



Colorado River Water Transfer Agreements

FACT SHEET

Overview

Two water transfer agreements, finalized in October 2003, will provide an additional 277,700 acre-feet of water annually to the San Diego region. The San Diego County Water Authority-Imperial Irrigation District water transfer will provide 200,000 acre-feet of water a year through water conservation measures in Imperial Valley. The transfer is the cornerstone of the Quantification Settlement Agreement, a broader plan that reduces California's overuse of Colorado River water.

The Water Authority, IID, Metropolitan Water District of Southern California and Coachella Valley Water District signed the QSA on Oct. 10, 2003.

Also included in the QSA is a project to conserve water from the All-American and Coachella canals. The Water Authority will take the lead on this canal lining project that will yield 77,700 acre-feet of water annually for use in San Diego County.

Water Authority-IID Water Transfer

Term: The initial term of the Water Authority-IID Water Transfer Agreement is 45 years. If both parties agree, the agreement can be renewed for an additional 30 years. The Water Authority can, however, elect to terminate the agreement after 35 years if the cost of transporting the water to San Diego is unacceptable. In the event of a non-renewal, each party has a right of first refusal on transfers for a period of 15 years following the initial term.

Conservation method: IID has complete discretion in determining methods to create conserved water, except that fallowing will only be a permitted method of saving water during the initial 15 years.

Quantity: In a ramped-up schedule, the Water Authority will receive 200,000 acre-feet of water per year by the end of year 19 (2022).

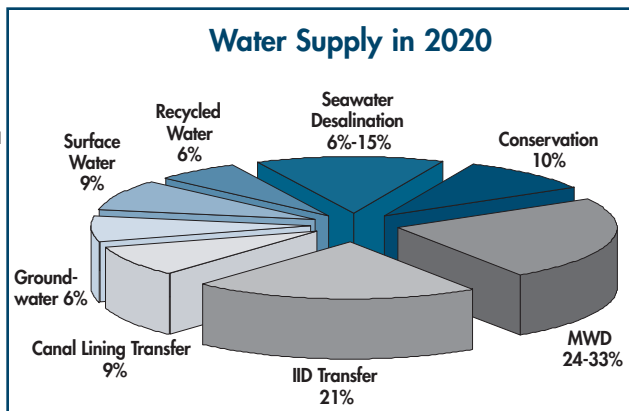
Delivery: MWD will take delivery of transfer water via the Colorado River Aqueduct and deliver to the Water Authority a like quantity and quality of water in exchange.

Price: Payments from the Water Authority to IID start at \$258 per acre-foot and increase each

year according to a set price schedule. After the fifth year, either party has an option to reset the price according to a formula in the agreement. A shortage premium price can be imposed, under certain conditions, after year 15 (2018) of the agreement.

Prepayments:

The Water Authority will pay IID up-front payments of \$20 million, including \$10 million to offset socioeconomic impacts associated with temporary land fallowing. At the end of the fifth year of the agreement, the Water Authority will prepay IID \$10 million for future deliveries of water. IID will credit the Water Authority for its up-front payments beginning in year 16 (2019).



All-American and Coachella Canal Lining Projects

In addition to the Water Authority-IID water transfer, the Water Authority accepted assignment of the Metropolitan Water District's water rights to 77,700 acre-feet per year for 110 years from projects that will line the All-American and Coachella canals with concrete.

The project will stop the loss of water that currently occurs through seepage, and that conserved water will go to the Water Authority.

The Water Authority is a public agency serving the San Diego region as a wholesale supplier of water. The Water Authority works through its 23 member agencies to provide a safe, reliable water supply to support the region's \$130 billion economy and the quality of life of 3 million residents.



San Diego County Water Authority

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This will provide the San Diego region with an additional 8.5 million acre-feet of water over the 110-year life of the agreement. The state Legislature authorized \$200 million to help pay for construction of the canal lining projects. The projects are also eligible for \$20 million in Proposition 50 funding.

By accepting responsibility for these projects, the Water Authority has secured for the San Diego region a major, new, 110-year water supply that is highly reliable, drought-proof and cost competitive.

In consideration for MWD's assignment of canal lining water rights to the Water Authority, the Water Authority agreed to pay MWD's lawful wheeling rate in lieu of the 1998 Exchange Agreement rates. The Water Authority receives firm capacity for the IID transfer for 45 years and for the canal lining water for 110 years.

Benefits

California

The transfers are key components of the Colorado River Quantification Settlement Agreement, which allows California to continue to receive surplus water from the Colorado River while the water agencies implement measures to reduce California's overdependence on Colorado River water.

Southern California

The transfers provide water to replace water that will be lost to the region as California complies with the mandate to live within its basic Colorado River annual apportionment of 4.4 million acre-feet. More than half the water the Metropolitan Water District (whole-

sale supplier to urban Southern California water agencies) receives from the Colorado River is a surplus supply. With the execution of the QSA, Southern California is allowed to gradually wean itself of its overdependence on the Colorado River. Water from the transfers will help replace surplus water that will be reduced over time.

San Diego County

San Diego County has gained a vast, new and highly reliable water supply that helps to diversify and ensure the reliability of the region's supply for generations to come. The transfers protect against shortages and stabilize the price of a significant portion of the Water Authority's overall supplies.

Imperial Valley

The Imperial Valley protects its historic water rights. It will receive money to pay the costs of the transfer program and environmental mitigation. Moreover, funding will help the Imperial Valley diversify and revitalize its economy.

Summary

The historic Water Authority-IID Water Transfer provides

benefits to San Diego and Imperial counties and, indeed, the entire state of California. The All-American and Coachella canal lining projects also represent a significant new long-term supply of water. These programs are key to the QSA, California's plan to live within its Colorado River water allocation — a plan in which all participating water agencies as well as all Colorado River users share an interest.



Funding made available through the water transfer will pay for conservation measures in Imperial Valley.



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