

**Imperial Irrigation District
2012 Plan for the Creation of Extraordinary Conservation
Intentionally Created Surplus
Main Canals Seepage Interception System Business Plan**

Background and Conservation Summary

The Main Canals Seepage Interception System project (MCSIS) is an integrated component of the QSA 45-year Efficiency Conservation Program (ECP) to create water for transfer from the Imperial Irrigation District to the San Diego County Water Authority (SDCWA) and Coachella Valley Water District (CVWD). The Efficiency Conservation Definite Plan considered 28 efficiency conservation program alternatives and determined an optimal combination of on-farm and delivery system conservation projects to meet transfer requirements utilizing available revenues from the Quantification Settlement Agreement (QSA) and related agreements. The MCSIS is an integral component of the 45-year ECP and its costs and revenues are part of that total program.

In addition to the MCSIS being part of ECP financial program, the IID Board of Directors approved an early start and build out of the MCSIS so the additional conserved water not needed for transfer could be used to produce Intentionally Created Surplus (ICS) to assist IID with its capped entitlement limitations or, if needed, payback of future inadvertent overruns. This early start required the project costs for the conserved water not needed for transfer in years 2007 through 2015 to be paid for totally by IID though interim financing. The result is that conserved water produced by the MCSIS from 2008 through 2015 not only cost IID the ECP rates, but also the additional expense of the early start financing. Below is a table summarizing the annual MCSIS conservation yields, the QSA conserved water requirements that utilize MCSIS water (for transfer to CVWD) and the early start conservation volumes used for ICS and IOPP purposes from project inception through the end of calendar year 2010.

Year	MCSIS Conserved at River	Transfer to CVWD	Remaining Amount	To IOPP	To ICS
2008	8,232	4,000	4,232	4,232	0
2009	21,797	8,000	13,797	0	12,000
2010	6,809	12,000	0	0	0
Total	36,838	24,000	18,029	4,232	12,000

Note: All values in acre-feet

Project Goals, Expenses, & Funding

The goals of the MCSIS are not only to intercept the maximum amount of existing seepage without inducing additional seepage from the main canals, but to do this cost effectively and economically without impacting existing levels of drain habitat.

Planning efforts for this project were included in the Efficiency Conservation Definite Plan, completed at a cost of nearly \$10 million. The cost estimate, in 2006 dollars, for

MCSIS data collection, design, and construction was \$7,665,000 and the estimated annual cost was \$674,000. The actual cost of construction was \$7,289,990 and the maintenance costs to-date total \$983,673. In addition to some pump issues, minor construction and O&M costs still remain for MCSIS completion.

Funding for the MCSIS will eventually be provided by payments from the beneficiaries of the conserved water transfer. Assuming the current QSA water transfer schedules remain in effect and the additional ECP completed components conserve the planned volume of water, the conserved water resulting from the implementation of the MCSIS will be fully utilized by transfer recipients in 2016. However, if the additional ECP conservation components yield more water than planned, IID may be able to pay for and use some of the MCSIS conserved water for ICS or IOPP purposes during the balance of the QSA period. Payments for transferred MCSIS conserved water will be utilized to reimburse IID for its expenditures after the project is complete and transfer schedules ramp up. Therefore, the MCSIS costs from years 2007 on are being paid for through interim financing, with such financing principal, interest and fees ultimately comprising total project costs. IID intends to manage the cost of the project, financing and other matters so as to not affect the water department's cash flow or water rates.

The MCSIS is one of many projects outlined in the Efficiency Conservation Definite Plan, which was created to define, integrate, and maximize projects to meet IID's QSA obligations. The full ECDP can be accessed from IID's website at <http://www.iid.com/index.aspx?page=203>.