

EMWD/Rainbow Long-Term Water Exchange Agreement

Board of Directors – Item 7.A.

August 11, 2025





Background

Long-Term Water Exchange Agreement

- SDCWA/MWD 2025 settlement included framework for regional water exchange (through MWD) of SDCWA's conserved water from IID (up to 277k AFY)
- SDCWA made 50,000 AFY available for exchange to MWD Member Agencies, including EMWD, in a letter sent in late 2025
- To date the following agreements/sub-agreements have been executed for water transfer through 2047 (21-year agreements)
 - Western MWD – 10k AFY, 30k AF pre-purchase and sub agreements;
 - City of Corona – 5.0k AFY
 - Rancho Water – 2.5k AFY
 - Elsinore Valley – 5.0k AFY
 - **Eastern MWD – 10k AFY, 30k AF pre-purchased**



Rainbow's Request/terms

- 1,500 AFY in annual deliveries
 - Contract Rate of \$633/AF + \$671 MWD Delivery Charge = \$1,344/AF
 - Contract rate increases tied to inflation
 - Delivered via scheduled annual deliveries @ existing connections subject to operational considerations
 - 10-15% of annual water demand
- 3,000 AF pre-purchase water
 - Delivered at Rainbow's request during contract term (through 2047) @ existing connections as-needed
 - Purchased at 2026 Contract Rate of \$633/AF
 - Total Cost = \$1,899,000 evenly split over two payments (1/1/27 & 1/1/28)



Benefits

- Diversification of Supply - Designated "Local Supply" by MWD meaning not impacted or factored into MWD drought allocations
- No capital outlay - requires no infrastructure to be built
- Shields a portion of our supply from import water fixed charges – on-going cost savings
- Supply that is backed by strong water rights and available in all hydrologic conditions, subject to operational constraints
- Anticipated cost savings over the life of the exchange (est. \$9M) – protects against higher import water rate increases
- Pre-Purchase supply can be called upon during varying hydrologic conditions providing drought security and cost savings (purchased at 2026 contract rate)



Recommendation

- Authorize the General Manager to Execute a Long-Term Exchange Water Delivery Agreement Between Rainbow Municipal Water District and Eastern Municipal Water District with non-substantive changes

Questions

