

The Sacramento-San Joaquin Bay-Delta is a 1,000-square-mile network of islands and waterways at the confluence of the Sacramento and San Joaquin rivers east of San Francisco Bay which supports hundreds of species of fish and wildlife. The Bay-Delta is also the hub of massive state and federal water projects that serve tens of millions of residents and businesses, including those in San Diego County.

Bay-Delta water supplies are increasingly affected by deteriorating ecological conditions which have led to regulatory restrictions on pumping water south. The California Legislature has long recognized the conflict, and in 2009 it established a state policy to decrease dependence on the Bay-Delta for meeting California's future water supply needs.

The Water Authority's only source of Bay-Delta water is through its water purchases from the Metropolitan Water District of Southern California. Over the past two decades, the Water Authority and its member agencies have diversified the San Diego region's supplies and significantly reduced reliance on MWD, and in turn, Bay-Delta supplies.

In fact, San Diego County has reduced reliance on Bay-Delta supplies from about 50% in the 1990s to about 9% over the past five years. As the San Diego region continues to diversify its water sources, reliance on the Bay-Delta will continue to decline. The San Diego region can function without Bay-Delta supplies when they are especially strained, as it did in 2021 and 2022.

A CHALLENGING ENVIRONMENT

Two-thirds of California's population receives water from the Bay-Delta via the State Water Project or the federally operated Central Valley Project. However, the Bay-Delta's ecosystem continues to decline due to development, farming, water exports, climate change and other factors. Increasing environmental regulations to address ecosystem deterioration, coupled with frequent prolonged dry periods, have significantly reduced water

exports from the Bay-Delta in recent years. Concurrently, increased water use efficiency and local supply development have lessened the demand for Bay-Delta supplies.

State and federal agencies have proposed various strategies over the past few decades to address these challenges. In July 2020, the Newsom administration released its Water Resilience Portfolio containing "a suite of complementary actions to ensure safe and resilient water supplies, flood protection and healthy waterways for the state's communities, economy and environment."



A Water Supply and Ecological Resource

The 1,300-square-mile Sacramento-San Joaquin Bay-Delta provides a significant portion of the water supply for an estimated 27 million Californians. It is the largest West Coast estuary in the Americas, supporting more than 750 wildlife and plant species, including more than 40 aquatic species. It also is situated on one of four major North American paths for migratory birds.

One element of Newsom’s water portfolio is a single-tunnel project to export water south of the Bay-Delta, which is undergoing environmental review. In December 2020, MWD’s Board of Directors voted unanimously to fund 47.2%, or \$58.9 million, of tunnel environmental and pre-construction costs. In July 2022, the project’s draft Environmental Impact Report was released.

CONDITIONAL SUPPORT FOR TUNNEL PROJECT

The Water Authority has long supported efforts to stabilize the Bay-Delta ecosystem and protect San Diego County ratepayers. The agency supported the 2009 Delta Reform Act that established the co-equal goals of water supply reliability and Bay-Delta ecosystem restoration and set the state policy to reduce reliance on the Bay-Delta.

In July 2019, the Water Authority’s Board of Directors supported Governor Newsom’s efforts to develop a water resilience portfolio that meets the needs of California’s communities, economy and environment through the 21st century and advances a single-tunnel Bay-Delta project. Importantly, the Water Authority Board’s backing of the single-tunnel proposal is contingent on a project financing plan that treats San Diego County ratepayers fairly through the proper allocation of project costs.

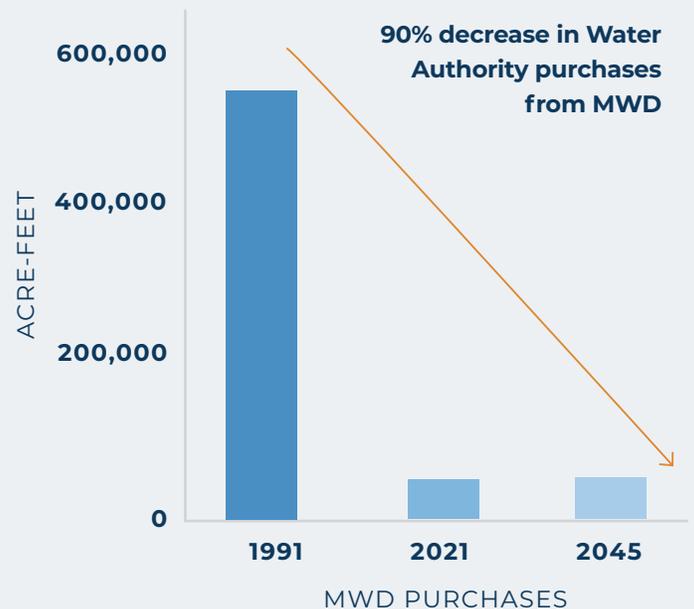
Water Authority Board actions followed one of the most exhaustive reviews of potential Bay-Delta fixes by any water agency in the state. The review included dozens of Board presentations and public meetings, and the Board heard from an array of stakeholders and experts, including Bay-Delta community leaders and elected officials, farming interests, state agencies, independent economists, environmental groups and others.

FOCUS ON FUNDING QUESTIONS

The Water Authority remains focused on how the costs of a single-tunnel Bay-Delta fix will be allocated. Depending on how the state and/or MWD allocate and recover tunnel costs, it will uniquely affect the Water Authority since it is the only agency at MWD that wheels large volumes of independent water supplies through MWD.

For example, if the tunnel is characterized the same as the state’s historic definition for similar projects and its costs are allocated on supply, the impact to Water Authority ratepayers would be proportionate to the Water Authority’s MWD water purchases. If tunnel costs are allocated to MWD’s transportation rates, then the Water Authority ratepayers would pay for the tunnel costs as part of MWD water purchases and MWD transportation payments for moving the Water Authority’s independent conserved water through MWD’s Colorado River Aqueduct – a facility hundreds of miles away from the Bay-Delta.

SAN DIEGO REDUCES DEMAND ON BAY-DELTA



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