



**San Diego County
Water Authority**
Our Region's Trusted
Water Leader

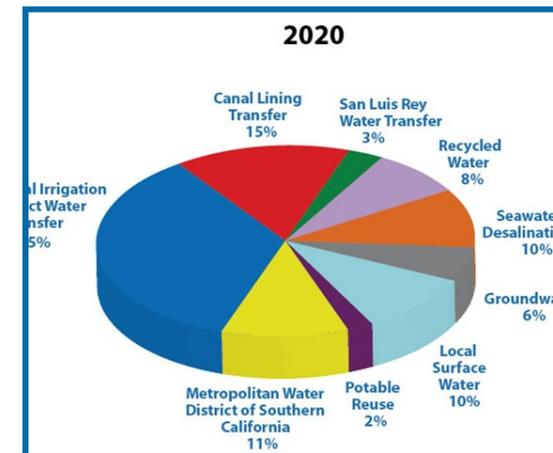
Bay-Delta Policy Update

Imported Water Committee
July 25, 2019

Amy Chen
Director of MWD Program

Bay-Delta Policy Principles

- 2009 State policy requires water agencies to reduce reliance on Delta exports
- WA Board adopted policy principles in 2012 and updated in 2018 to support WaterFix, conditioned upon proper allocation of project costs as supply charges by MWD
 - How MWD recovers Bay-Delta facility costs uniquely impacts Water Authority
- Governor Newsom Executive Order N-10-19
 - End to twin-tunnels (WaterFix)
 - Portfolio approach to water management, including a *single-tunnel* Bay-Delta project



Bay-Delta Facility Cost Allocation

- Allocation of costs other than “conservation (supply)” would uniquely and disproportionately disadvantage Water Authority ratepayers

MWD Assigns WaterFix Costs To	Increase in Household Monthly Bills*
Supply	\$0.53-\$0.87
Transportation	\$13.27-\$21.07
Transportation, but 50% Recovered by RTS	\$7.99-\$12.69

* Analysis from April 2018; based on demand forecast reset; nominal \$ based on MWD’s projected share of \$10.8B (assumes no cost overruns), interest rates of 4% and 8%, single family household using 0.4 AF of Water Authority’s water annually

- With a single tunnel, cost impacts would be reduced but the magnitude of difference would remain

Updated Policy Principles

- Support Gov. Newsom's Executive Order
- Delete WaterFix references
- Support for a single tunnel Bay-Delta project is conditioned upon project costs being characterized as "Conservation," or supply charges
- Support voluntary agreements that are fair to both projects and do not unfairly shift costs to SWP contractors
- Support independent oversight to monitor project implementation



Position Statement

- *The Water Authority Board of Directors supports Governor Newsom's Executive Order N-10-19, directing preparation of a water resilience portfolio approach that meets the needs of California's communities, economy, and environment through the 21st century, including consideration of multi-benefit approaches that meet multiple needs at once, and a single-tunnel Bay-Delta project. Further, the Board directs staff to inform the Newsom Administration that its support for a single-tunnel Bay-Delta project is expressly conditioned upon the project costs being characterized by the Department of Water Resources (DWR) as conservation, or supply charges, as similar facilities historically have been defined in the Metropolitan Water District of Southern California's State Water Project contract with DWR.*



Recommendation

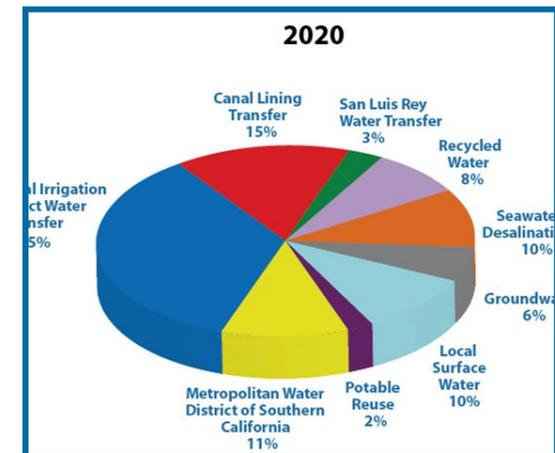
- Adopt the proposed update to the Water Authority's 2018 Bay-Delta position statement and policy principles to support Governor Newsom's portfolio approach to meet California's water needs, including a single tunnel Bay-Delta project and integrated multi-benefit solutions





Water Authority's Support for a Delta Fix

- 2009 State policy requires water agencies to reduce reliance on Delta exports
- WA Board adopted policy principles in 2012 to guide staff in evaluation of Bay-Delta policies
- Updated in 2018 to support WaterFix and the proper allocation of project costs as supply charges by MWD



Water Resilience Portfolio

- Governor Newsom Executive Order N-10-19
 - End to twin-tunnels (WaterFix)
 - A portfolio approach to water management, including a *single-tunnel Bay-Delta* project
- “Roadmap” expected by Fall
- Chair Madaffer letter to Gov. Newsom in May
 - “embraced... intent of Executive Order N-10-19”
 - Invited tour of regional facilities



Bay-Delta Facility Cost Allocation



- SWP contract has long treated Peripheral Canal as a “conservation” (supply) facility
- WaterFix or a single-tunnel project: preserve SWP’s ability to export water supply
- Draft WaterFix AIP characterized WaterFix as “transportation and/or supply” leaving individual SWP to determine functionality
- Since termination of WaterFix, it is no longer in AIP

