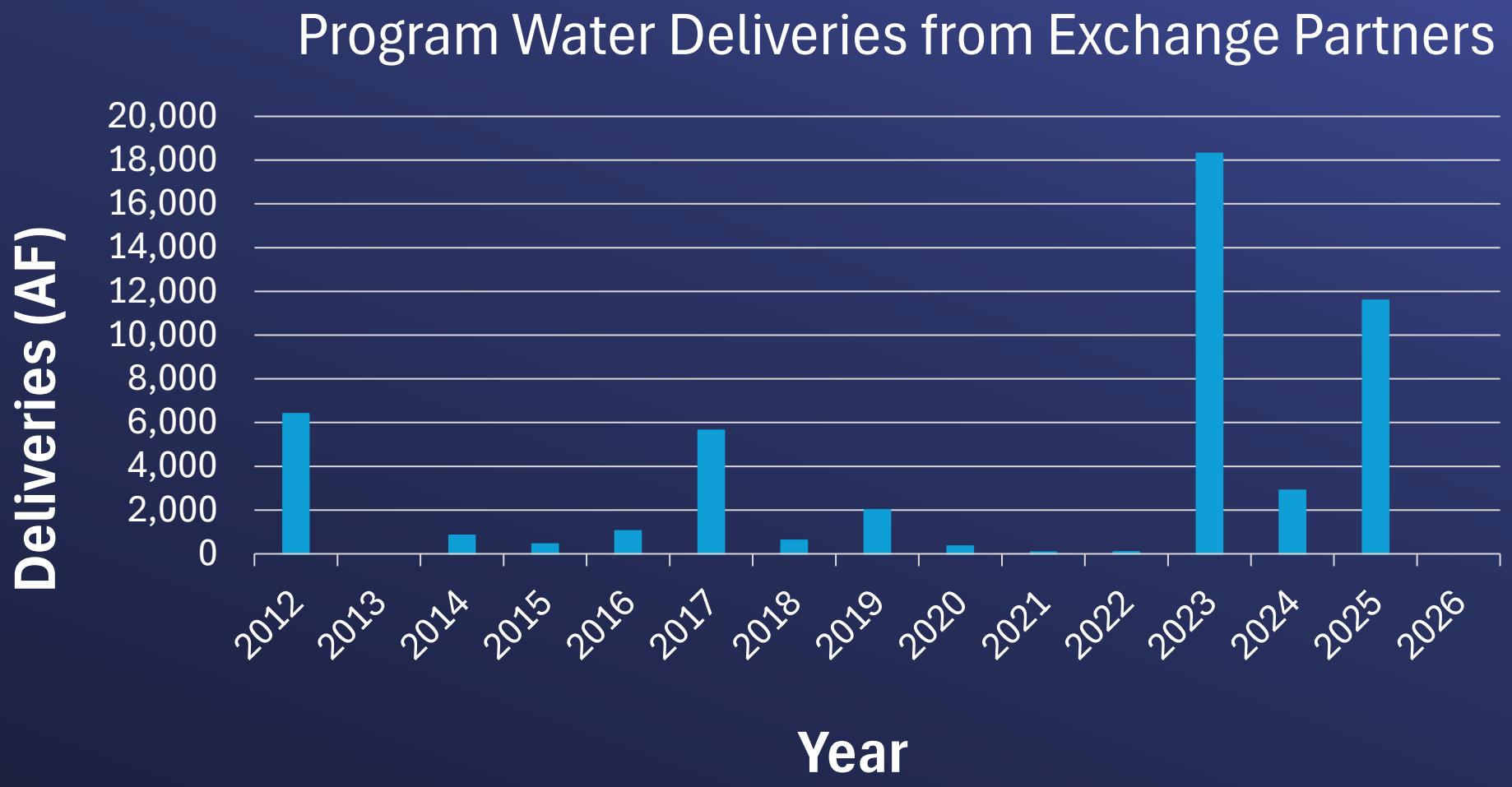
Allow transfers of Program Water to other Member Agencies

- Metropolitan has set precedent for Member Agency exchanges
  - Administrative Code Section 4207(b)
  - Local Supply Exchange Framework
  - San Diego Exchange Agreement
- Program Water & Extraordinary Supply (ES) benefit can be transferred to other Member Agencies
  - At Metropolitan's discretion and subject to operational conditions
  - Must comply with the COA
  - Must comply with the Board adopted principles on ES

Director Questions: Aug. 17th One Water and Adaptation Committee

1. What is the annual amount of water exchanged under the COA to date?

Historical Exchange Activity



50.3 TAF

Program Water
from Exchange Partners

** Numbers are approximate and are currently being reconciled with IRWD*

Historical Exchange Activity

31.0 TAF

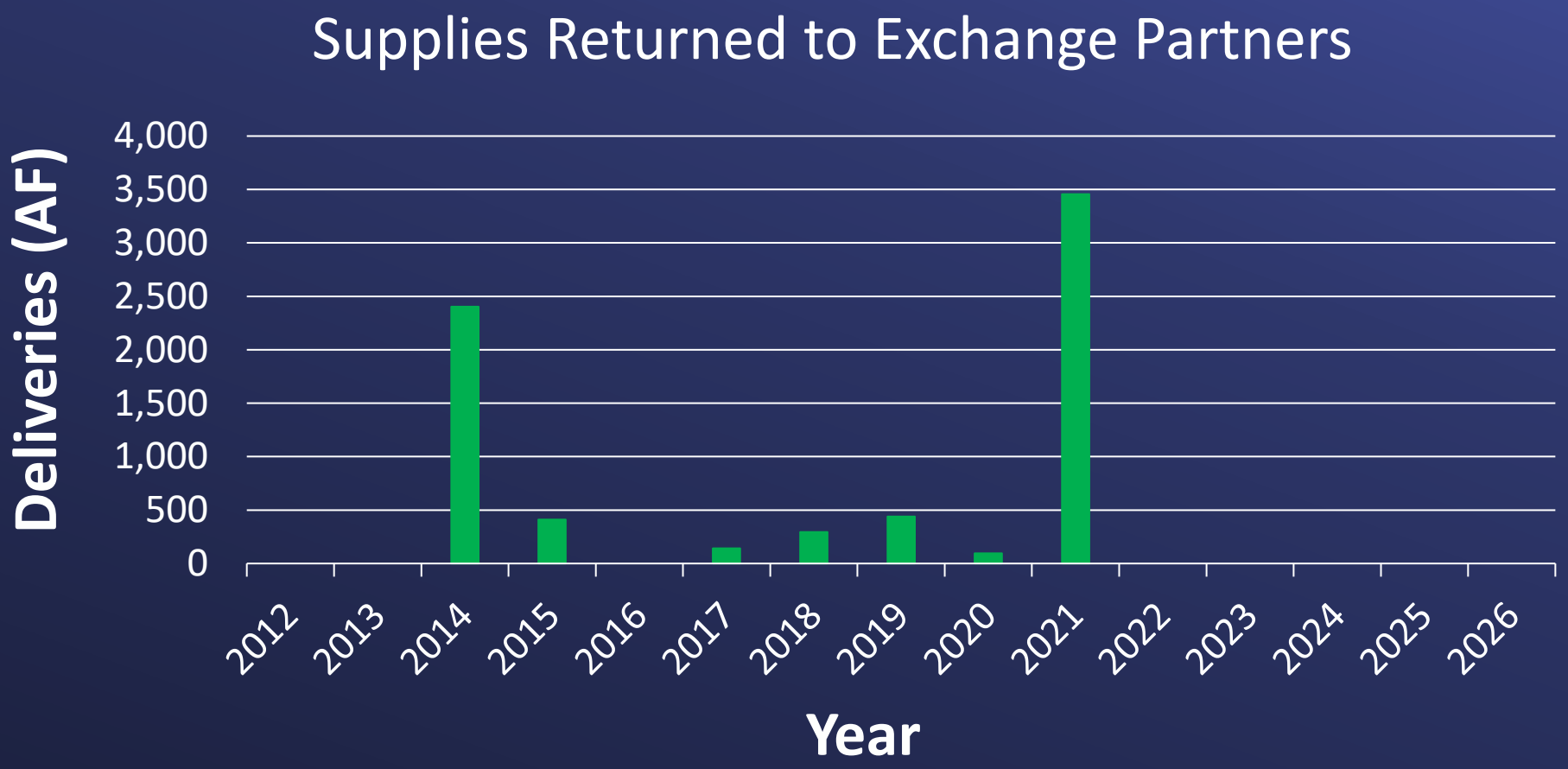
IRWD's Supplies to-date after losses

0 AF

Recoveries by IRWD

** Numbers are approximate and are currently being reconciled with IRWD*

Historical Exchange Activity



7.2 TAF
Total Supplies Returned to Exchange Partners

6.0 TAF
Supplies Owed to Exchange Partners (after losses): to be returned by 11/2035

** Numbers are approximate and are currently being reconciled with IRWD*

Director Questions: Aug. 17th One Water and Adaptation Committee

2. To date, how much has Metropolitan paid to send Program Water to IRWD's bank? How much of those costs have yet to be recovered?

Historical Costs to Metropolitan

DWR fees for deliveries to IRWD's Bank (48.0 TAF) *	$ 1,160,000 *
Credits received by Metropolitan from DWR to-date (7.2 TAF)	$ (220,000)
Anticipated credits when Exchange Partners recover supplies (6.0 TAF)	$ (160,000)
Balance:	**$ 780,000**

Capital, O&M, & admin costs
Incurred by IRWD to secure new supplies

$28.22/AF
2026 DWR delivery fee (changes each year)

Will be recovered through future water sales to MWDOC (est. $984/AF** x 31 TAF of IRWD's total shares= $30.5M) ***

* *Does not include borrowed Program Water that was sent directly to Metropolitan's service area*
** *Metropolitan's current Full-Service Water Rate is $984/AF*
*** *IRWD's total supplies after losses are 31 TAF*

Board Options

Option #1:

Authorize proposed changes to the Coordinated Operating, Water Storage, Exchange and Delivery Agreement with the Municipal Water District of Orange County and Irvine Ranch Water District

Option #2:

Do not authorize proposed changes to the Coordinated Operating, Water Storage, Exchange and Delivery with the Municipal Water District of Orange County and Irvine Ranch Water District

Board Options

Staff Recommendation

Option #1

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
1928