

**DROUGHT CONTINGENCY PLAN IMPLEMENTATION AGREEMENT
BETWEEN METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AND
COACHELLA VALLEY WATER DISTRICT**

This AGREEMENT between The Metropolitan Water District of Southern California (MWD) and Coachella Valley Water District (CVWD), (collectively, the Parties) is entered into as of this 20th day of May, 2019.

RECITALS

A. On or about May 20, 2019, the Parties, along with the United States, State of Arizona, Palo Verde Irrigation District (PVID), City of Needles, Colorado River Commission of Nevada, and Southern Nevada Water Authority, entered into the “Lower Basin Drought Contingency Plan Agreement,” which, to help Lake Mead avoid reaching critically low elevations, provides that certain Colorado River users in the Lower Basin are to make Drought Contingency Plan (DCP) contributions if and when Lake Mead reaches certain elevations.

B. The Lower Basin Drought Contingency Plan Agreement provides that the United States Bureau of Reclamation’s annual August 24-month study’s projection of Lake Mead’s January 1 elevation will determine the amount of California DCP contributions for the subsequent year, if any.

C. CVWD’s portion of California’s DCP contributions under the Lower Basin Drought Contingency Plan Agreement is 7%.

D. On October 10, 2003, the Parties entered into the “Delivery and Exchange Agreement Between Metropolitan and Coachella for 35,000 Acre-Feet” (35 TAF Agreement) which provides that CVWD may request that MWD deliver to CVWD up to 35 TAF of MWD’s Colorado River water per year.

E. On October 19, 2015, the Parties entered into the “First Amendment to Delivery and Exchange Agreement Between Metropolitan and Coachella For 35,000 Acre-Feet,” which amended Sections 2.10.1, 2.11.1, and 2.14 of the 35 TAF Agreement.

F. Under the Lower Basin Drought Contingency Plan Agreement, MWD will have a DCP Intentionally Created Surplus (ICS) Account in Lake Mead.

G. The Parties desire to implement CVWD’s portion of California’s DCP contributions through some combination of the following: (1) by CVWD storing water within a subaccount of MWD’s Lake Mead DCP ICS Account; and/or (2) by CVWD reducing its call under the 35 TAF Agreement and MWD reducing its Colorado River deliveries by an equivalent amount.

H. This Agreement and the Drought Contingency Plan Implementation Agreement Between MWD and PVID shall constitute the California Intra-State DCP Agreements for purposes of Sections II, III.D.1, and III.D.2 of the Lower Basin Drought Contingency Operations attached as

Exhibit 1 to the Lower Basin Drought Contingency Plan Agreement executed on or about May 20, 2019.

NOW, THEREFORE, the Parties hereby agree as follows:

AGREEMENT

1. In any year in which California has a required DCP contribution under the Lower Basin Drought Contingency Plan Agreement, CVWD will contribute 7% of California's DCP contribution for that year by some combination of:

- A. delivering water to MWD for which MWD in that same year will store an equivalent amount in a subaccount established for CVWD within MWD's DCP ICS Account; and/or
- B. reducing the amount of exchange water MWD will deliver to CVWD under the 35 TAF Agreement as amended.

Under no circumstances shall CVWD be required to make any portion of the California DCP contribution in excess of what CVWD has agreed to make in this Section 1.

2. CVWD has discretion to determine the combination it will use under Section 1 to meet its 7% DCP contribution requirement. CVWD will notify MWD of its plan by October 1 of the year preceding each year in which California has a required DCP contribution.

3. Under Section 1(A), water within the subaccount for CVWD will be subject to the same rules for DCP ICS as water MWD stores in its DCP ICS Account under the Lower Basin Drought Contingency Plan Agreement. If and when CVWD delivers water to the subaccount, MWD will provide an annual accounting to CVWD of the amount of water CVWD has in the subaccount. CVWD and MWD will coordinate management of the subaccount when CVWD desires to recover water, pursuant to the terms of the rules governing delivery of DCP ICS and CVWD's use of the recovered water shall be subject to the provisions of section 4.5 of the Quantification Settlement Agreement by and among IID, MWD and CVWD dated October 10, 2003.

4. Under Section 1(B), MWD will reduce its USBR water order by an equivalent amount in that year to cover CVWD's contribution. CVWD may not recover such water in the event DCP contributions become recoverable under the Lower Basin Drought Contingency Plan Agreement in a future year.

5. In the event that Lake Mead's January 1 elevation is higher than it was projected to be in the preceding August 24-Month Study pursuant to section III(E)(3) of the Lower Basin Drought Contingency Operations, CVWD's obligation to make a DCP contribution in that year will be based on Lake Mead's actual January 1 elevation, and MWD will create EC ICS to meet any obligation CVWD might have under this provision. To the extent MWD creates ICS under this

provision, CVWD may not recover such water in the event DCP contributions become recoverable under the Lower Basin Drought Contingency Plan Agreement in a future year.

6. For the limited period beginning with the Effective Date of the Lower Basin Drought Contingency Plan Agreement and ending on December 31, 2035, CVWD agrees that it will not divert or request delivery of any Colorado River water that may be available to it during that limited period under (1) Priority 6(a) as set forth in the Colorado River Delivery Agreement: Federal Quantification Agreement dated October 10, 2003; (2) the Sixth and Seventh Priorities as set forth in Article 17 of the Contract for Construction of Capacity in Diversion Dam, Main Canal and Appurtenant Structures and for Delivery of Water, Contract No. Ilr-781, dated October 15, 1934; or (3) the Contract for Delivery of Surplus Flows from the Colorado River, Contract No. 7-07-30-W0150, dated March 6, 1987. Nothing in this section constitutes a permanent abandonment, waiver or relinquishment of any rights of CVWD to delivery of Colorado River water under those priorities and contracts. The provisions of this Section 6 shall remain in effect through December 31, 2035 notwithstanding the expiration of the Lower Basin Drought Contingency Plan Agreement. The United States shall be a third party beneficiary of the provisions of this Section 6.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

Approved as to form:

By: 
Legal Counsel

COACHELLA VALLEY WATER DISTRICT

By: 
General Manager

Approved as to form:

By: _____
General Counsel

THE METROPOLITAN WATER DISTRICT OF
SOUTHER CALIFORNIA

By: _____
General Manager

provision, CVWD may not recover such water in the event DCP contributions become recoverable under the Lower Basin Drought Contingency Plan Agreement in a future year.

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Approved as to form:

COACHELLA VALLEY WATER DISTRICT

By: _____
Legal Counsel

By: _____
General Manager

Approved as to form:

THE METROPOLITAN WATER DISTRICT OF
SOUTHER CALIFORNIA

By: *mscully*
General Counsel

By: *[Signature]*
General Manager

GILBERT J. GRANITO
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REPLY TO: Riverside Office

May 1, 2019

Via Federal Express Overnight Mail

Jim Barrett, General Manager
Coachella Valley Water District
75-515 Hovley Lane East
Palm Desert, CA 92211

RE: Drought Contingency Plan Implementation Agreement

Dear Mr. Barrett:

Enclosed please find two (2) Original Agreements for the Drought Contingency Plan Implementation between MWD and CVWD.

Please sign both, and forward one (1) of the original agreements to:

Michael Hughes
Metropolitan Legal Department
P.O. Box 54153
Los Angeles, CA 90054-0153

Thank you for your anticipated courtesy and cooperation in this matter.

Very Truly Yours,
REDWINE AND SHERRILL, LLP

By: 
Steven B. Abbott

SBA:jml

Encl.: (2) Original Agreements



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MAY 7 19 1:02PM

Office of the General Counsel

VIA FEDEX DELIVERY

TRANSMITTAL

Date: May 6, 2019
To: Jim Barrett, General Manager
Coachella Valley Water District
From: Gina Osorio for Michael W. Hughes
Re: Original Drought Contingency Plan Implementation Agreement Between MWD
and Coachella Valley Water District

Please find enclosed Metropolitan's executed original of the agreement above-referenced Agreement for your signature.

☐ For your information	☒ For your files
☐ For your review and comments	☐ Please handle
☒ Please contact Mr. Michael Hughes at (213) 217-7511, if you should have any questions or comments	☒ Please sign and return a copy of our files

Regards,

Gina

Gina Osorio
Legal Assistant to Michael W. Hughes
Metropolitan Water District of Southern California
Telephone: (213) 217-5727
Email: gosorio@mwdh2o.com