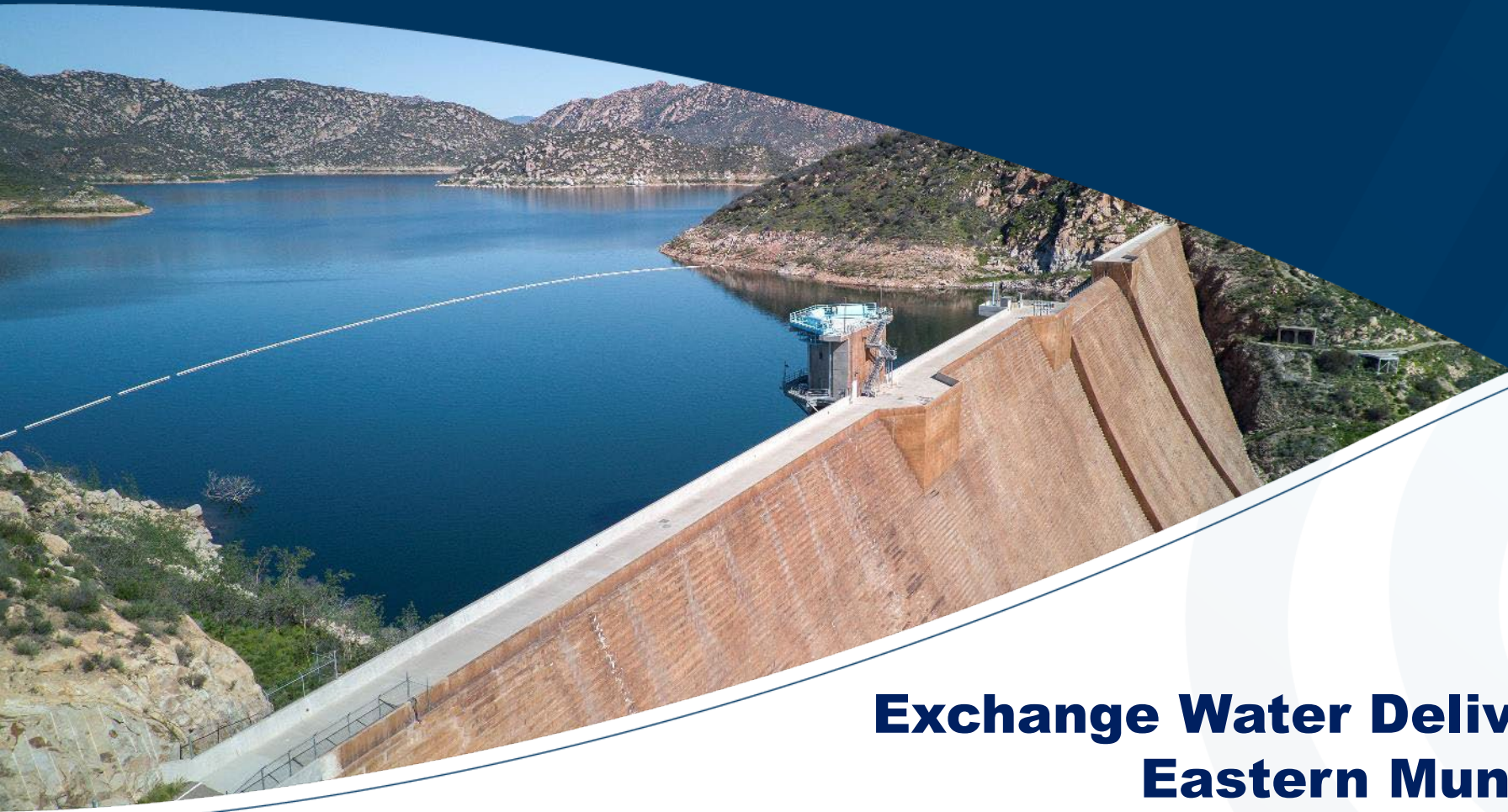




San Diego County
Water Authority



Exchange Water Delivery Agreement with Eastern Municipal Water District

Dan Denham, General Manager

April 9, 2026
Special Board

Understanding the Road to Today's Decision

State to Shut Off Water Delivery to Southland

By VIRGINIA ELLIS and TED ROHRLICH
TIMES STAFF WRITERS
SACRAMENTO — Gov. Pete Wilson on Monday announced new and unprecedented cutbacks of state water deliveries so that Southern California



Major Drought

Water - Use Efficiency

Local Supply Investment

Western Exchange



1990s

2003

2010s

2015

2020s

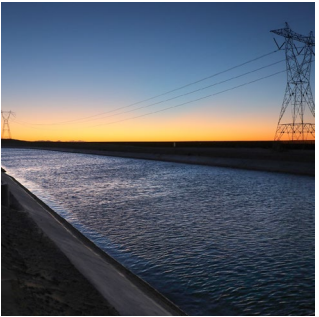
2025

2026

QSA Investment

Carlsbad Desalination

MWD & SDCWA Amended Exchange



Process & Partners

- September 30 letter started exchange discussions
- Between October through March staff has been meeting with MWD member agencies
- Majority of negotiations are center on:
 - Aligning Water Authority priorities with partner priorities
 - Creative solutions for short-term & long-term challenges
 - Quantity and term
- Actively working on an agreement with Eastern Municipal Water District since December

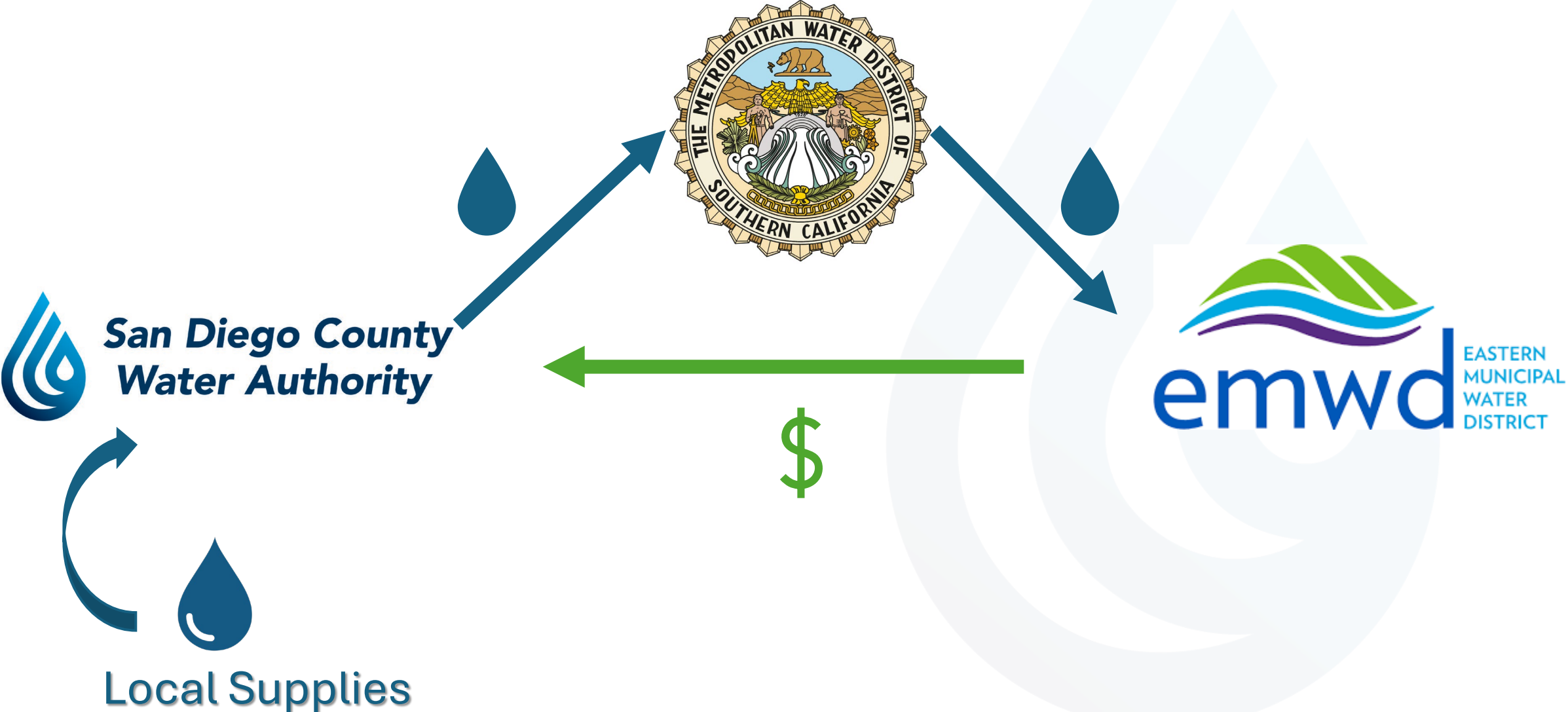


Eastern Municipal Water District

- Municipal Water District located in Riverside County
 - Provides service to nearly 1 million residents
 - Retail Water, Sewer & Recycled Water service
 - Metropolitan Member Agency
 - 6th largest retail agency in California
- Looking to diversify water resources portfolio
- Interested in cost-effective solutions and dry year opportunities
- Participates in other innovative supply development projects and programs



Basic Exchange Framework



Water Authority Priorities

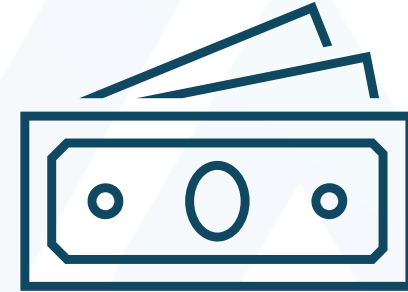
Priorities for negotiating exchange water delivery agreements



Long-Term
Resilience and
Durability



Supply/Demand
Rebalancing



Rate Payer
Impacts

Eastern Delivery Agreement Key Terms

- 10,000 AF per year for 21 years (2047)
- Ramp-up period starting at 6,240 AF/Y
- Melded QSA Cost + MWD Exchange
 - Year 1 Price - \approx \$1,350 /AF
 - \$19 million upfront payment for 30,000 acre-feet of deferred deliveries
- Ability to increase contract amount at later point
- Negotiated extension post-2047
- Assurance to buy remaining water if offered by Water Authority subject to terms



Benefits to the Water Authority

- Significant financial benefits
 - Present Value Revenue of \$13.5 M per year
 - \$74 M first five years
 - Net Present Value of over \$330 M
- In combination with Western's agreement, builds meaningful flexibility into existing supply agreements.
- Provides certainty and long-term durability.
- Highlights the value of the Water Authority's supply investments as a regional tool.



Regional Benefits

- **Water Authority**

- Maximizes investments in existing assets
- Secures a long-term partnership with a similarly situated agency

- **Eastern MWD**

- Secures a reliable long-term water supply
- Secured opportunity for partner agencies to participate and share in benefits

- **Metropolitan**

- Maximizes the value of existing investments in water resources
- Continue to receive full funding for the cost to transport water
- Supports long-term regional planning and drought resilience across Riverside and San Diego counties



**San Diego County
Water Authority**



emwd





Eastern Municipal Water District Comments



Metropolitan Water District Comments

Staff Recommendation

Ratify an Exchange Water Delivery Agreement between the San Diego County Water Authority and Eastern Municipal Water District.

