





**CALIFORNIA
WATER FIX**
RELIABLE. CLEAN. WATER.









ELECTED OFFICIALS FORUM

Municipal Water District of Orange County
November 2, 2017

Elected Officials Forum



AGENDA

-  **California WaterFix**
-  **Regional Water Supply & Storage**
-  **Update - San Diego County Water Authority v. Metropolitan Water District of Southern California**
-  **MWDOC Budget Process**



California WaterFix

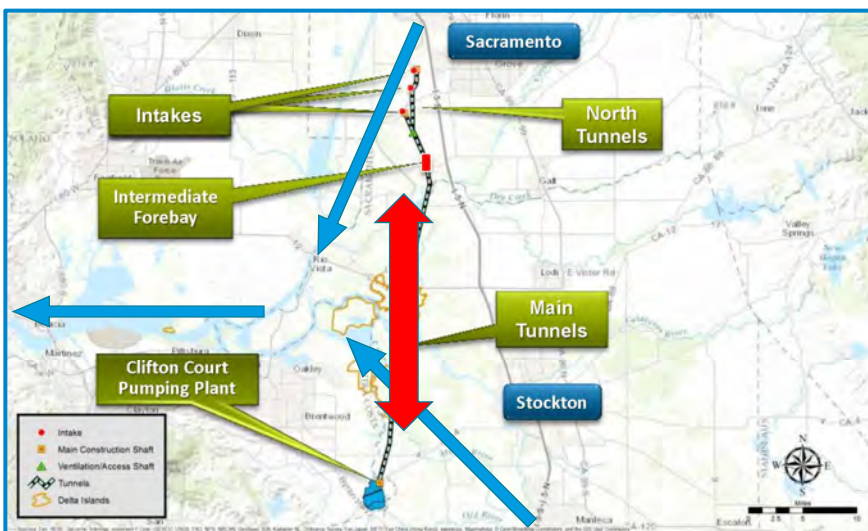


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California WaterFix



- 2 Main Tunnels**
 - 30 miles long
 - 40' diameter
 - Up to 150' Deep
- North Tunnels**
 - 13.5 miles long
 - 28'-40' diameter
- 3 Intakes**
 - Sacramento River
- New Pumping Plant**
 - SWP & CVP Service

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Stormwater Capture “Big Gulp & Little Sip”



To ensure adequate Delta flows for water quality and fish, Sacramento River exports are restricted based on many factors

EXAMPLE SACRAMENTO RIVER FLOWS AND NORTH DELTA DIVERSIONS

WET YEAR EXAMPLE

64,000 cfs (Jan. 21, 2006)
Maximum Diversion: 9,000 cfs

WET

9,000 CFS DIVERSION CAP

A maximum possible diversion of 9,000 cfs is reached at river flows of 30,571 cfs under proposed operations

DRY YEAR EXAMPLE

6,400 cfs (Jan. 21, 2009)
Maximum Diversion: 384 cfs

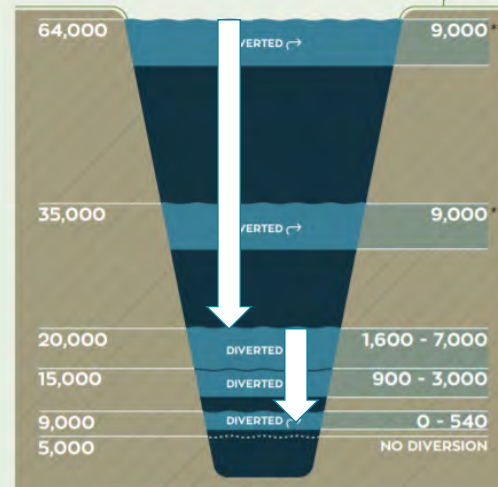
DRY

*Depending on water year type and fish presence

**9,000 cfs is the maximum diversion allowed, starting when the river is at 35,000 cfs.

SACRAMENTO RIVER FLOWS (CFS)

MAXIMUM DIVERSIONS* ALLOWED (CFS)



Metropolitan Process



Metropolitan Staff Recommendation

- Authorize Participation
25.9% of Total Project Cost (\$4.4 billion)
- Design & Construction JPA
- Finance JPA

Board Vote Results

- Support – 69%
- Oppose - 22%
- Abstain – 8%



MWD White Papers

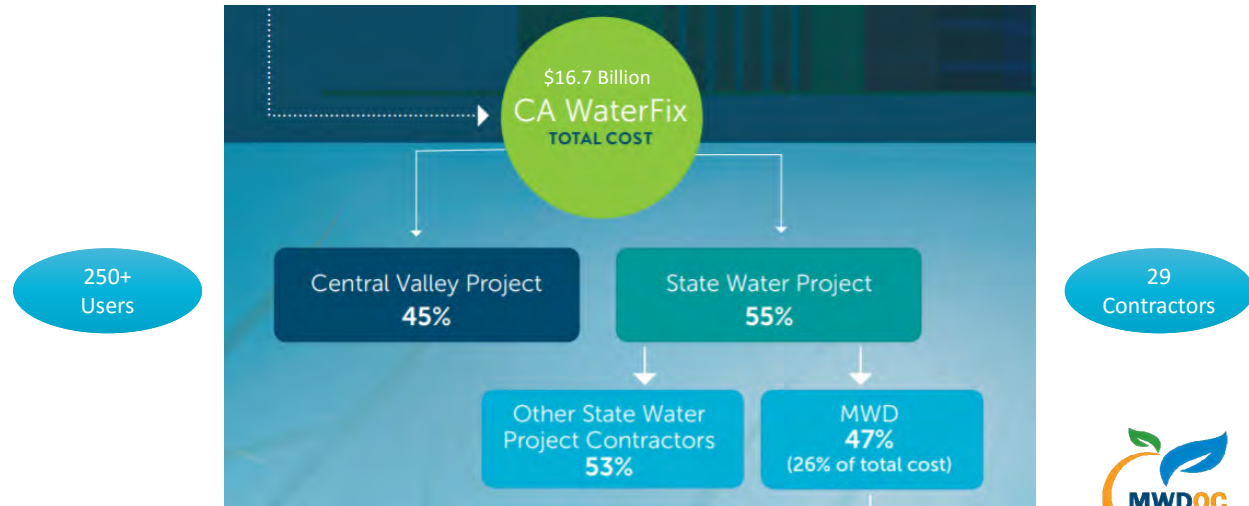
- Infrastructure
- Operations
- Finance
 - \$2-3 per month (20-yr)
- Q&A

Transparent Process

- Public Comment
- Committee Meetings
- Public Board Workshop
- Board Meeting



Cost Allocation

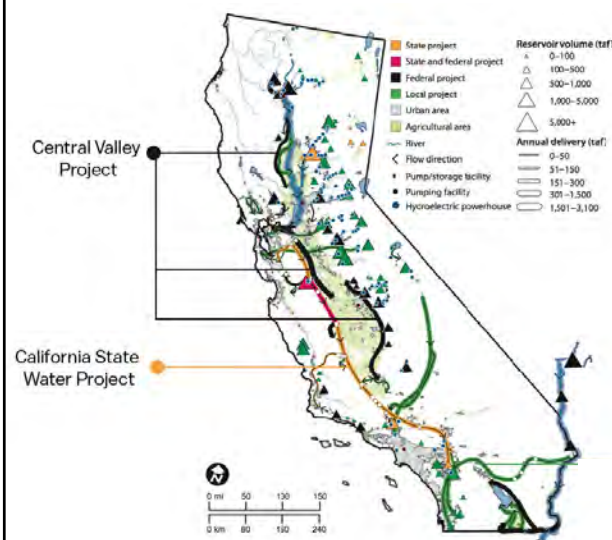


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State Water Project (SWP) & Central Valley Project (CVP)



SWP Infrastructure

- 700 miles of canals, pipelines and tunnels spanning from Lake Oroville to Lake Perris in Riverside County
- 21 dams & reservoirs, 10 power plants with 2,991 MW capacity
- 4.23 million acre feet (MAF) contracted water
- Annual deliveries of 2.4 MAF
- 6.5 billion kilowatt hours of electricity (~2.3 million people).

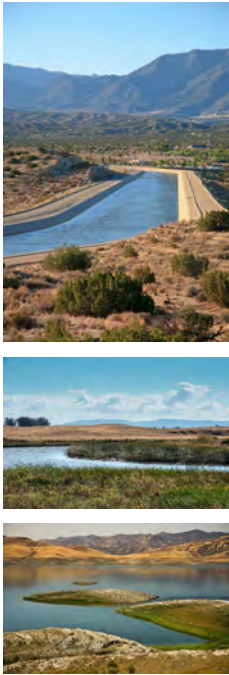
CVP Infrastructure

- 400 miles, from the Cascade Mountains to the Tehachapi Mountains near Bakersfield
- 20 dams & reservoirs, 11 power plants, 500 miles of major canals
- 9.5 MAF contracted water
- Annual deliveries of 7 MAF
- 5.6 billion kilowatt hours of electricity (~2 million people)


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State Water Project (SWP)	Central Valley Project (CVP)
AF cost varies based on allocation – Fixed Payment	Fixed AF cost of Water - Volumetric based water rate
All pay share beneficiaries	Opt-in participants pay
29 Contractors	250+ Users 270+ Contracts



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State Water Contractor Support

Agency	Date	Voted to Support CWF ¹
Zone 7 Water Agency	Sep 20	✓
Mojave Water Agency	Sep 28	✓
San Geronio Pass Water Agency	Oct 2	✓
Desert Water Agency	Oct 3	✓
San Bernardino Valley MWD	Oct 3	✓
Crestline-Lake Arrowhead WA	Oct 5	✓
Coachella Valley Water District	Oct 10	✓
Metropolitan Water District	Oct 10	✓
Castaic Lake Water Agency	Oct 11	✓
Alameda County Water District	Oct 12	✓
Kern County Water Agency	Oct 12	✓
Santa Clara Valley Water District	Oct 17	✓

+ 88%
of share
committed

1. Many other State Water Project Contractors are not taking explicit action to their boards, but would anticipate cost responsibility under their existing SWP contract with the state, along with existing opportunities under the contract to manage their supply and costs through water transfers, banking, and exchanges.



CVP Subscription Issues

💧 Different Levels of Reliability (Priority System)

1. San Joaquin River Exchange & Refuge Contract Users
2. Municipal & Industrial Users
3. Agricultural Users

💧 Different Supply Costs in Different Areas

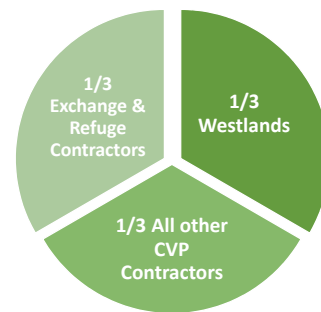
- 💧 A number of "Non-Reimbursable" Federal Expenditures
- 💧 No interest payments on Reclamation Projects in the CVP
- 💧 Results in low water supply ~\$100-150/AF

💧 Impacts of Exempt Users on Cost Allocations

- 💧 Exchange & Refuge Users
- 💧 +50% cost shift of the Fix to remaining Contractors

💧 Lack of Leadership to bring all of the parties together

- 💧 Bureau of Reclamation Confirmation
- 💧 Friant Water Authority Board Resolution – Willingness to participate at apportioned share of benefits received



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California WaterFix Issues

💧 One Tunnel vs. Two Tunnels

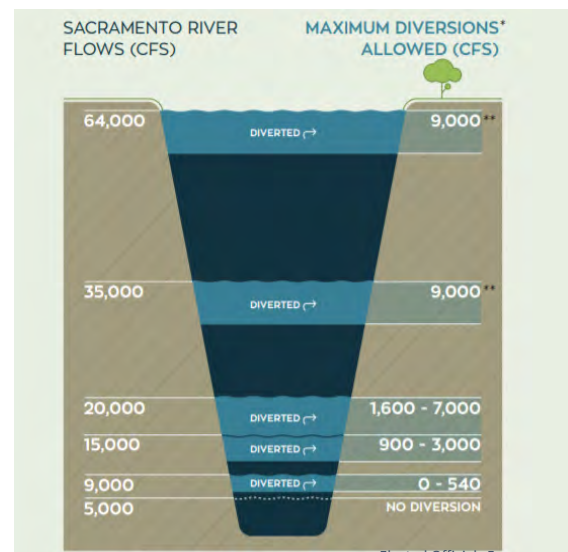
- 💧 Big Gulp Consequences
- 💧 Flow Reversal (15,000-9,000-4,500 cfs)
- 💧 3,000 cfs Proposal
- 💧 Environmental Permitting Delay (Death?)

💧 Cost Allocation for Metropolitan

- 💧 \$2-\$3/household/month @ 26% share
- 💧 Desalination @ \$5/household/month
- 💧 Met could double its share (52%)

💧 Cost-effective Solution

- 💧 440 TAF Annually to MWD Service Area

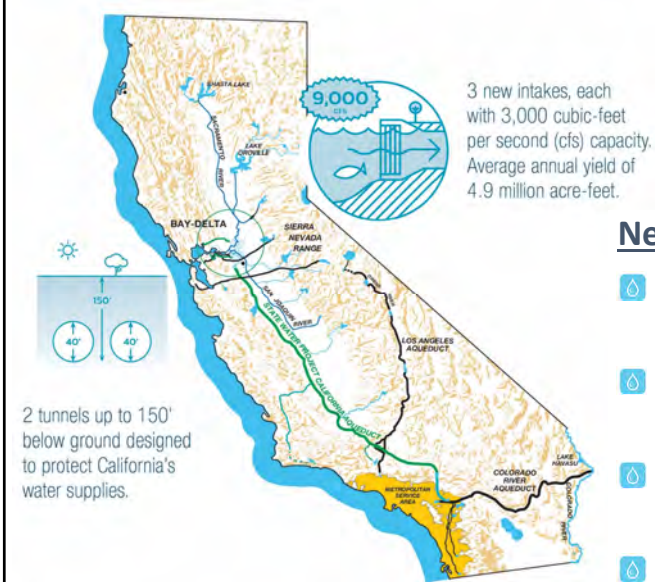


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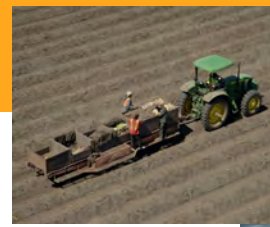
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Other Decisions & Next Steps



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Central Valley Project (CVP)
Water Contractors



Next Steps:

- 💧 Continue discussions on mutually beneficial arrangements
- 💧 Negotiate with interested State Water Contractors on costs and benefits
- 💧 Develop terms that can enhance regional water supply benefits
- 💧 Potential future MWD Board actions

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- 💧 Regional Water Supply & Storage
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- 💧 MWDOC Budget Process







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Regional Water Supply

-  **Metropolitan Storage Levels**
-  **Cyclic Storage & In Lieu Programs**
-  **Oroville Progress & Impacts**
-  **Winter Predictions**

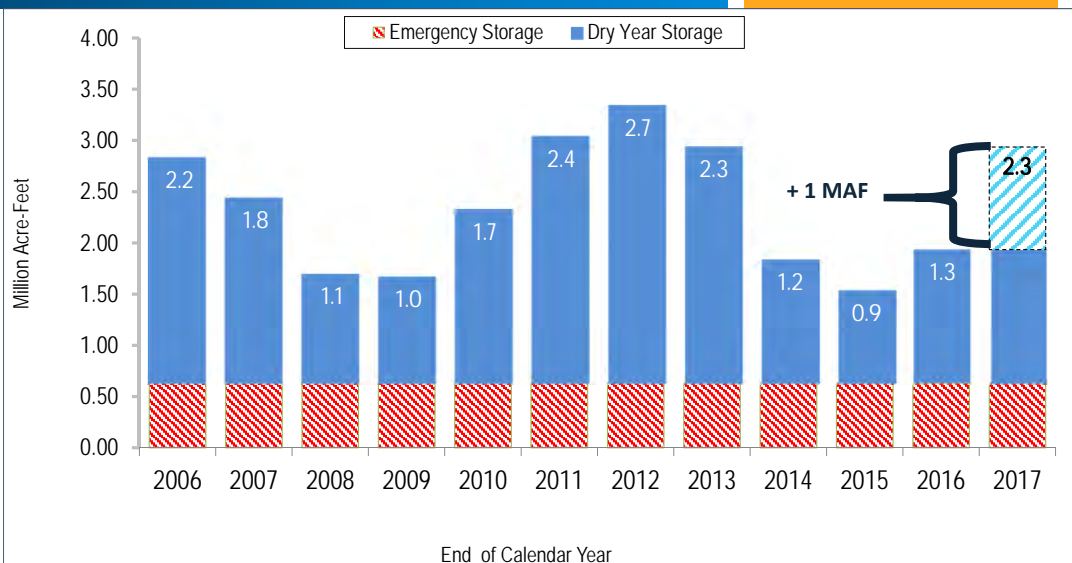


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MWD Storage Levels



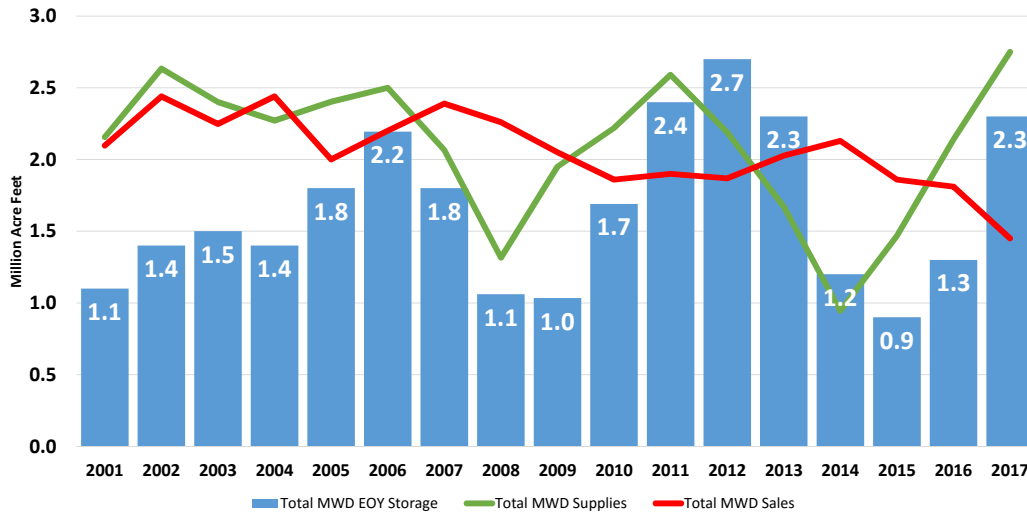
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MWD Storage Levels

MWD Historical Demand VS Supplies



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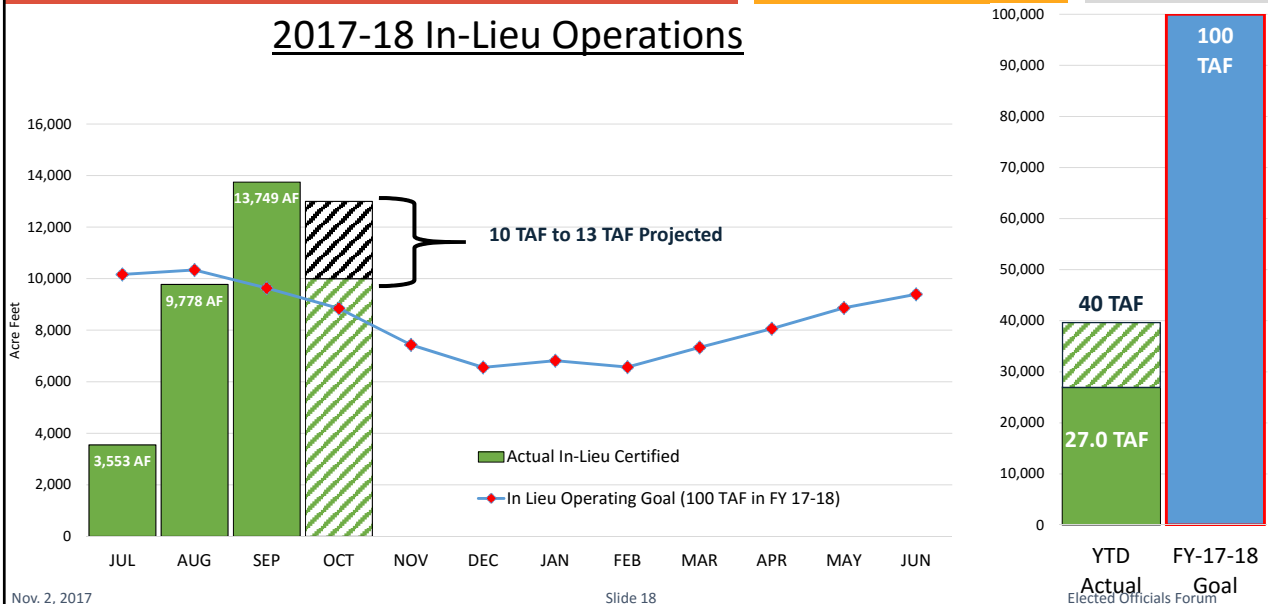
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2017-18 In Lieu Operations

2017-18 In-Lieu Operations



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Oroville Spillway Update

Lake Oroville Spillway Timeline

- 🔥 February 7th 2017 – DWR employees discover large area of concrete erosion.
- 🔥 February 11th 2017 – Water elevation @ 901 Feet - Flow spilling via emergency spillway.
- 🔥 February 12th 2017 – Erosion progressing faster than expected at the base of the emergency spillway. Flows in the main spillway increased to 100,000 CFS.
- 🔥 February 20, 2017 – Lake elevation drops to 849 feet and crews begin to prep for repairs.
- 🔥 May 19, 2017 – Main Spillway flow stopped. Spillway concrete demolition begins.

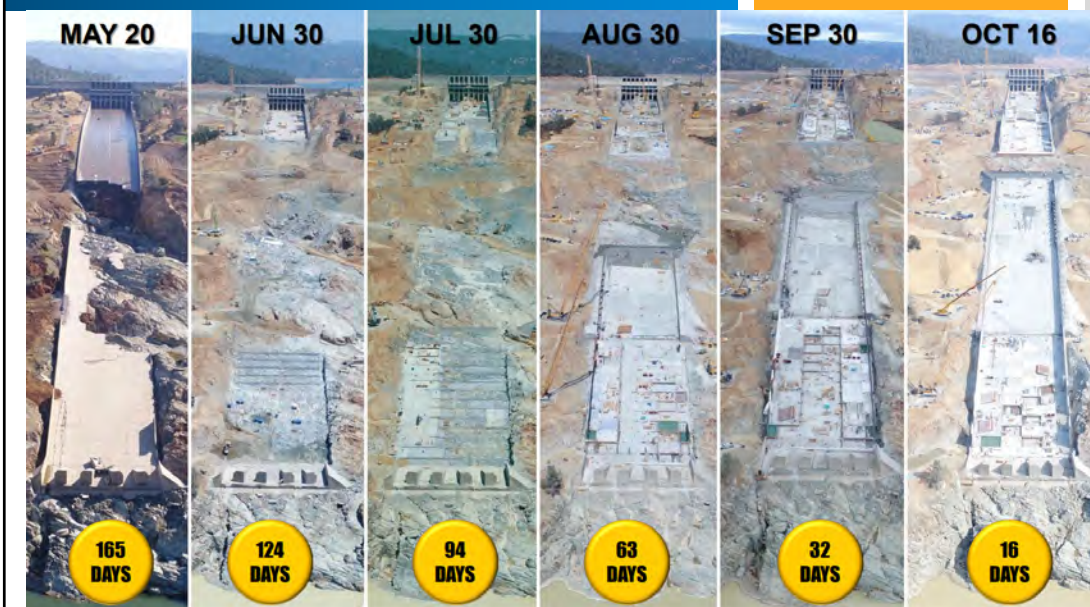


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Oroville Spillway Update



Oroville Spillway Update



May 26, 2017



October 30, 2017

Winter Predictions



WINTER IS COMING



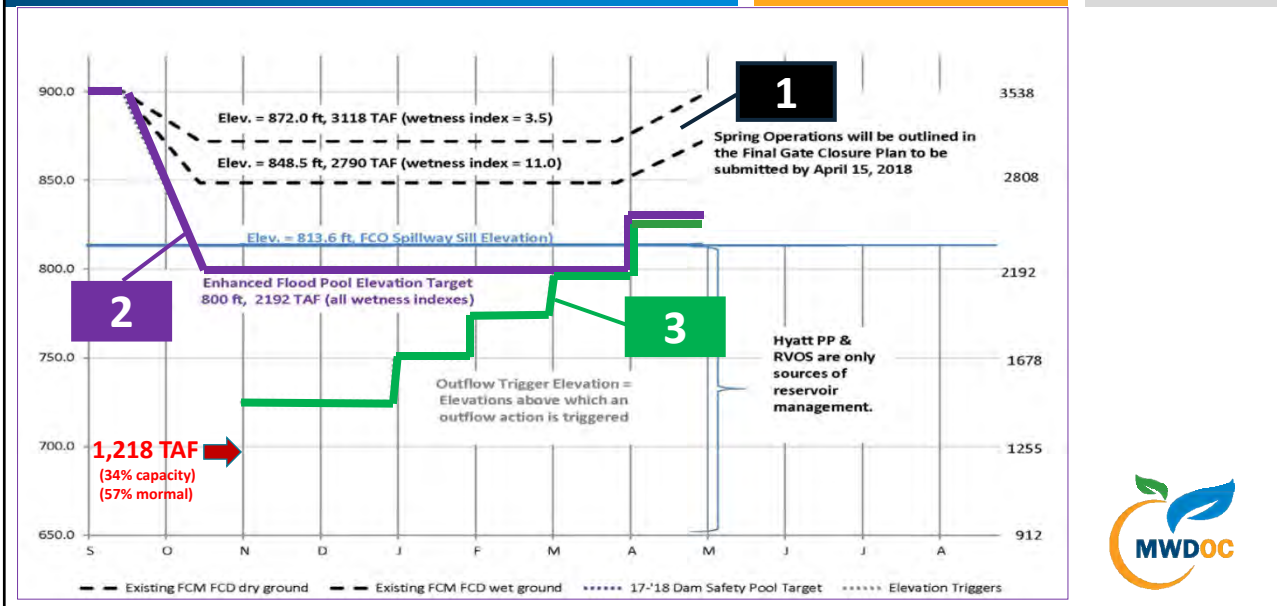
Mike Halpert, Deputy Director
National Oceanic and Atmospheric Administration
Climate Prediction Center

“There’s no way to say if you’ll be on the wet side or the dry side in California. Plan for it all.”



Lake Oroville Operations Plan

2017-2018



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- 💧 MWD OC Budget Process



SDCWA v. MWDSC Lawsuits

- 💧 Series of 5 Water Rate Lawsuits filed by the San Diego County Water Authority against the Metropolitan Water District of Southern California over 7 years
- 💧 Some Raise Different Legal Issues
- 💧 Schedules may differ
- 💧 Court venues may differ
- 💧 Progression in Courts differ

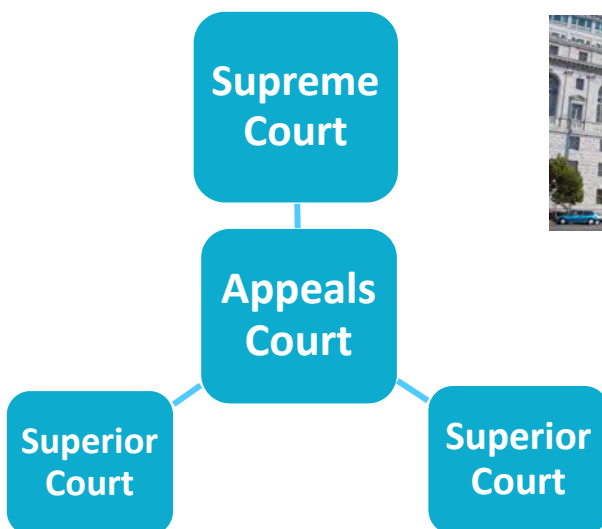


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California Court System



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Series of Water Rate Lawsuits

2010

- SWP Transportation Costs, Prop 26, Stewardship Rate, Preferential Rights
- Superior, Appeal, Supreme declined Review, Remanded to Superior

2012

- Same as 2010
- Superior, Appeal, Supreme declined Review, Remanded to Superior

2014

- Same as 2010 & 2012 Cases
- Stayed Pending Appeal

2016

- Essentially Entire Rate Structure & Process – Stewardship Rate Issue
- Stayed Pending Appeal

2017

- Serial to 2016 - Update of the Capacity & Readiness-to-Serve Charges
- Stayed Pending Appeal





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Rulings in 2010 & 2012 Lawsuits

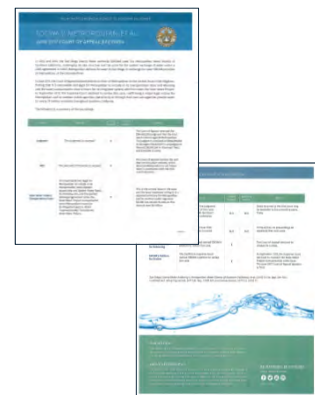
MWD Fact Sheet Handout (18 Key Rulings)

-  Box Score: MWD = 7, SDCWA = 6, N/A = 5
- or - SDCWA = 9, MWD = 1
-  Not All Rulings Are Equal

Appellate Decision – “The central issue in dispute is one of cost allocation”

-  Superior Court - SDCWA awarded \$235 million (including interest)
-  Appeals Court – reduced award by at least \$200 million
-  Remanded back to Superior Court
-  Question of Prevailing Party for Court & Attorney Fees

Rate Integrity Clause (i.e., LRP) & Stewardship Rate



SDCWA v. MWDSC Lawsuits

Going Forward

- 💧 2010-2012 Remand Proceedings
- 💧 2014 Lawsuit
- 💧 2016 & 2017 Lawsuit
- 💧 MWDOC's Olive Branch Letter
- 💧 MWDSC & SDCWA
 - 🟡 Correspondence
 - 🟡 Initial Meeting
 - 💧 Settlement Discussions (?)
- 💧 2018 Budget & Rates



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MWDOC Budget Process

-  **Schedule Changes**
 -  **One month earlier**
-  **CHOICE Budget Schedule**
 -  **April Estimated**
 -  **August Revised**







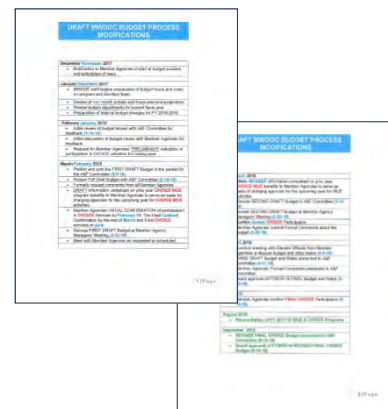
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Proposed Budget Process

-  **One Month Shift Earlier**
-  **Deadlines for Estimates, Review, CHOICE Budget Commitments, Reconciliations**
-  **Budget passed in April**
-  **Revised CHOICE Budget in September**



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MWDOC Budget Process

- 💧 **Schedule Changes**
 - 🕒 One month earlier
- 💧 **CHOICE Budget Schedule**
 - 🕒 April Estimated
 - 🕒 September Revised
- 💧 **Reserve Balance Framework**
 - 🕒 Reserve Neutral Policy
- 💧 **CalPERS Liability - \$2.2 million**
 - 🕒 Funding policy & schedule



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Q&A



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