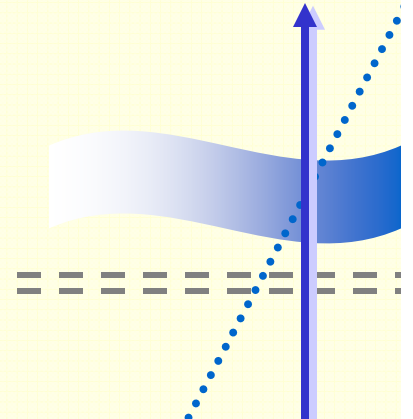
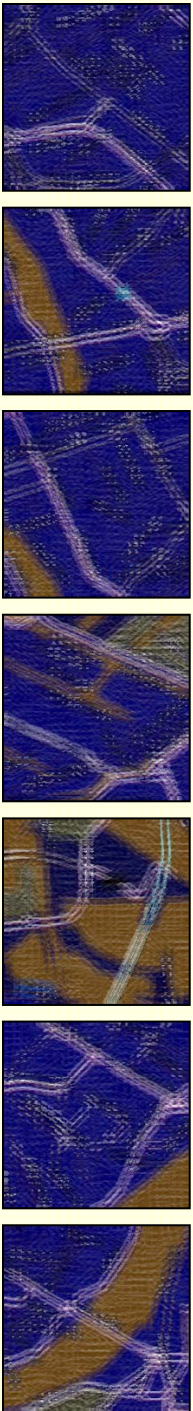




Water Transfers - An IID Perspective

IVC

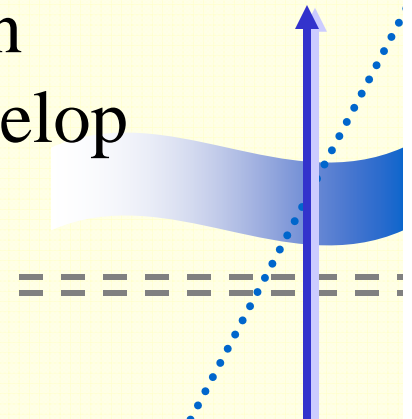
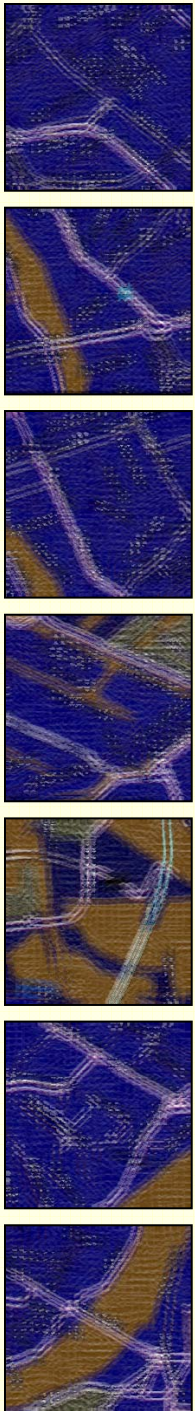
November 5, 2003



Water Conservation & Transfer Objectives



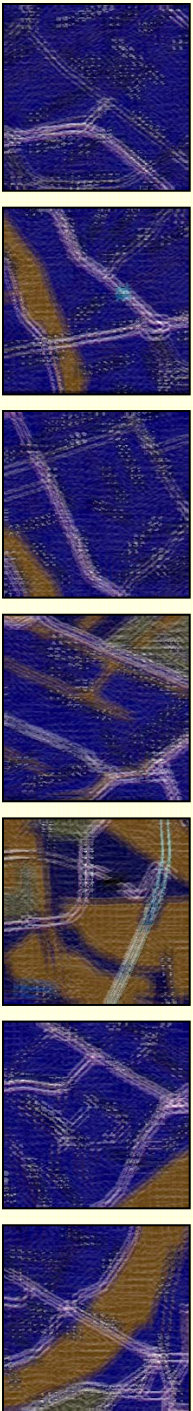
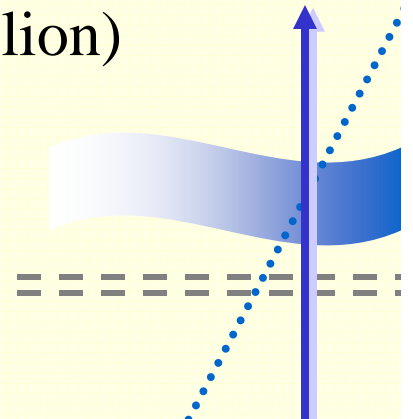
- Protect the water users' right to Colorado River Water and IID's time honored water rights
- Construct projects and manage the irrigation system to produce verifiable water savings
- Allow for the continuation and expansion of farming and other activities within Imperial Valley as opportunities develop





A History of Cooperation

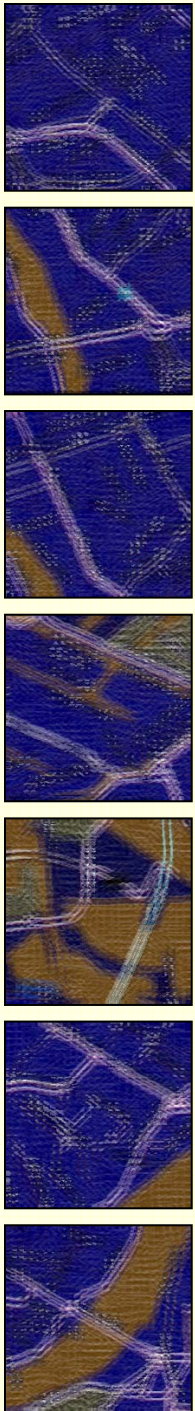
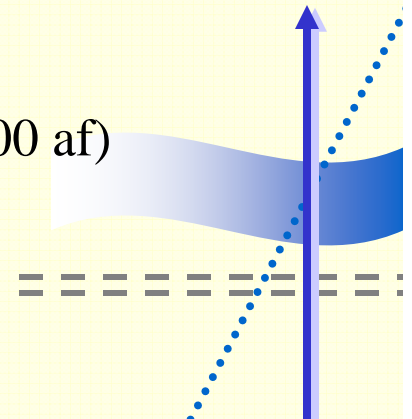
- 1988 IID/MWD Water Conservation & Transfer Agreement
 - 104,000 acre-feet annually
 - Cost based
- 1988 Congressional action to line the All-American Canal
 - 95,000 acre-feet
 - MWD to finance (later the state \$235 million)

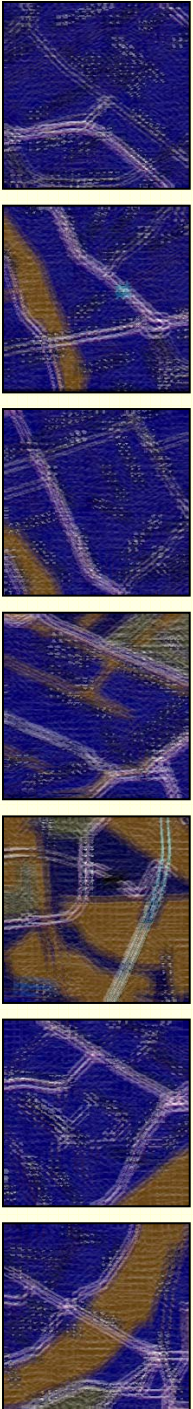


Continuing Conservation Efforts



- 1998 IID/San Diego Water Transfer Agreement signed
 - 200,000 acre-feet
 - Efficiency-Based Conservation
 - Conditions to fulfill
 - Environmental permits & approvals
 - On-farm participation
 - Transportation of Water
 - Satisfy MWD & CVWD (additional 100,000 af)

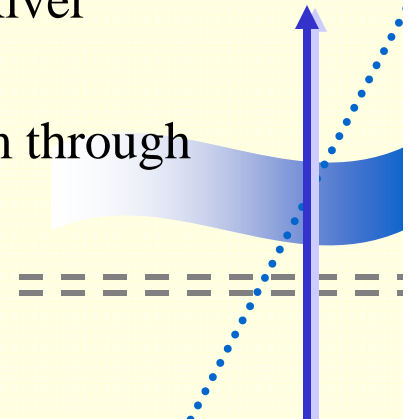




Overcoming Challenges



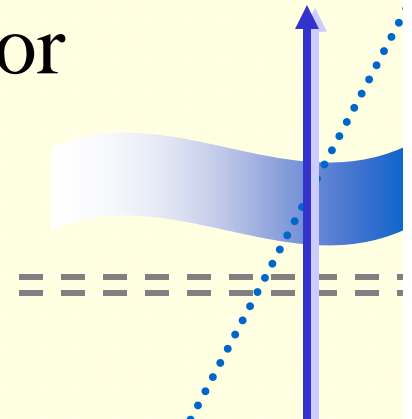
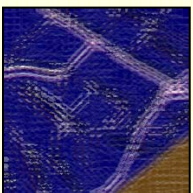
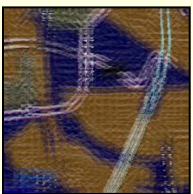
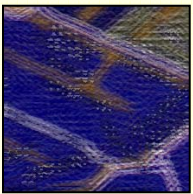
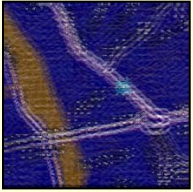
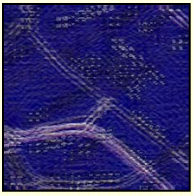
- December 1999 - Quantification Settlement Agreement reached among IID, MWD and CVWD
- May 2002 - EIR/EIS released with Salton Sea mitigation cost
- June 2002 - State Water Resources Control Board
 - Approved point of diversion on the Colorado River
 - Should work to mitigate the Salton Sea
 - Recommended a fifteen-year no-harm program through fallowing



Adapting to Changing Demands



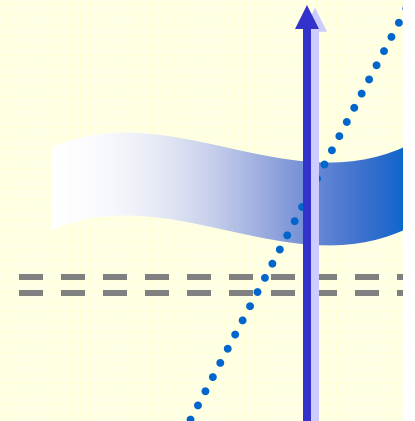
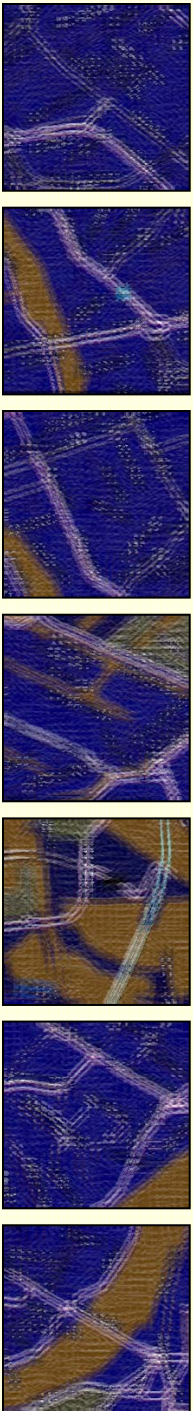
- July 2002 - IID proposes a short-term following option to address the Salton Sea “no harm” edict
- October 2002 - Negotiations with Speaker Hertzberg to change the QSA
- October to December 2002 - IID prepares necessary documents for approval

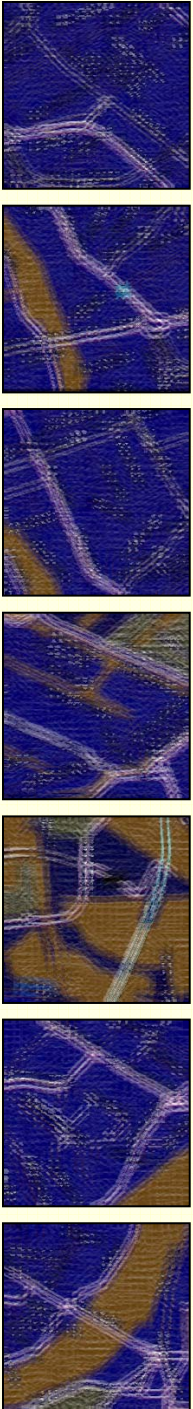




Addressing Risks

- December 9, 2002 - IID Board rejects the Hertzberg version of the QSA
 - Risk too great for IID on the Salton Sea mitigation costs
 - Risk too great for IID if early termination by others left IID with stranded capital costs

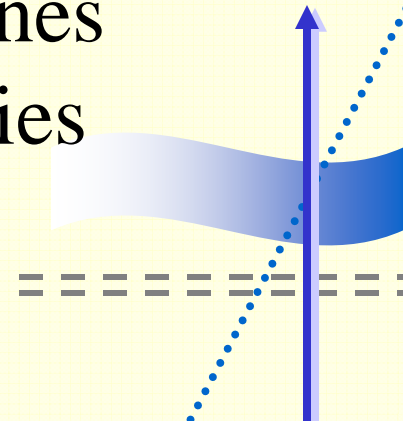


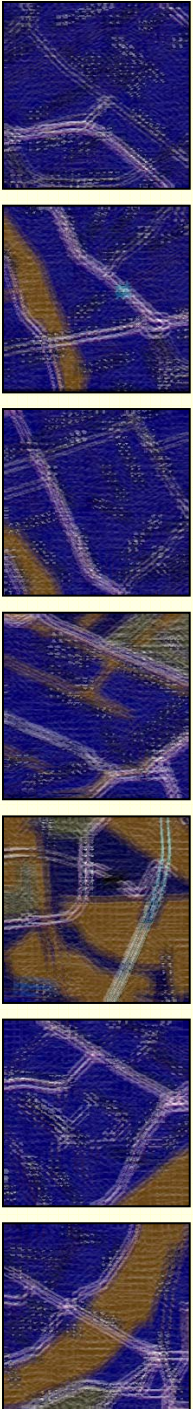


Finish Line is a Mirage



- State works to establish assurances to reduce mitigation risks
- December 31, 2002 - IID & San Diego approve the revised QSA with protections
- January 2003 - Governor convenes negotiations among the 4 agencies

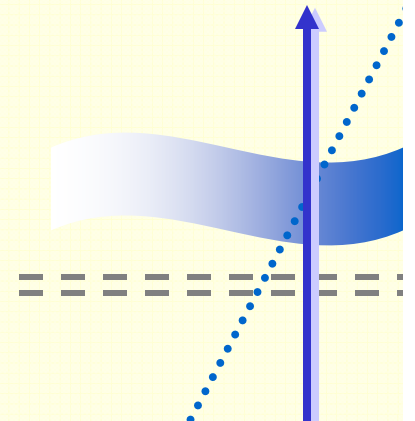


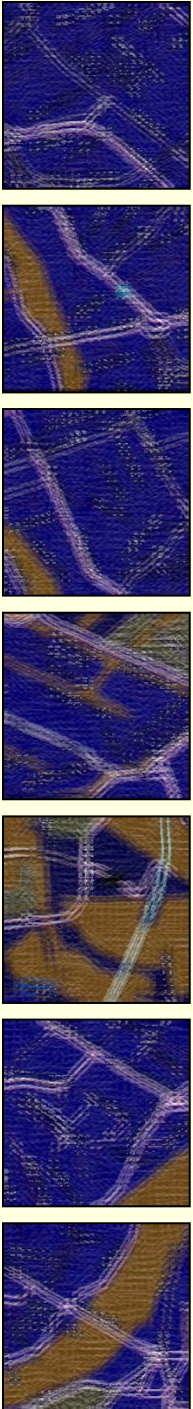


Long Spring/Long Summer



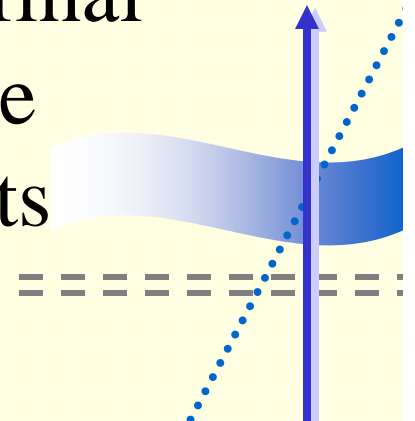
- Continue to participate with other agencies in negotiations facilitated by the Governor's office
- Pursue the legal actions to preserve IID's water rights
- Participate in legislative efforts to preserve the Salton Sea

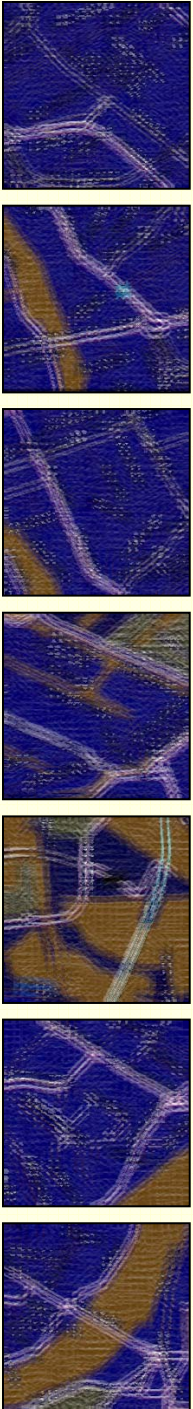




Recent Accomplishments

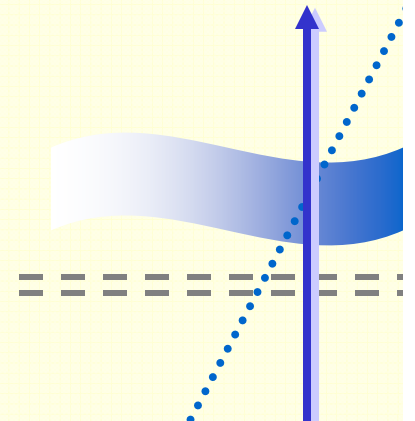
- State legislation, which would resolve the environmental issues including the impacts to the Salton Sea, have passed both houses of the legislature and are awaiting the Governor's signature
- The QSA documents are in the final revision to be consistent with the legislation and recent agreements

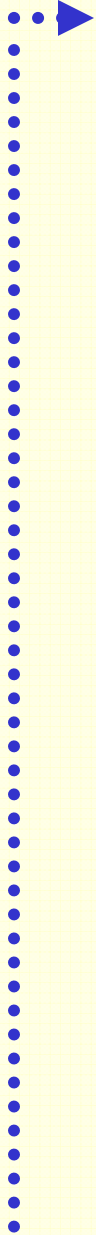
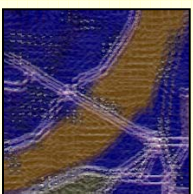
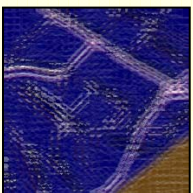
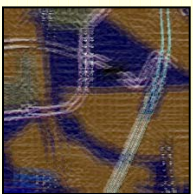
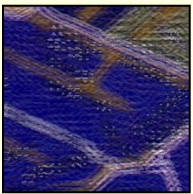
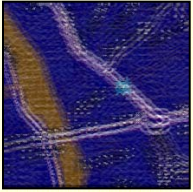
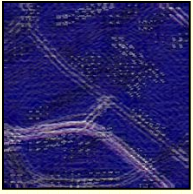




Documents Signed

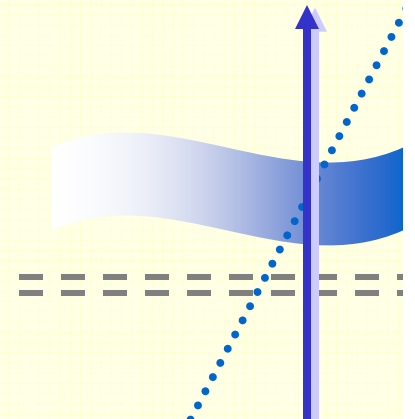
- The California Legislature approved the necessary legislation to assist with mitigation for the QSA transfers.
- California Agencies approve & sign the QSA documents on October 10, 2003





Documents Signed

- California Agencies & the Secretary of the Interior sign the Colorado River Delivery Agreements on October 16, 2003



Next Steps

- Finalize an emergency fallowing plan to produce water for transfer and for Salton Sea mitigation
- Create the Imperial Valley Socioeconomic Entity to deal with the impacts of fallowing
- Creation of the Salton Sea mitigation joint powers authority

