

RESOLUTION NO. _____
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
SUPPORT FOR INCREASING THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA SHARE OF THE CALIFORNIA WATERFIX

WHEREAS, the California Department of Water Resources (DWR) will take actions for the California WaterFix (WaterFix) construction to be implemented in stages; with the first stage of the project to include two intakes with a total capacity of 6,000 cubic-feet per second (cfs), one main tunnel, one intermediate forebay, and one pumping station; and the second stage to consist of a third intake with 3,000 cfs capacity, a second tunnel, and a second pumping station, which would bring the total project capacity to the planned 9,000 cfs (which is the Preferred Alternative (No.4A) as described in the environmental documents with reasonable adherence to the current, public operating criteria and cost allocation principles and assumptions.); and,

WHEREAS, in accordance with the first stage of the WaterFix, the Metropolitan Water District of Southern California (Metropolitan) would seek to increase its share from 25.9% to 31.6% of the full project costs with a water supply benefit of approximately 410,000 acre-feet under average conditions; and,

WHEREAS, an opportunity exists for Metropolitan and others to underwrite and finance the second tunnel at this time (an additional 33% of the full project capacity), thus avoiding the need for staging construction of the project. Under this scenario, Metropolitan's total investment in the WaterFix would increase to a maximum 64.6% of the full project cost, depending on who else participates in funding of the second tunnel, with a water supply benefit of approximately 840,000 acre-feet under average conditions; and,

WHEREAS, under this approach Metropolitan and others will seek a Master Agreement with DWR for the financing and purchase of the unsubscribed share of the WaterFix; and the interest in WaterFix capacity would be assigned to Metropolitan and potentially other State Water Project (SWP) members through a "SWP Buyer's Group"; and as part of this agreement, DWR shall operate the WaterFix to maximize water supply benefits consistent with operating requirements; and,

WHEREAS, implementation of the WaterFix further expedites environmental and water supply benefits including reverse flow reductions, operational flexibility, seismic resiliency, climate change adaptation, and improved water quality; and,

WHEREAS, construction of the WaterFix will modernize the SWP system which will increase storage reserve levels statewide. Increase storage reserves will be used to protect the state from devastating effects of drought and other emergencies. Moreover, the WaterFix will ensure that Southern California and Orange County will have sufficient supplies to be used at critical times; and,

WHEREAS, the 2016 Orange County Water Reliability Study revealed a number of important findings with implications for Orange County's long term water reliability, including that without new supply and system investments made by Metropolitan, Metropolitan's

member agencies' and Orange County's projected water shortages would be too frequent, and overall reliability would not be sustainable by as early as 2030; and,

WHEREAS, Orange County ratepayers have already invested millions of dollars over the years to build and maintain the SWP system in Northern California as well as portions of Metropolitan's regional storage, distribution, and treatment systems that take delivery of SWP supplies. Modernizing the system through the WaterFix will help protect this investment for decades to come; and,

WHEREAS, moving forward with the WaterFix will not be an inexpensive endeavor; however, it is the most cost-effective investment of the ratepayers' dollars to maintain and continue our economic vitality for the region. Furthermore, the WaterFix cost will be paid exclusively by water entities benefiting from the project; and,

WHEREAS, the cost of the WaterFix to urban agencies remains significantly less than alternative water supply projects, such as desalination or recycling. It is a cost-effective investment to ensure a reliable source for Southern California; and,

NOW THEREFORE BE IT RESOLVED THAT the Municipal Water District of Orange County does hereby support the increase in Metropolitan's financial share of the State Water Project's portion of the California WaterFix (from 25.9% to 31.6% of the full project costs); along with pursuing the financing for the remaining unsubscribed (33% of the full project costs) portion through a "SWP Buyer's Group," and developing contracts for providing water to other participants.

Said Resolution was adopted this 4th day of April 2018 by the following roll call vote.

AYES:
NOES:
ABSENT:
ABSTAIN:

I HERBY CERTIFY the foregoing is a full, true and correct copy of Resolution No.____ adopted by the Board of Directors of Municipal Water District of Orange County at its meeting held on April 4, 2018.

Maribeth Goldsby, Secretary
Municipal Water District of Orange County