



Update on State Water Project Contract Amendment for Water Management Tools

Joint meeting of Water Planning and Stewardship Committee and Conservation and Local Resources Committee

Item 9-3

January 11, 2021

Overview

- State Water Project Contract
 - Amendments
 - Background
- Water Management Tool Amendment
 - Benefits to Metropolitan
 - Process
 - Agreement in Principle
 - SWP Public Water Agency Board Consideration/Action
- Next Steps

SWP Contract

- State of California entered into long-term water supply contracts with water agencies in the 1960s
- DWR provides water service to SWP Contractors in exchange for payments that recoup all costs associated with providing water service over the life of the SWP



Region	SWP Contractors by Region
Feather River	County of Butte Plumas County FC&WCD City of Yuba City
North Bay	Napa County FC&WCD Solano County WA
South Bay	Alameda County FC&WCD Zone 7 Alameda County WD Santa Clara Valley WD
San Joaquin Valley	Oak Flat WD County of Kings Dudley Ridge WD Empire West Side ID Kern County WA Tulare Lake Basin WSD
Central Coastal	San Luis Obispo County FC&WCD Santa Barbara County FC&WCD
Southern California	Antelope Valley-East Kern WA Coachella Valley WD Crestline Lake Arrowhead WA Desert Water Agency Littlerock Creek ID Metropolitan Water District Mojave Water Agency Palmdale Water District San Bernardino Valley MWD San Gabriel Valley MWD San Geronio Pass WA Santa Clarita Valley WA Ventura County WPD

State Water Project Contract Amendments

SWP Contract Amendments

Contract Extension (December 2018)

- Extended Metropolitan's SWP contract term through 2085 (50 years)
- Improved the project's overall financial integrity and management

Water Management Tools (Expected Feb 2021)

- Only addresses water management tools related to water transfers and exchanges
- Does not include any financial provisions for Delta Conveyance

Delta Conveyance (Future Amendment)

- Would add terms and conditions applicable to the construction, operation and maintenance of a new Delta conveyance facility
- Will be presented to the board for consideration once an approved Delta Conveyance Facility is advanced

Background

- Existing SWP Contract

- Permits limited water transfers, which reduces the operational flexibility of PWAs to manage their water supplies
- Does not articulate the parameters for exchanges
- Case by case application results in uncertainty and lost opportunities due to a long review process

- Proposed amendment

- Provides uniform criteria for all PWAs holding a SWP Contact
- Does not increase SWP diversions or change SWP operations

Benefit to Metropolitan

- Additional flexibility to manage its SWP supplies
 - Provides additional tools to manage SWP water more efficiently
 - Example—Increased flexibility in managing carryover storage in San Luis Reservoir and the ability to participate in exchanges with other PWAs
 - Creates new opportunities for creative partnerships with other PWAs
 - New provisions provide fair compensation for transfers and exchanges
- Stability for participation in State Water Project

Process for Water Management Tools

June 2018

- Agreement in Principle (AIP) reached

October
2018

- EIR circulated

May 2019

- Project approval withdrawn for CA WaterFix
- Agreement by DWR and PWAs to remove CA WaterFix cost allocation sections from the AIP
- EIR amended and recirculated

August
2020

- Project Approval and NOD

Agreement in Principle

- AIP Goal:

- Supplement and clarify terms of the SWP contract
- Greater water management flexibility
- Facilitate transfers and exchanges of SWP water

- Benefits:

- Exchanges
- Greater flexibility to manage SWP water
- Provides Metropolitan additional water management tools

Contract Amendment Exchanges

- Amend existing article 56 to:
 - Confirm exchange provisions for water exchanges between Public Water Agencies (PWAs)
 - Set exchange ratios based on water allocation, up to 5 to 1
 - Set the maximum cost compensation for an exchange
 - Allow the exchange to be effectuated over ten years

Contract Amendment Transfers

- Adds a new article 57 that:
 - Creates new flexibility for non-permanent transfers
 - Removes the turnback pool as the only non-permanent transfer mechanism
 - Allows the PWAs to set the compensation terms
 - Requires certain conditions be met to avoid harm to SWP operations and other contractors
 - Continues to require DWR approval
- Amends article 21 to:
 - Allow for limited ability to transfer article 21 water consistent with other transfer rules

Effective Date

- Effective when 24 PWAs sign the contract amendment
- If 24 PWAs have not signed by February 28, 2021, DWR may allow the amendment to be effective for those PWAs who have signed

Water Management Tools/Actions Amendment

SWP Public Water Agency Board Consideration/Action

Approved

- Alameda County FC&WCD, Zone 7
- Alameda County Water District
- City of Yuba City
- Coachella Valley Water District
- Crestline-Lake Arrowhead Water Agency
- Desert Water Agency
- Dudley Ridge Water District
- Empire West Side Irrigation District
- Littlerock Creek Irrigation District
- Mojave Water Agency
- Oak Flat Water District
- Palmdale Water District
- San Bernardino Valley Municipal Water District
- San Gabriel Valley Municipal Water District
- San Geronio Pass Water Agency
- Santa Clara Valley Water District
- Santa Clarita Valley Water Agency
- Tulare Lake Basin Water Storage District

January 2021

- Antelope Valley - East Kern Water Agency
- Kern County Water Agency
- Solano County Water Agency
- Ventura County
- Napa County FC&WCD

February 2021

- Metropolitan Water District
- San Luis Obispo County FC&WCD
- Santa Barbara County FC&WCD

Next Steps

- February Action Item
 - Review and consider the Department of Water Resources' certified Final Environmental Impact Report and take related CEQA actions, and approve the State Water Project Contract Amendment for Water Management

