

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE
REPORT relative to the latest proposal of the California WaterFix Project in the Bay Delta region.

Recommendations for Council action, pursuant to Motion (Martinez - Ryu):

1. REQUEST the Los Angeles Department of Water and Power (LADWP) and the Ratepayer Advocate/Office of Public Accountability (OPA) to provide an update and review of the California Department of Water Resources' (DWR) latest proposal of staged implementation for the WaterFix and the MWD Board's proposal to independently fund the second tunnel including any update on the project finance and cost allocation plan and the status of participation commitments by Central Valley Project and State Water Project contractors with said review to include information on how costs or financing proposals would affect Los Angeles ratepayers.
2. REQUEST the LADWP to prepare written communication to the MWD Board expressing any of the LADWP's concerns with the impacts of this new proposal; and, INSTRUCT the Chief Legislative Analyst (CLA), if necessary, to prepare a Resolution for consideration by the Council to oppose the participation by MWD in the WaterFix should the proposal for adoption by the MWD Board of Directors result in greater costs and/or a greater portion of the financing burden to Los Angeles ratepayers.

Fiscal Impact Statement: Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On March 6, 2018, your Committee considered a Motion (Martinez - Ryu) relative to the latest proposal of the California WaterFix Project in the Bay Delta region. According to the Motion, the WaterFix is a proposed monumental water supply project in the Bay Delta region that seeks to ensure ongoing water reliability for public water agencies throughout the State. The WaterFix proposal consists of the construction of three new intakes and two new water supply conveyance tunnels running through the Bay Delta region at a cost of approximately \$17 billion dollars. In February 2018, the DWR informed public water agencies that it seeks to pursue the WaterFix as planned, however it also plans to explore a new option of staged implementation. This approach seeks to implement the WaterFix in two critical construction phases instead of one.

The staged implementation approach plans to construct one tunnel running through the Bay Delta region at a cost of \$10.7 billion dollars for the first stage. The DWR then states that when sufficient financial support is garnered by the participating public water agencies, the second phase of staged implementation will be pursued - the construction of the second tunnel at the remaining cost of \$6 billion dollars. The DWR believes that this is a practical and cost effective approach to pursue the implementation of the WaterFix. In September 2017, the LADWP and the Ratepayer Advocate/Office of Public Accountability (OPA) reported Energy, Climate Change and Environmental Justice Committee regarding the WaterFix and its potential financial impact.

Subsequently, on September 27, 2017, Council authorized these departments to submit comments on the WaterFix to the MWD (Council File No. 17-0930).

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

ARL
3/6/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-