



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

December 17, 2014

Mr. Kevin E. Kelly
General Manager
Imperial Irrigation District
P. O. Box 937
Imperial, CA 92251

Dear Mr. Kelley:

2014 Imperial Irrigation District Letter Agreement

The purpose of this letter agreement between The Metropolitan Water District of Southern California (MWD) and Imperial Irrigation District (IID) is to confirm and agree upon certain project substitutions and conservation modifications allowed under the AGREEMENT FOR THE IMPLEMENTATION OF A WATER CONSERVATION PROGRAM AND USE OF CONSERVED WATER entered into on December 22, 1988 and subsequently amended in 2003 and 2007 (the "Agreement") as provided below.

Under the Agreement, MWD and IID established a Water Conservation Program funded by MWD and implemented by IID (Program). The Program consists of various water conservation projects including a 12-Hour Delivery (12-HD) project (Project 9) and an Additional Irrigation Water Management project (Project 18) as specified in Exhibit A of the APPROVAL AGREEMENT entered into on December 19, 1989 and subsequently amended in 2003 and 2007. Project 18 includes tailwater return (recovery) systems (TRS).

Under the terms of the Agreement, specifically, sections 1.3 and 3.3, subject to the approval of the Program Coordinating Committee (PCC), MWD and IID are authorized to substitute conservation projects to maintain 105,000 acre-feet (AF) of conserved water under the Agreement.

Accordingly, MWD and IID agree to the following terms and conditions:

1. Before December 31, 2014, IID and MWD will develop and submit to the PCC for approval pursuant to Section 1.3 of the Agreement a substitute project to begin in 2015 which will provide that:
 - a. MWD will fund 33,888 Project 9 12-HDs per year for the term of the Agreement as an annual direct cost in accordance with the terms of Section 2.3 of the

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Agreement. In total (including b and c below) 38,285 12-HDs are the number of irrigation events to be funded by MWD in order to generate the relevant volume of conservation required from this project in support of the full 105,000 AF of conservation required by the Agreement, specifically in the 2007 amendment.

- b. Effective January 1, 2015 the Project 18 TRS are eliminated from the Agreement and replaced by 3,500 AF of conserved water from the 12-HDs from Project 9; MWD will not fund any new TRS expenses or receive the benefit of any future conservation attributable to these TRS. The TRS Replacement Reserve Fund will be used to complete any pending operational and maintenance requests made prior to December 31, 2014, and once those activities have been completed the Fund will be eliminated and the balance will be credited to the next call for funding following the January 2015 funding call, which is anticipated to occur in July 2015. Effective, January 1, 2015, MWD relinquishes any claims to conserved water from the Project 18 TRS currently under contracts executed by IID or otherwise amortized.**
 - c. MWD will fund an additional 5% (equivalent to an additional 1,823 12-HDs) of the Project 9 12-HD budget funded by MWD per year as an annual direct cost incurred by IID for system impacts caused by the 36,462 12-HDs that MWD pays for. If IID establishes the actual cost of system impacts caused by the 36,462 12-HDs MWD funds, and if the PCC concurs, MWD will pay that amount, but in no case will MWD pay IID more than 10% (-equivalent to an additional 3,646 12-HDs) of the 12-HD budget funded by MWD for 12-HD actual system impact costs.**
 - d. For 2014, the conserved water attributable to Project 18 TRS is 2,600 AF for a total Program conservation yield of 104,100 AF.**
- 2. Upon PCC approval of the substitute project specified above, MWD and IID agree to the following:**
 - a. MWD will pay IID's funding call for the unpaid balance of the actual 2014 Project 9 12-HD budget of \$5,746,907.13 within 30 days of the date an invoice is received by MWD for the amount specified herein, or by December 31, 2014, whichever is later.**
 - b. Metropolitan will not object to IID reducing its diversion from the Colorado River below that which it would otherwise have been absent the non-Metropolitan funded 12-HDs and TRSs in an amount equal to the quantity of water conserved by the non-Metropolitan funded 12-HDs and TRSs to permit the water so made**

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available to be delivered by the Secretary of the Interior in accordance with the terms of the October 10, 2003 Colorado River Water Delivery Agreement: Federal Quantification Settlement Agreement for purposes of Section 5(B) of Interim Surplus Guidelines and to meet IID's inadvertent overrun payback obligations or to eliminate or reduce an inadvertent overrun.

- c. Notwithstanding anything to the contrary in the Agreement and in accordance with the terms of this letter agreement, beginning January 1, 2015, IID will have no rights to materially modify the 12-HD Project (Project 9) as approved by the PCC in December 2014 or to substitute another project therefor without MWD's written consent.
3. Previously, the total amount of conserved water available with continued operation of 24 TRS or implementation of a potable water conservation program with funding to be potentially provided by MWD as set forth in Section 4.1(iii) of the December 19, 1989 Approval Agreement, as amended, was 105,000 acre-feet per annum and if the amount of Conserved Water from Project 18 combined with any Conserved Water from a potable water conservation project funded by MWD is less than 3,500 acre-feet per annum, IID's obligation to reduce its diversion from the Colorado River was decreased by an annual amount equal to the difference between 3,500 acre-feet and the amount conserved.
4. The substitutions and modifications provided herein are made pursuant to and in accordance with the Agreement; however, to the extent the terms and conditions herein conflict with the Agreement, the terms and conditions herein control.
5. As this letter agreement addresses only MWD's and IID's rights and duties with respect to each other, should any conflict exist between the provisions herein, the Agreement, or the APPROVAL AGREEMENT among IID, MWD, Palo Verde Irrigation District, and Coachella Valley Water District entered into on December 19, 1989 and amended in 2003 and 2007, this letter agreement controls.
6. Effective January 1, 2016, the total amount of conserved water that will be available is 105,000 AF per annum. For 2015, the total amount of conserved water that will be available is 107,820 AF.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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Please confirm this agreement by signing on behalf of IID and return to me a copy of this letter.

Very truly yours,

IMPERIAL IRRIGATION DISTRICT

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By:

Kevin E. Kelley
Kevin E. Kelley
General Manager

By:

Jeffrey Kightlinger
Jeffrey Kightlinger
General Manager

Date:

12/18/14

Date:

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By:

Joanna Smith Hoff
Joanna Smith Hoff
Counsel

By:

Marcia L. Scully
Marcia L. Scully
General Counsel

Date:

12/18/14

Date:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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