

August 3, 2018

**Attention: Board of Directors**

**From: Mark Weston, Chair, Imported Water Committee  
Lois Fong-Sakai, Vice Chair, Imported Water Committee  
Tom Kennedy, Vice Chair, Imported Water Committee**

**Adopt Revised Bay Delta Policy Principles and Position Statement on the California WaterFix Project (Action)**

**Purpose**

Attachment 1 to this memo provides draft revised Bay Delta policy principles and a draft position statement on the WaterFix project for discussion and action at the August 9 Special Board meeting.

**Discussion**

Over the past several months, the Board expressed its desire to consider updated Bay Delta policy principles and a position statement to support the current design and construction plans for the California WaterFix project, while protecting the interests of San Diego County water ratepayers.

In May, the Water Authority Board directed staff “to return at the next Board meeting with a position statement and policy principles that support current design and construction plans to complete the California WaterFix, and provide for actual costs by DWR to be categorized as supply costs as envisioned by DWR Bulletin 132.” The Bay Delta/WaterFix issue was discussed at the June Special Workshop and again at the July Board meeting. Water Authority staff sought input on several occasions from the member agency managers. At the July meeting, the Board provided additional direction to simplify the policy principles and position statement for further consideration at the August 9 Special Board meeting.

Since the July 26, 2018 Board meeting, the Chair and Vice Chairs have worked with staff to simplify and make further refinements to the proposed draft position statement and Bay Delta Policy Principles. Attachment 1 provides a draft position statement and updated Bay Delta Policy Principles recommended by us for the Board’s consideration and adoption on August 9. As a point of clarification, the policy principles in the attached are proposed to replace the Board’s adopted 2012 Bay Delta Policy Principles. (Attachment 2 shows how the recommended policy principles modify and simplify the 2012 principles.)

We look forward to our discussion on August 9. Thank you.

Recommended by: Mark Weston, Chair, Imported Water Committee  
Lois Fong-Sakai, Vice Chair, Imported Water Committee  
Tom Kennedy, Vice Chair, Imported Water Committee

Attachment 1: Draft Proposed Bay Delta & WaterFix Project Policy Principles & Position Statement

Attachment 2: Draft Proposed Bay Delta & WaterFix Project Policy Principles & Position Statement showing revisions to 2012 Bay Delta Policy Principles

**San Diego County Water Authority**  
**Bay Delta & WaterFix Project Policy Principles & Position Statement**  
**Proposed Revisions, 8/9/2018**

**Position Statement**

The Water Authority Board of Directors supports the WaterFix project, as currently proposed, conditioned upon the Metropolitan Water District (MWD) allocating the costs of the project as conservation, or supply charges, as similar facilities historically have been defined in MWD's SWP contract with DWR.

**Policy Principles****WaterFix Project**

- Support the current design and construction plans for the WaterFix project, provided that its costs are properly allocated as project conservation facilities, or supply costs.
- Support allocation of WaterFix costs by MWD, DWR and any other third parties as “project conservation facilities” (or equivalent) as defined in the current version of Article 1(f) and (g) of Metropolitan Water District's (MWD) SWP contract with DWR, and as reflected in Table 2 of DWR's Appendix B to Bulletin 132-17, *Data and Computation Used to Determine Water Charges*, and for which costs are recovered in Article 22(a) of Delta Water Charge of the current MWD SWP Contract; allow for the exemption of north-of-Delta SWP contractors.
- Support actions by DWR and MWD and any other parties to characterize or allocate WaterFix costs as supply. Oppose actions by DWR and MWD and other parties to characterize or allocate WaterFix costs as anything other than project conservation facilities, or supply costs.
- Support establishment of an independent oversight function to monitor and provide regular updates on WaterFix project implementation progress, including expenditure tracking, construction progress, project participants' contributions, and all other relevant activities and developments.

**Water Supply Reliability and Quality**

- Continue to support the co-equal goals of water supply reliability and environmental restoration embodied in the 2009 Delta bill package.
- Support deliberative processes that are designed to ensure a meaningful dialogue with all stakeholders to reduce future conflicts and challenges to implementation of a Bay Delta solution.
- Improve the ability of water-users to divert water from the Delta during wet periods, when impacts on fish and ecosystem are lower and water quality is higher.
- Encourage the development of a statewide water transfer market that will improve water management.
  - Allow access to all SWP facilities, including WaterFix facilities, to facilitate water transfers.
- Support improved coordination of Central Valley Project and State Water Project (SWP) operations.

**Ecosystem Restoration**

- Work with all stakeholders to ensure a meaningful dialogue and that ecosystem restoration issues are addressed in an open and transparent process.
- Support the use of public funds to support specific projects and actions with identified costs that protect and improve the Bay Delta ecosystem and environment and that provide broad-based public benefits.

**Governance**

- Support continued state ownership and operation of the SWP, including WaterFix facilities, as a public resource.
- Support improved efficiency and transparency of all SWP operations.

**ATTACHMENT 2**

**San Diego County Water Authority  
Bay Delta & WaterFix Project Policy Principles & Position Statement  
Proposed Revisions, 8/9/2018**

**Position Statement**

The Water Authority Board of Directors supports the WaterFix project, as currently proposed, conditioned upon the Metropolitan Water District (MWD) allocating the costs of the project as conservation, or supply charges, as similar facilities historically have been defined in MWD's SWP contract with DWR. The San Diego County Water Authority Board of Directors supports a Bay Delta solution that will meet the co-equal goals and provide San Diego County with a reliable, high-quality supply of affordable, imported water consistent with the Water Authority's Urban Water Management Plan and Regional Facilities Optimization and Master Plan. The adopted policy principles will guide staff in evaluating projects and actions concerning the Bay-Delta.

**Policy Principles**

**WaterFix Project**

- Support the current design and construction plans for the WaterFix project, provided that its costs are properly allocated as project conservation facilities, or supply costs.
- Support allocation of WaterFix costs by MWD, DWR and any other third parties as "project conservation facilities" (or equivalent) as defined in the current version of Article 1(f) and (g) of Metropolitan Water District's (MWD) SWP contract with DWR, and as reflected in Table 2 of DWR's Appendix B to Bulletin 132-17, *Data and Computation Used to Determine Water Charges*, and for which costs are recovered in Article 22(a) of Delta Water Charge of the current MWD SWP Contract; allow for the exemption of north-of-Delta SWP contractors.
- Support actions by DWR and MWD and any other parties to characterize or allocate WaterFix costs as supply. Oppose actions by DWR and MWD and other parties to characterize or allocate WaterFix costs as anything other than project conservation facilities, or supply costs.
- Support establishment of an independent oversight function to monitor and provide regular updates on WaterFix project implementation progress, including expenditure tracking, construction progress, project participants' contributions, and all other relevant activities and developments.

**Water Supply Reliability**

- Continue to support the co-equal goals of water supply reliability and environmental restoration embodied in the 2009 Delta bill package.
- Support deliberative processes that are designed to ensure a meaningful dialogue with all stakeholders in order to reduce future conflicts and challenges to implementation of a Bay Delta solution.
- Provide regulatory certainty and predictable supplies to help meet California's water needs in the long-term.
- Encourage a Bay Delta solution that acknowledges, integrates and supports the development of water resources at the local level including water use efficiency, seawater and brackish water desalination, groundwater storage and conjunctive use, and recycled water including direct and indirect potable reuse.
- Improve the ability of water-users to divert water from the Delta during wet periods, when impacts on fish and ecosystem are lower and water quality is higher.
- Encourage the development of a statewide water transfer market that will improve water management.
  - Allow access to all SWP facilities, including WaterFix facilities, to facilitate water transfers.
- Support improved coordination of Central Valley Project and State Water Project (SWP) operations.

*Adopted February 23, 2012 by the San Diego County Water Authority Board. Proposed Revisions, 8/9/2018*

Formatted: Right  
Formatted: Left: 0.75", Right: 0.75", Top: 0.5", Bottom: 0.5"

Formatted: Font: Bold, Underline  
Formatted: Font: Not Italic  
Formatted: Indent: Left: 0"

Formatted: Font: Bold  
Formatted: Underline  
Formatted: Underline  
Formatted: Bulleted + Level: 1 + Aligned at: 0" + Indent at: 0.25"

Formatted: Font: Times New Roman, Condensed by 0.15  
Formatted: Normal, No bullets or numbering

Formatted: Indent: Left: 0.5"



### Ecosystem Restoration

- ~~Restore the Bay-Delta ecosystem consistent with the requirements established under the state Natural Community Conservation Plan and the federal Habitat Conservation Plan, taking into account all factors that have degraded Bay-Delta habitat and wildlife.~~
- Work with all stakeholders to ensure a meaningful dialogue and that ecosystem restoration issues are addressed in an open and transparent process.

### Finance and Funding

- ~~Encourage and support a Bay-Delta solution and facilities that are cost-effective when compared with other water supply development options for meeting Southern California's water needs.~~
- ~~Require the total cost of any Bay-Delta solution be identified before financing and funding decisions are made. The total cost must include the cost of facilities, mitigation and required or negotiated ecosystem restoration.~~
- ~~Allocate costs of the Bay-Delta solution to stakeholders in proportion to benefits they receive.~~
- ~~Seek and support independent financial analyses of Bay-Delta solution including the ability of all parties to pay their proportional costs.~~
- ~~Require a firm commitment and funding stream by all parties to pay for the fixed costs associated with the proportional benefits they will receive from a Bay-Delta solution, through take-or-pay contracts or legal equivalent.~~
- ~~Condition financial support on provisions allowing access to any water conveyance or storage facilities that are included in the Bay-Delta solution.~~
- Support the use of public funds to support specific projects and actions with identified costs that protect and ~~restore-improve~~ the Bay Delta ecosystem and environment and that provide broad-based public benefits.
- ~~Oppose water-user fees to fund ecosystem restoration and other public purpose, non-water supply improvements in the Delta that benefit the public at large.~~

### Facilities

- ~~Require independent technical analysis of proposed key elements of the Bay-Delta solution, including forecasting future urban and agricultural demands and size and cost of any proposed conveyance facility, to ensure the solution realistically matches statewide needs.~~
- ~~Support "right-sized" facilities to match firm commitments to pay for the Bay-Delta solution.~~
- ~~Allow access to all SWP facilities to facilitate water transfers.~~

### Governance

- Support continued state ownership and operation of the SWP, including WaterFix facilities, as a public resource.
- Support improved efficiency and transparency of all SWP operations.
- ~~Oppose any transfer of operational control of the SWP or any of its facilities to MWD, the State Water Project Contractors, Central Valley Project Contractors, the State and Federal Contractors Water Agency, any entity comprised of MWD or other water project contractors, or any other special interest group.~~