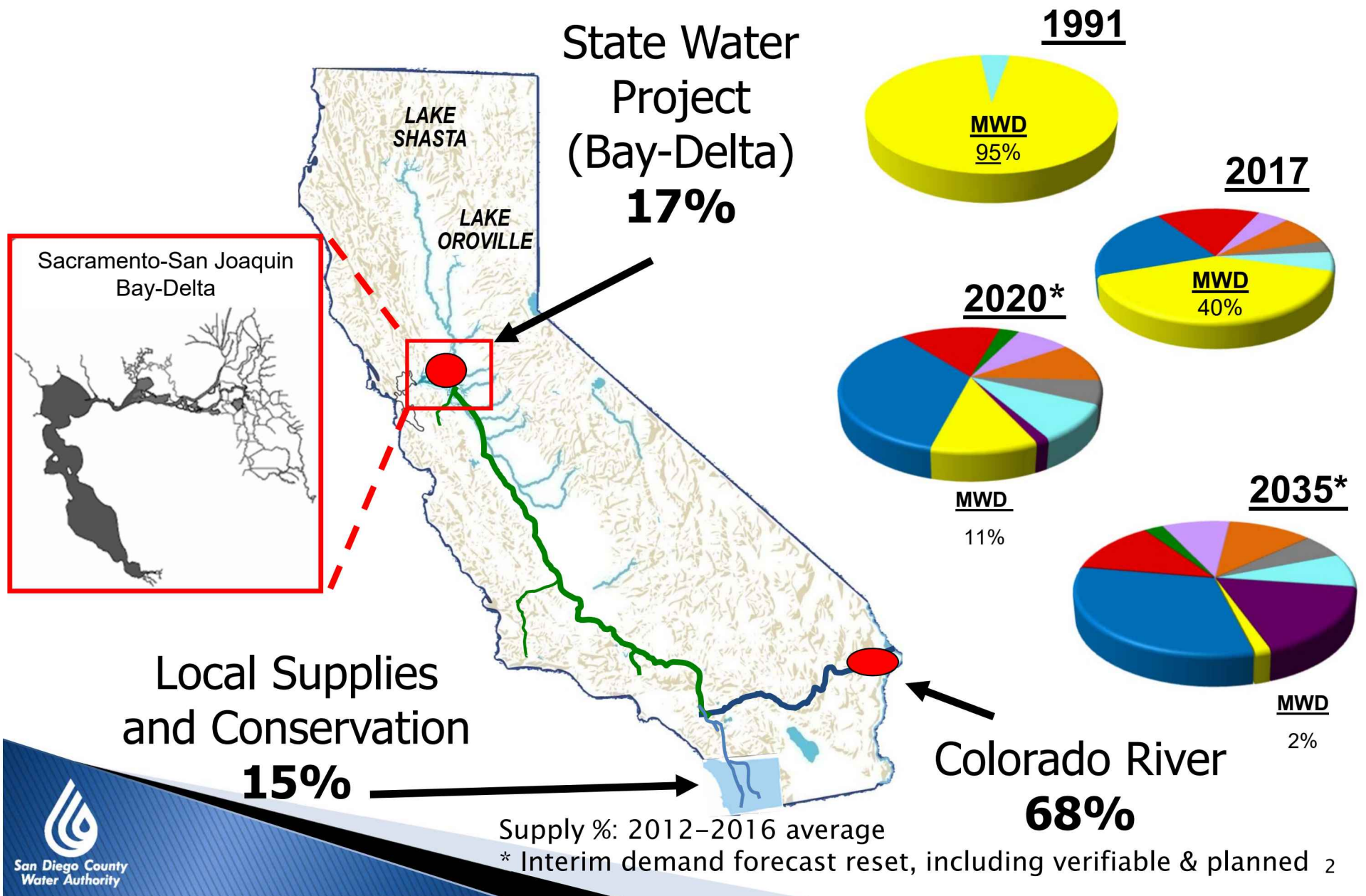


# Updated Bay-Delta Policy Principles

Imported Water Committee  
May 24, 2018

Amy Chen, Director of MWD Program

# Water Authority and the Bay-Delta





# Water Authority's Investment in a Delta Solution

AMENDED IN ASSEMBLY NOVEMBER 3, 2009

AMENDED IN SENATE NOVEMBER 2, 2009

AMENDED IN SENATE OCTOBER 29, 2009

CALIFORNIA LEGISLATURE—2009–10 SEVENTH EXTRAORDINARY SESSION

## SENATE BILL



San Diego County Water Authority

### Introduction

February 15, 2012

Attention: Impact

Adopt Delta Policy January 16, 2013

Staff report  
Adopt Delta  
Water Authority

Alternative  
1. Modify  
2. Do not

Fiscal impact

None.

Background

The Sacramento-San  
California. Merced  
Resources through  
providing more than  
under the current  
purchase of MWI  
solution is financed  
in the MWD rate +  
other firm commitment

Discussion

The Water Authority actively  
State Capitol, where  
2009 bill package  
creating a more reliable  
Delta workshops to  
solution. The Water  
(BDCP) working

The Water Authority  
supported by a local  
central point of the

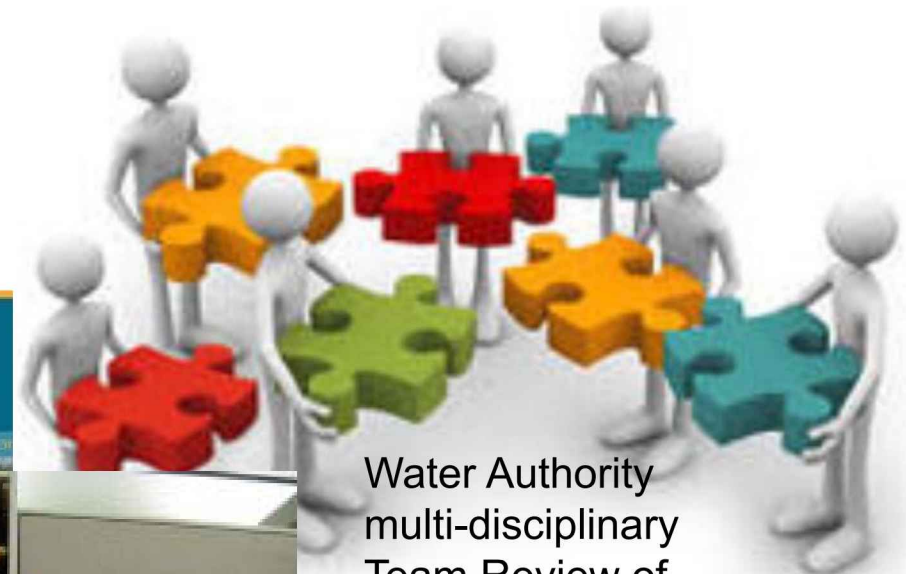
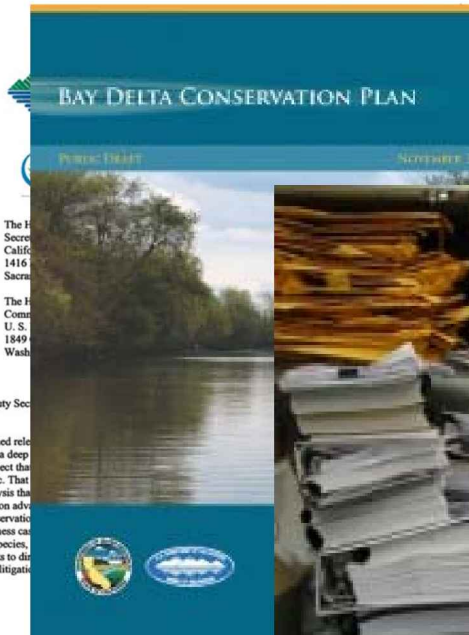


The Honorable Ken Salazar  
Secretary  
U. S. Department of the Interior  
1849 C Street, N. W.  
Washington, DC 20240

Dr. Jerry Meral  
Deputy Secretary  
California Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814

Dear Secretary Salazar, Secretary Laird, Deputy Secretary  
and Commissioner Connor:

We are writing to you in advance of the planned release of the  
Bay Delta Conservation Plan (BDCP), out of a deep desire to  
We are united in a desire for a successful project that benefits  
proponents, Delta stakeholders, and the public. That desire is  
diminished as a result of the alternatives analysis that the  
BDCP process has been strongly focused on advancing  
which, along with the suite of associated conservation measures,  
large uncertainties and for which a solid business case is not yet  
unquantified risks include impacts on listed species, water  
hydrology and water quality, open-ended costs to date, and  
political controversy, and potentially lengthy litigation.



Water Authority  
multi-disciplinary  
Team Review of  
BDCP 2013-2014

Delta Reform  
Act 2009

'Portfolio Approach'  
2013 BDCP

November 2013



EIR/S Documents



CALIFORNIA  
WATERFIX  
RELIABLE. CLEAN. WATER.

California WaterFix  
and Eco Restore  
2015



# MWD's April 10 Action

	OPTION 1 (First Stage)	OPTION 2 (Full Facility)
<b>Costs</b>		
Total Capital Costs (2017 dollars)	\$11.1 billion	\$16.7 billion
MWD Capital Costs	\$5.2 billion (47.1%)	Up to \$10.8 billion (64.6%)
MWD Total Annual Costs	\$252 million	Up to \$515 million
MWD Overall Cost Increase	16%	Up to 33%
Annual Cost Increase over 15 Years	1.1%	Up to 2.2%
Average Cost Increase per Acre-Foot	\$148	Up to \$303
Average Household Cost (Based on 70% residential spread over 6.2 million households)	\$2.40/month	Up to \$4.80/month
<b>Benefits</b>		
Annual Average MWD Supply Improvement	Approx. 405 – 455 TAF/yr plus additional flexibility from <u>two</u> intakes	Approx. 405 – 455 TAF/yr plus additional flexibility from <u>three</u> intakes

# WaterFix Financial Exposure

(MWD May Appendix A)

- ▶ Cumulative rate increases of 33 percent
- ▶ “Given the scope of the project” cost estimate may differ “materially”
- ▶ MWD Share of 64.6% does not include additional “acquisition of transfers”
- ▶ “No assurance” that permits and approvals will be obtained in a timely manner or at all
- ▶ If project is forestalled or abandoned, expenditures incurred by MWD prior to that time may represent “sunk costs.”



# WaterFix Financial Exposure

(MWD May Appendix A) (cont.)

1. As a SWP contractor
2. Through “various forms of additional financial support”
  - “Gap funding” (currently \$86M)
  - SWP share (\$5.2B)
    - “Financing JPA”
  - Unfunded CVP share (\$5.6B)
    - MWD’s own debt

Debt Capacity: <\$2.5B

MWD FY 2017 CAFR	Fiscal Year Ended June 30					
	2017	2016	2015	2014	2013 (4)	2012 (4) As Adjusted
<b>100 Percent of Equity (1b)</b>						
Debt limit (3)	\$ 6,758	\$ 6,684	\$ 6,882	\$ 7,201	\$ 6,800	\$ 6,427
Debt applicable to the limit (2)	4,302	4,189	4,157	4,272	4,451	4,607
<b>Legal debt margin</b>	<b>\$ 2,456</b>	<b>\$ 2,495</b>	<b>\$ 2,725</b>	<b>\$ 2,929</b>	<b>\$ 2,349</b>	<b>\$ 1,820</b>

# Treatment of WaterFix Costs

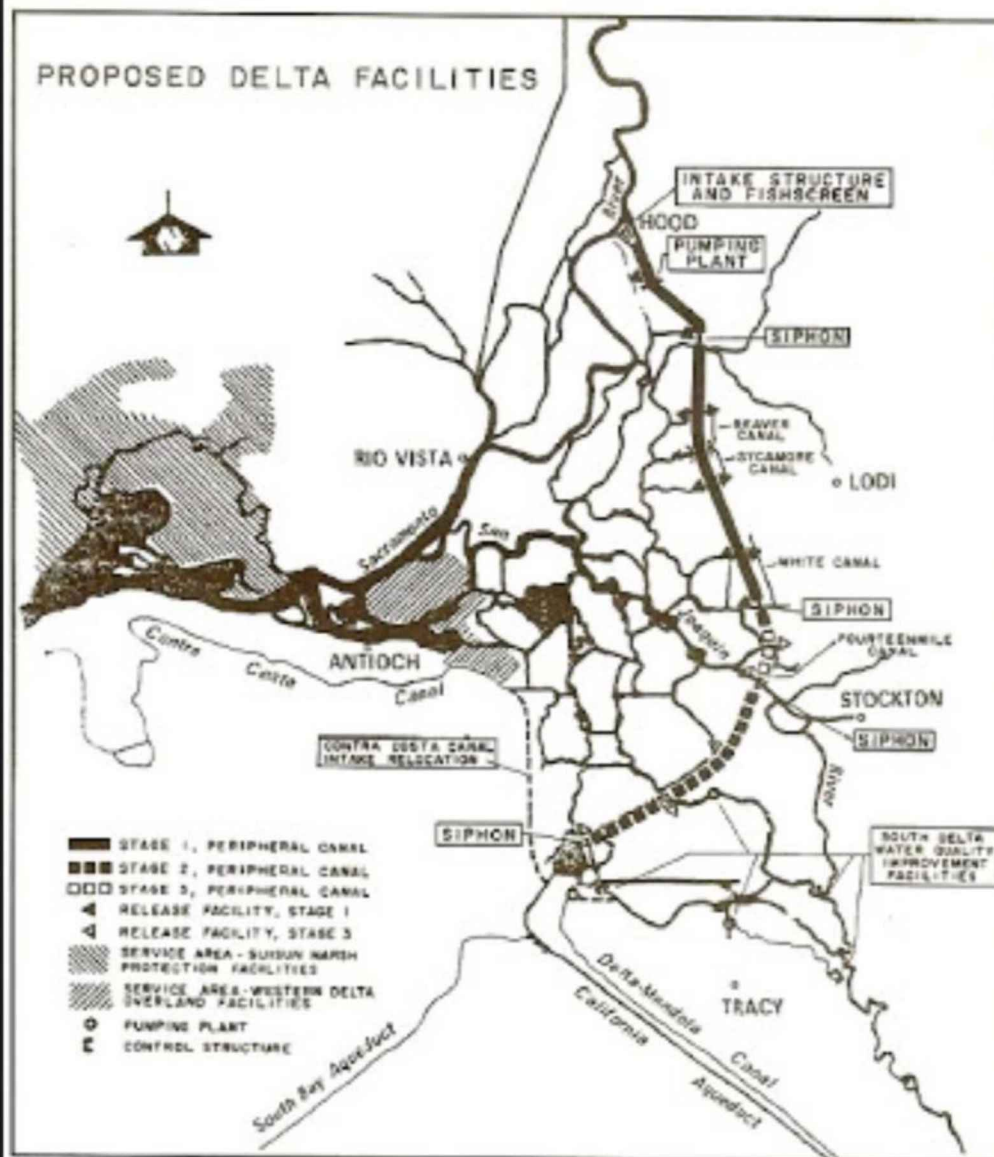
## MWD–SWP contract

(executed 11/4/1960)

- “Project conservation facilities” (supply)
- “Project transportation facilities” (transportation)

## DWR Bulletin 132

- First issued: 1964
- Peripheral canal referenced: 1963 (“solving Delta problems”)
- Peripheral canal costs incorporated in cost estimates: 1965



# DWR Bulletin 132

- ▶ In recent years, Appendix B to Bulletin 132
  - Data and computations used to determine water charges
  - Table 2: “Project Purpose Cost Allocation Factors”
    - Peripheral canal related costs are treated as “Project Conservation Facilities” (i.e., Supply)

DWR Bulletin 132-17 Appendix B

Table 2

PROJECT FACILITIES	Costs	Costs	Costs	Costs
Project Conservation Facilities				
Antelope Dam and Lake	0.0	0.0	100.0	100.0
Delta Facilities				
Grizzly Valley Pipeline	1.0	1.8	99.0	98.2
Orovill	97.1	99.5	2.9	0.5
Peripheral Canal Related				
Califor	96.6	96.7	3.4	3.3
Delta Facilities				
Peripheral Canal Related	86.0	86.0	14.0	14.0
Remaining of Delta Facilities	96.6	96.7	3.4	3.3
Transportation Facilities				
Grizzly Valley Pipeline	100.0	100.0	0.0	0.0



# 2012 Bay-Delta Policies

- ▶ Water System Reliability
- ▶ Ecosystem Restoration
- ▶ Finance and Funding
- ▶ Facilities
- ▶ Governance

# Key Updates to Policy Principals

- ▶ Fine-tune language and reflect current conditions
- ▶ Added “Equity and Transparency” section
  - Preserve “Project Conservation Facilities” definition
  - Ensure WaterFix costs are properly allocated on MWD supply rates
  - Oppose actions that result in MWD taking on additional cost share from CVP, or south of Delta SWP contractors
  - Regular updates on implementation progress

# Next Steps

- ▶ Receive input from Board members
- ▶ Discuss with member agency managers in June
- ▶ Board action in June