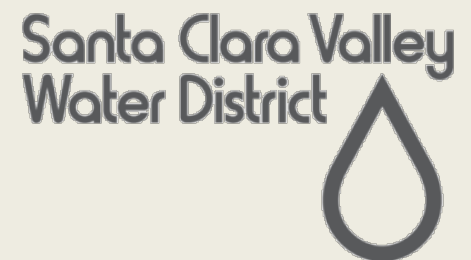




California WaterFix Special Board Workshop October 17, 2017



- A. Adopt a resolution expressing conditional support for the SWP WaterFix participation approach.
- B. Authorize the CEO to continue participating in WaterFix planning discussions to further define the project, and to develop agreements to secure the conditions needed for the District's support.

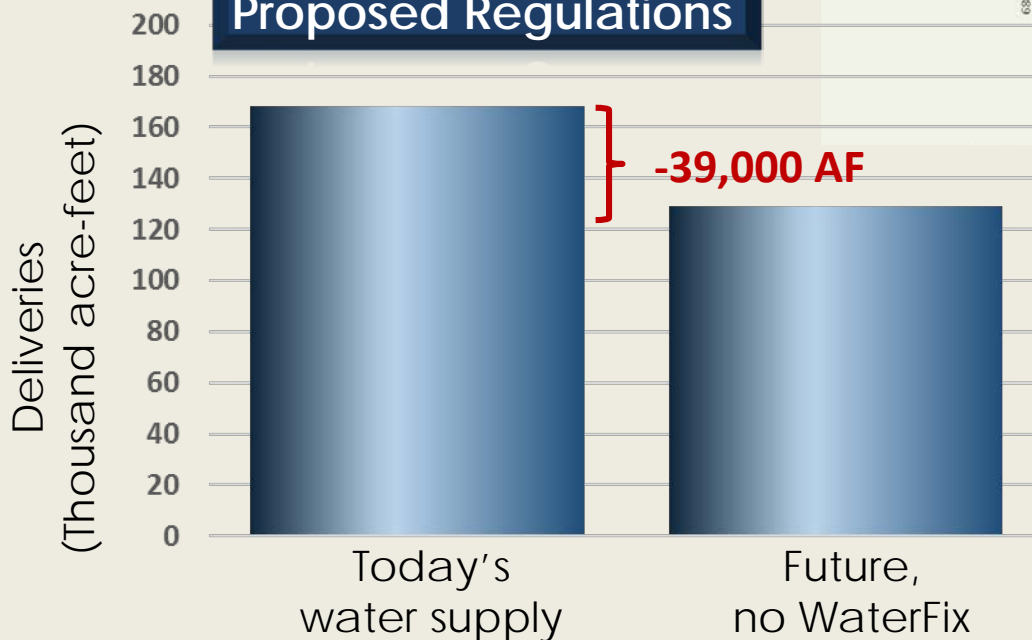
Recommendation is consistent with Board Principles

- ❖ Cost-effective, long-term solution for the Delta that meets the water supply, water supply reliability, and water quality needs of Santa Clara County
- ❖ Ability to protect the value of the District's imported water assets, including water supply and banking contracts
- ❖ Balance of the CWF's costs and benefits weighs in favor of the District's customers and ratepayers
- ❖ Existing system of through-Delta conveyance is not sustainable
- ❖ Allocations of cost based on incremental benefits

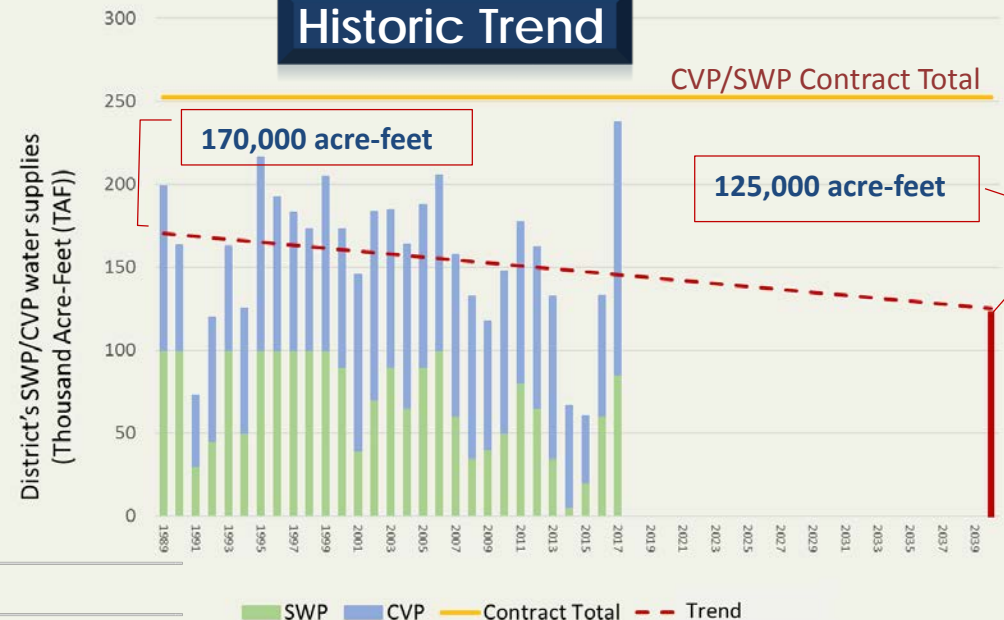
Continued impact on Delta ecosystem leads to less water in the future. WaterFix will protect supplies, restore flows and decrease impacts on fish

40% of Santa Clara County's water supplies are conveyed through the Delta

Proposed Regulations

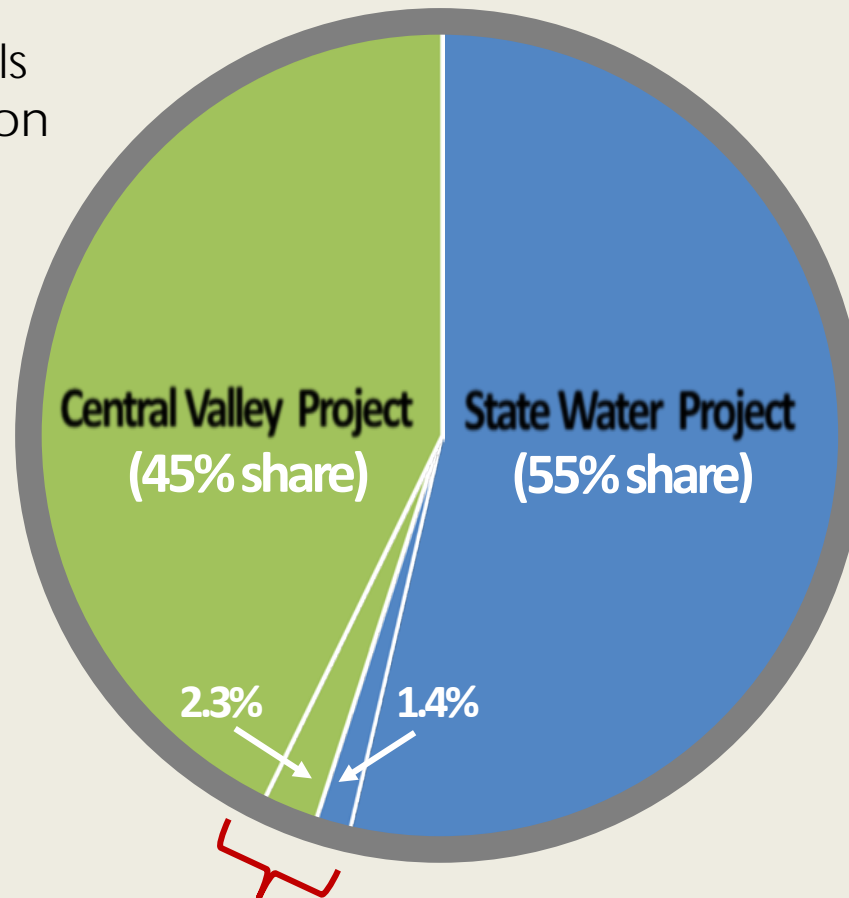


Historic Trend



Current proposal: WaterFix water supplies to be shared between the State Water Project and Central Valley Project

9,000 cfs twin tunnels
Prevents degradation
of over 1 million AF



Total District share: 41,000 AF*

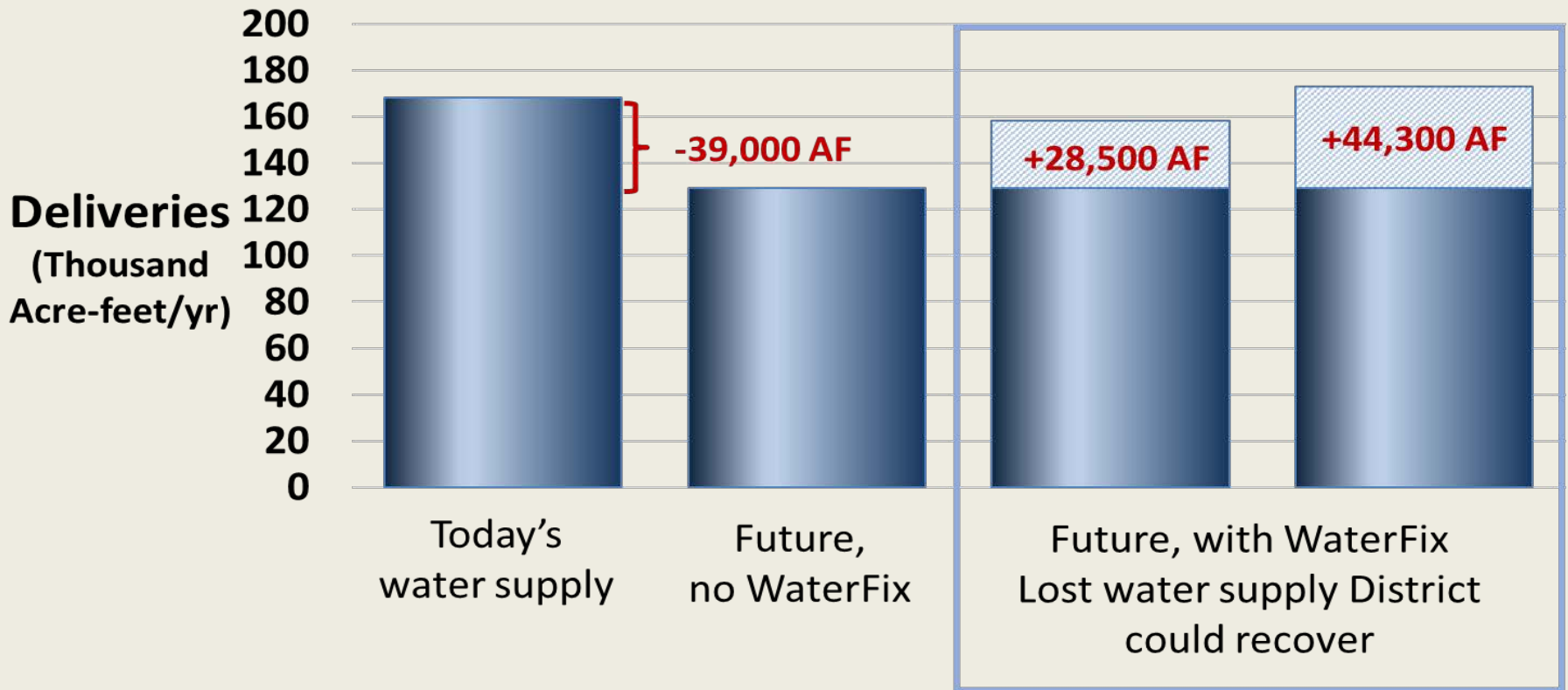
2.5% of SWP share or 1.4% of total project: 15,500 AF

5% of CVP share or 2.3% of total project: 25,500 AF

*Participation level modeled in Water Supply Master Plan analyses

WaterFix helps stabilize and protect supplies from risk of earthquakes, sea-level rise and aging infrastructure

Modeled Long-Term Average District SWP/CVP Water Supplies



WaterFix capital and annual operation and maintenance costs (2017 dollars)

TOTAL Project Costs

Capital Costs **\$16.7 Billion**

Operations and Maintenance Costs **\$64.4 Million/Yr**

DISTRICT Share of Project Costs

Capital Costs **\$420 – 650 Million**

Operations and Maintenance Costs **\$1.6 - \$2.5 Million/Yr**

California WaterFix is one of our least expensive supply options

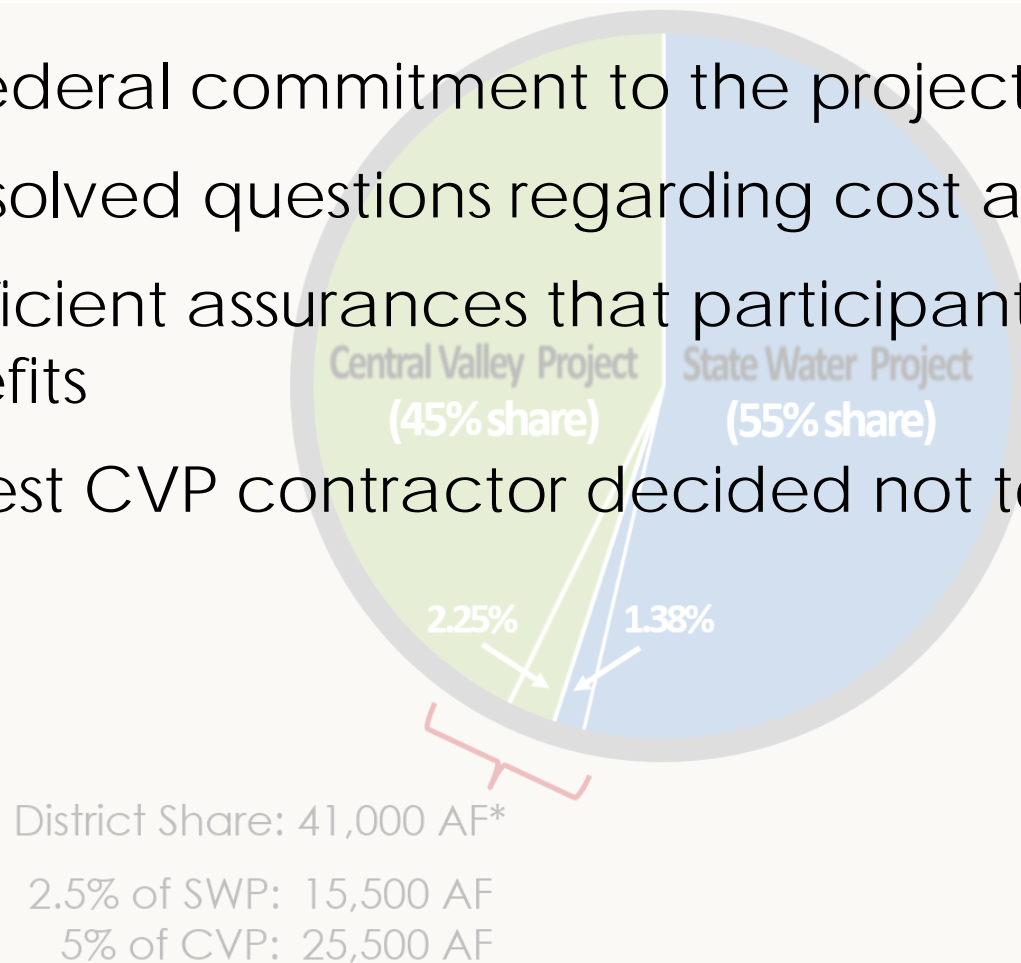
Water Supply Option	Average Annual Yield (AFY)	District Lifecycle Cost ¹ (present value, 2017) (\$ million)	Unit Cost ¹ 2017 dollars (per AF)	Monthly Water Cost per Average North County Household, FY43 ¹ (cost/month)	Monthly Water Cost per Average South County Household, FY43 ¹ (cost/month)
Los Vaqueros Reservoir ²	3,000	\$40	\$400	\$0.48	\$0.24
California WaterFix	41,000	\$620	\$600	\$9.51	\$4.55
Water Contract Purchase	12,000	\$360	\$800	\$3.03	\$1.41
Sites Reservoir ²	8,000	\$170	\$800	\$2.62	\$1.24
Lexington Pipeline	3,000	\$90	\$1,000	\$2.89	\$0.00
Groundwater Banking	2,000	\$60	\$1,300	\$0.83	\$0.38
Dry Year Options/Transfers	2,000	\$100	\$1,400	\$0.90	\$0.41
Potable Reuse – Los Gatos Ponds	19,000	\$990	\$1,700	\$20.01	\$0.00
Potable Reuse – Injection Wells	5,000-15,000	\$290-\$860	\$2,000	\$14.36	\$0.00
Potable Reuse - Ford Pond	3,000	\$190	\$2,500	\$4.10	\$0.00
Pacheco Reservoir ²	6,000	\$450	\$2,700	\$15.36	\$5.54
Groundwater Recharge	1,000-2,000	\$20-50	\$400-\$1,300	\$1.41	\$1.21

¹ Costs are for a fully financed project using the financing assumptions described in agenda item 2.1 of the September 12, 2017 Board Meeting

² Assumes Prop 1 Water Storage Investment Program funding. Costs would roughly double without funding.

Viability of current CVP participation approach is unsettled

- ❖ No federal commitment to the project
- ❖ Unresolved questions regarding cost allocations
- ❖ Insufficient assurances that participants will receive benefits
- ❖ Largest CVP contractor decided not to participate



State Water Project contractors continue to make decisions regarding participation, many of them positive

Decisions that have been made to date have expressed support

- ✓ Metropolitan Water District of Southern California
- ✓ Zone 7 Water Agency
- ✓ Alameda County Water District
- ✓ Castaic Lake Water Agency
- ✓ Coachella Valley Water District
- ✓ Crestline-Lake Arrowhead Water Agency
- ✓ Desert Water Agency
- ✓ Kern County Water Agency
- ✓ Mojave Water Agency
- ✓ San Bernardino Valley Municipal Water District
- ✓ San Geronio Pass Water Agency

Other agency decisions are pending

WaterFix must provide opportunity to protect District's CVP supplies as well as SWP supplies

Recommended conditions to support SWP WaterFix participation approach:

- ❖ Participation in WaterFix sustains District's existing SWP and CVP deliveries and provides insurance against future uncertainties
- ❖ The District's CVP supplies as well as its SWP supplies are protected
- ❖ Cost per acre-foot remains similar to current estimates.

Next steps:

- ❖ Work with State and Reclamation to develop approach to secure water and protect District's CVP supplies

- ❖ Continue to work with State, Reclamation, and other water agencies
 - Evaluate opportunities to secure sufficient supplies and protect CVP supplies
 - Assess how project should be refined to optimize costs and benefits
 - Develop agreements
- ❖ Bring updates and further recommendations to the Board

Board communication & decision schedule, if Board authorizes continued participation in WaterFix planning discussions

- ❖ 30 open, public Board meetings and workshops since 2011
- ❖ 19 open, public Bay Delta Conservation Plan Ad Hoc Committee meetings between 2013 and 2016
- ❖ Numerous presentations to District advisory committees

Date	Topic
Oct. 17 (Today)	Special Board Workshop on California WaterFix
Mid-Nov. (Tentative)	Update on WaterFix
Dec. 19 (Tentative)	Board decisions on adoption of CEQA findings and authorization to execute certain agreements to participate in the WaterFix project

- A. Adopt a resolution expressing conditional support for the SWP WaterFix participation approach.
- B. Authorize the CEO to continue participating in WaterFix planning discussions to further define the project, and to develop agreements to secure the conditions needed for the District's support.