



Water Transfer Agreement

San
Diego
County
Water
Authority

BETWEEN THE WATER AUTHORITY & THE IMPERIAL IRRIGATION DISTRICT

FACT SHEET

Overview

The Water Authority and the Imperial Irrigation District have agreed to new terms under the IID-Water Authority Water Transfer Agreement. The agencies reached agreement Dec. 31, 2002, on amendments to their 1998 Water Conservation and Transfer Agreement. The amendments restructure the agreement in the first 15 years and modify it to minimize the environmental impacts of the transfer of conserved water from IID to the Water Authority. The new agreement also reflects changes made to be consistent with the terms and conditions of the Quantification Settlement Agreement, a broader plan to reduce California's draw on the Colorado River. Efforts to reach agreement on the QSA continue.

How It Works

Term: The initial term of the amended Water Transfer Agreement is 45 years with a renewal term of 30 years upon mutual agreement. 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 following will only be a permitted method during the initial 15 years. By May 2003, IID must begin the process of acquiring contracts with landowners to conserve water sufficient to yield 130,000 acre-feet a year and complete the process by Oct. 31, 2003.

Quantity: In a modified ramp-up schedule, the Authority will receive 200,000 acre-feet per year by the end of year 19.

Delivery: The terms for delivery of the conserved water are outlined in the Metropolitan

Water District-Water Authority Exchange Agreement, through which 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 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 under the price terms of the 1998 IID-Water Authority agreement.

Shortage premium: The shortage premium under the agreement is suspended for years one through 15.

Prepayments: The Water Authority will pay IID up-front payments of \$20 million, including \$10 million to help offset socioeconomic impacts associated with temporary land following. 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 during years 16 through 30.

Status of the Transfer Today

The amended agreement is conditioned upon the following:

- QSA execution on or before Oct. 31, 2003.
- Commitment of state contributions and a state loan guarantee by Oct. 31, 2003.
- Execution by the Water Authority and MWD of an amended MWD-Water Authority Exchange Agreement.
- A Modified State Water Resources Control Board Order, if needed, on or before June 30, 2003, approving the transfer consistent with the amended agreement.
- The effective date must occur by Nov. 1, 2003.

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 nearly three million San Diego County residents.

Benefits

California

The transfer is key to the Quantification Settlement Agreement, which, when implemented, will allow California a "soft landing" so that it will receive enough surplus water from the Colorado River while the water agencies implement measures to reduce California's over-dependence on Colorado River water. Because the QSA was not signed by its deadline of Dec. 31, 2002, surplus supplies from the Colorado River are already being cut. Without enough surplus water from the Colorado River to provide a soft landing, water supplies statewide will be strained as Southern California looks northward to meet its needs, increasing demands on the environmentally sensitive San Francisco Bay/Sacramento-San Joaquin River Delta Estuary.

Southern California

The transfer provides water to replace water that will be lost to the region as California complies with its 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 (wholesale supplier to urban Southern California water agencies) receives from the Colorado River is a surplus supply. When the QSA is implemented and Southern California is allowed to gradually wean itself of its overdependence on the

Colorado River, water from the transfer will help replace surplus water that will be reduced over time.

San Diego County

San Diego County will gain a new water source that helps to ensure the reliability of its supply well into the next century. The region will have

a more diversified imported water supply, thus reducing its reliance on a single supplier. The transfer protects against shortages and stabilizes the price of a significant portion of the Water Authority's overall supplies.

Imperial Valley

The Imperial Valley 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 and enhance its community.



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

Summary

The historic Water Authority-IID Water Transfer provides benefits to San Diego and Imperial counties and, indeed, the entire state of California. The agreement provides needed capital and an economic boost for the Imperial Valley. The transfer supplies replacement water to Southern California and provides supply diversity to the San Diego region. Finally, it is the cornerstone of 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.



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