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AGENDA REPORT Consent | Action

December 3, 2018

TO: San Diego Commissioners

FROM: Keene Simonds, Executive Officer

**SUBJECT: Approve Support Position and Authorize Letter |
California WaterFix Project**

SUMMARY

The San Diego Local Agency Formation Commission (LAFCO) will consider a request from the Southern California Water Coalition to support the California WaterFix and its plan to improve the reliability of statewide water supplies generated through the Sacramento Delta. This plan includes constructing two underground tunnels to reroute water deliveries in the Delta around sensitive habitat before connecting to the California Aqueduct in the Central Valley at an estimated capital cost of \$16.7 billion with – pertinently – two-thirds expected to be covered by users in Southern California. Staff is recommending the Commission proceed with approving a support position as well as authorizing an accompanying letter to local legislators for reasons detailed and in conjunction with input provided by the San Diego County Water Authority.

BACKGROUND

California WaterFix

California WaterFix is an approximate \$17 billion infrastructure project supported by the Governor's Office. The project's underlying aim is to improve the volume and reliability of water supplies generated in the Sierra Nevada mountains and conveyed through the Sacramento Delta to agricultural and urban users in Central and Southern California. The project is marked by constructing two underground tunnels to bypass the central Delta basin and reconnect with the California Aqueduct in the Central Valley. Project costs will

be entirely borne from State Water Project and Central Valley Project contractors and their subcontractors and ultimately covered through customer water rates.

Metropolitan Water District of Southern California and San Diego County Water Authority

The Metropolitan Water District of Southern California (“MWD”) is the single largest contractor of the State Water Project and Central Valley Project. MWD – notably – is a wholesale provider and subcontracts its supplies to other providers (wholesale and retail) or members in the region. This includes subcontracting water supplies through its own infrastructure to the San Diego County Water Authority (SDCWA), which in turn wholesales to its own local member agencies and most prominently the City of San Diego.

In April 2018, MWD took Board action to support California WaterFix and plan therein to construct two underground conveyance tunnels to reroute fresh water supplies around the central Delta Basin. MWD also agreed to contribute up to two-thirds – or \$11 billion – towards the estimated project cost, and in doing so cover potential funding shortfalls should agricultural users in the Central Valley choose not to participate. MWD’s approval, however, was not unanimous with its two largest member agencies – City of Los Angeles and SDCWA – voting against the project and specifically in opposition to assuming agriculture’s costs.

Request from Southern California Water Coalition

San Diego LAFCO received a written request in September 2018 from the Southern California Water Coalition (“Coalition”) to take an official support position on California WaterFix and authorize sending an accompanying letter to local legislators.¹ The request followed a bi-annual meeting of the six Southern California LAFCOs held on August 13th that included a presentation from MWD on the status on the California WaterFix project. As part of the ensuing discussion, Charley Wilson – Commissioner from Orange LAFCO and Executive Director of the Coalition – commented on the harmonizing aspects of the project with LAFCOs directive to support current and future growth in California. After further discussion, including considering a joint-letter approach, it was agreed individual LAFCOs in the region should take up the topic and consider taking their own support position. The Coalition followed up with sending written requests to all six regional LAFCOs to consider issuing support letters to legislators. All five other region LAFCOs have subsequently approved support positions at recent meetings.

A copy of the written request received by San Diego LAFCO is provided as Attachment One.

¹ The Coalition’s website describes its organization, as a “nonprofit, nonpartisan public education partnership dedicated to informing Southern Californians about our water needs and our state’s water resources through measured advocacy.”

DISCUSSION

This item is for San Diego LAFCO to consider the request received from the Coalition to approve a support position on California WaterFix. The Commission will also relatedly consider authorizing staff to issue a support letter for the project to local legislators.

ANALYSIS

Staff has discussed the request with several stakeholders and believes a support position for California WaterFix is appropriate and affirmatively reflects San Diego LAFCO's interests and duties to facilitate orderly public works projects to accommodate current and future growth. Staff believes it is equally appropriate for the Commission to tailor its support for this otherwise statewide project to address unique local conditions. Accordingly, and in support of the position taken by the San Diego County Water Authority Board of Directors, it would be prudent for the Commission to condition support on a responsive allocation of costs of the project by MWD as volumetric conservation, or supply charges, to its member agencies.

RECOMMENDATION

It is recommended San Diego LAFCO approve the request received from the Coalition and provide its support for the California WaterFix project. This recommendation would be accommodated by taking the actions outlined in the succeeding section as Alternative One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

- a) Approve a support position for California WaterFix.
- b) Authorize the Executive Officer to issue support letters on California WaterFix consistent with the policy emphasis identified in the preceding section and/or as requested by the Commission.

Alternative Two:

Continue consideration of the report to a future meeting and provide direction to staff for more information as needed.

Alternative Three:

No action.

San Diego LAFCO

December 3, 2018 Regular Meeting

Agenda Item No. 5 | Authorize Support Position and Letter for California WaterFix

PROCEDURES

This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

- 1) Request to San Diego LAFCO from the Southern California Water Coalition



Agenda Item No. 5
Attachment One

August 28, 2018

San Diego Local Agency Formation Commission
Executive Officer Simonds Keene
9335 Hazard Way, Suite 200
San Diego, CA 92123

Dear Executive Officer Keene,

On August 13, 2018, the Southern Region LAFCO members met and had a detailed presentation on the need for and benefits of modernizing the state's aging water delivery system responsible for more than 30 percent of Southern California's fresh water supply.

In a landmark decision in July, water leaders at the Metropolitan Water District of Southern California (MWD) voted to finance up to 64.6 percent of California WaterFix, the \$17 billion twin tunnels project that is critically needed to upgrade the infrastructure that moves the state's backbone supply of water to Southern California. MWD also was among the founding members of the Joint Powers Authority created to manage the project's design and construction.

Since that time, momentum to enhance the state's water system has grown substantially, fueled by resounding support from a broad, Southern California-based coalition of diverse interests including local cities, counties, water agencies, business, industry, labor, agriculture and non-profits. Public support for the project is also strong. A recent poll by the Public Policy Institute of California (PPIC) found that 78 percent of Californians think WaterFix is important for the future quality of life and economic vitality of the state.

On behalf of the millions of Southern Californians represented through the Local Agency Formation Commissions throughout the region, it is apparent that local government is responsible to ensure the establishment of an appropriate, sustainable, and logical municipal level government structure for the distribution of efficient and effective public services.

By modernizing and upgrading the state's aging water delivery system, California WaterFix will provide a secure, reliable and affordable water supply, which is necessary as we perform state-mandated municipal service reviews. Absent this solution, future changes in local water supply development could have a significant impact in providing long-term improvements in the delivery of municipal water services.

As the representative agencies responsible for effective and efficient delivery of municipal services, we think it's prudent for your commission to consider lending its voice in support of this necessary project and to support our jurisdictions in demonstrating a reliable water supply into the future.





As such, I would recommend the following statement for serious consideration and action in support of a reliable water future for Southern California by your commission.

Respectively,

Charles Wilson
Executive Director and CEO
Southern California Water Coalition

Proposed Statement

On behalf of the millions of Southern Californians represented through the San Diego Local Agency Formation Commission responsible to ensure the establishment of an appropriate, sustainable, and logical municipal level government structure for the distribution of efficient and effective public services, we support the modernization of the state's aging water delivery system through California WaterFix as part of an "all the above" strategy to ensure a reliable water supply for our region's future.

Roughly 30 percent of the water that flows out of taps in Southern California comes from Northern California via the Sacramento-San Joaquin Delta. But the Delta's delivery system is antiquated, a problem compounded both by a declining ecosystem and 1,100-mile levee system that are increasingly vulnerable.

California WaterFix is a comprehensive solution proposed by state and federal agencies to ensure our state has a reliable water supply for many years to come. It would modernize the decades-old delivery system through the building of three new intakes in the northern Delta along with two tunnels to carry water to the existing aqueduct system in the southern Delta.

We further believe that California WaterFix will provide LAFCO and its stakeholders the opportunity to demonstrate vision and leadership in tackling one of our region's most important issues and facilitate necessary "seeds" for future changes in local water supply development leading to a long-term improvement in the delivery of municipal water services.

