



Update on California WaterFix

Special Committee on Bay-Delta

Item 3a

January 23, 2018

Presentation Outline

- 2017 Board review and action
- Update on recent activities
- Upcoming updates/actions

Board Process: California WaterFix 2017

- Special Committee Bay-Delta/Water Planning & Stewardship
 - Modernizing the System: California WaterFix:
 - Physical Infrastructure July 10
 - Operations July 25
 - Finance and Cost Allocation Aug 14
- Board Workshop Sep 26
- Board Action Oct 10

Parameters Presented to Board (Oct 2017)

Project	9,000 cfs
Total cost of project w/ mitigation	\$16.7 billion
Operation cost	\$64.4 million/year
Metropolitan's share of cost	25.9% of total
Metropolitan's cost impacts	Base Case 4% Interest \$122 per AF = \$207M / 1.7 Million AF 6% Interest Case \$157 per AF = \$268M / 1.7 Million AF 8% Interest Case \$196 per AF = \$334M / 1.7 Million AF
Marginal cost	\$613 per AF(South Delta Pumps) \$840 per AF (Delivered/Treated)
Household cost	Base Case \$1.90 = (\$207M x .70) / 6.2 Million / 12 6% Interest Case \$2.50 = (\$268M x .70) / 6.2 Million / 12 8% Interest Case \$3.10 = (\$334M x .70) / 6.2 Million / 12

Parameters Presented to Board (Oct 2017)

Total Avg Delivery Capability with/without CA WaterFix

- Existing conditions 4.7¹
- Future without CA WaterFix 3.5² to 3.9³
- Future with CA WaterFix 4.7⁴ to 5.3⁵

Water quality constituent improvements/benefits

- Electrical Conductivity 18-22%
- Total Dissolved Solids 17-22%
- Bromide 31-34%
- Dissolved Organic Carbon 2-11%
- Nitrate 5-27%

Water transfers (Northern intake capability w/50% exceedance)

- Without 0.2 MAF
- With 1.1 MAF

¹ California WaterFix EIR/EIS No Action Alternative, existing conditions with 2025 climate change impacts

² 2015 Delivery Capability Report Existing Conveyance High Outflow scenario

³ 2015 Delivery Capability Report Existing Conveyance Low Outflow scenario

⁴ California WaterFix EIR/EIS Alternative 4A-H4, initial operating criteria lower range

⁵ California WaterFix EIR/EIS Alternative 4A-H3, initial operating criteria upper range

Parameters Presented to Board (Oct 2017)

Cost comparison with other water supply alternatives

Alternatives	Average Cost Impact	
	Household ¹	Metropolitan ²
California WaterFix	\$1.90 / month	13% increase
Recycling Focus	\$4.50 / month	31% increase
Desalination Focus	\$6.90 / month	47% increase

1. Household impact based on 6.2 million occupied residential households in MWD Service area, 70% residential / 30% industrial split

2. Based on Metropolitan's 2017/18 Revenue Requirement of \$1,574 million

Board Action (October 10, 2017)

● Option #1

- Adopt the CEQA determination; consider Final EIR and adopt the lead agency's Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program; and
- Express Metropolitan's support for CA WaterFix and authorize participation in the construction, including payment of costs consistent with its 25.9 percent share of overall project costs.
- Authorize the General Manager to execute the following agreements:
 - Adaptive Management Program
 - Construction JPA Formation
 - Financing JPA Formation
- Adopt resolution authorizing the General Manager to participate in the Financing JPA including authorization to purchase and issue bonds, consistent with Metropolitan's share of 25.9 percent share.

Upcoming Board Consideration

Board Action (October 2017)

- Authorize participation in the construction, consistent with its 25.9 percent share of overall project costs;
 - Adaptive Management Program
 - Construction JPA Formation
 - Financing JPA Formation
- Participate in the Financing JPA including authorization to purchase and issue bonds, consistent with Metropolitan's share of 25.9 percent share

Board Action (Future Consideration)

- Metropolitan's adjusted share
- Water transfer agreements
- Gap funding

Next Steps

- Water Planning/Stewardship Committee Feb 12
 - State's direction on moving forward
 - Other updated information
- Special Committee on Bay-Delta Feb 27
 - Cost/benefit analysis
 - Water transfer agreements
 - Relationship to Integrated Resources Plan
 - Outline upcoming Board action
- Board Meeting Mar 13
 - Consider action based on project adjustments
 - Metropolitan's adjusted share
 - Water transfer agreements
 - Gap funding

