



**Board Planning Committee  
September 9, 2020**

**SUBJECT:**

Approval of Agreement with Metropolitan Water District of Southern California (MWD) and the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) - MWD Member Agencies

**BACKGROUND:**

In 2013, five regional water agencies within the Santa Ana River Watershed came together in a collaborative effort to identify a watershed-scale project in pursuit of a large grant opportunity:

- Eastern Municipal Water District (EMWD);
- Inland Empire Utilities Agency (IEUA);
- Orange County Water District (OCWD);
- San Bernardino Valley Municipal Water District (Valley); and
- Western Municipal Water District (WMWD).

These agencies established the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) and are considered the SARCCUP Participants. The SARCCUP Participants were successful in securing \$55 million in grant funds from Proposition 84 through the California Department of Water Resources (DWR), which is being administrated by the Santa Ana Watershed Project Authority (SAWPA).

In addition to the SARCCUP Participants, the Municipal Water District of Orange County (MWDOC) is the MWD Member Agency for much of Orange County, including OCWD, and therefore is involved in the SARCCUP coordination activities.

SARCCUP consists of three main program elements:

- Water Use Efficiency: Landscape Design and Irrigation Improvements and Water Budget Assistance for Agencies;
- Habitat Creation and *Arundo Donax* Removal from the Santa Ana River; and
- Watershed-Scale Cooperative Water Banking Program.

The Watershed-Scale Cooperative Water Banking Program (Banking Program) allows wet-year water to be stored in groundwater basins for later use during dry years or for emergencies. The storage capacity is currently up to 137,000 acre-feet (AF).

EMWD is receiving approximately \$13 million in grant funds for conservation measures and to develop 19,500 AF of recharge capacity in the San Jacinto Basin. EMWD's SARCCUP projects include construction of three new groundwater extraction wells (Wells 201, 202 and 203) and

the 39-acre Mountain Avenue West recharge facility. Drilling is complete for all the wells and the construction of the Mountain Avenue West recharge facility is underway.

The Banking Program includes the purchase of surplus imported water made available by Valley to MWD. This transaction requires an agreement with MWD as both MWD and Valley are SWP Contractors. Over the past year, EMWD staff along with the other SARCCUP agencies have been working with MWD staff to define the operating scenarios and details included within a joint agreement among MWD and the SARCCUP-MWD Member Agencies.

These meetings have resulted in an Operational Term Sheet (Exhibit A) that details the scenarios for purchasing, transferring, and banking surplus imported water made available by MWD as well as a draft agreement (Exhibit B). MWD and Valley have also been working together to develop an updated agreement that will allow MWD to purchase Valley water when Valley declares a surplus of SWP supplies. The MWD/Valley agreement establishes that the SARCCUP-MWD Member Agencies could purchase at least fifty percent of Valley surplus water for the Banking Program when MWD purchases surplus water from Valley.

The most significant benefit of this agreement is for the SARCCUP-MWD Member Agencies to be able to declare the purchased and stored water as Extraordinary Supply in accordance with MWD's Water Supply Allocation Plan. Water designated as Extraordinary Supply is excluded from MWD's formula that calculates a reduction in an agency's imported water supply during an allocation. In essence, Extraordinary Supply reduces the impact of an allocation during a drought.

This Agreement defines the minimum amount of water made available by MWD to the SARCCUP-MWD Member Agencies, rates and charges associated with those purchases, MWD's call on water classified as local supply and the designation of Extraordinary Supply benefits. The SARCCUP Agreement term is 2035 and aligns with the MWD/Valley agreement term.

MWD will consider approval of the two joint agreements (MWD/Valley and MWD/SARCCUP) in November 2020. Each SARCCUP-MWD Member Agency is prepared to seek its respective Board approval no later than October 2020.

**FINANCIAL IMPACT:**

None

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Water Supply Diversity and Reliability: Develop and implement a portfolio of projects and management techniques to achieve a reliable and cost-effective balance of water supplies utilizing imported, local and recycled water sources.

**ENVIRONMENTAL IMPACT:**

This project is subject to the California Environmental Quality Act (CEQA) and an Environmental Impact Report (EIR) was prepared in conformance with California Code of Regulations Title 14, Chapter 3, Article 7, Section 15080, *et seq.* The Final EIR was certified and adopted by the Board on June 20, 2018.

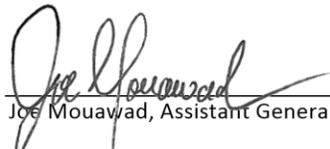
**RECOMMENDATION:**

Approve and authorize the following execution by the General Manager, or his designee, to the Agreement between Metropolitan Water District of Southern California and the SARCCUP-MWD Member Agencies Regarding the Santa Ana River Conservation and Conjunctive Use Program, subject to any non-substantive changes or modifications.

**SUBMITTED BY:**

  
Paul D. Jones II, P.E., General Manager

9/8/2020

  
Joe Mouawad, Assistant General Manager

9/4/2020

**Attachment(s):**

*Exhibit A - Operational Term Sheet*  
*Exhibit B - SARCCUP-MWD Agreement*  
*Presentation*

09/16/20 Board Meeting

Staff Contact: Leighanne Kirk