



One Water and Stewardship Committee

Delta Conveyance Planning & Preconstruction Funding Request for 2026-2027

Item 8-4

December 9, 2024

Item 8-4

Delta Conveyance Project Planning and Pre-construction Funding

Subject

Review and consider the Lead Agency's certified 2023 Final Environmental Impact Report for the Delta Conveyance Project, take related CEQA actions, and authorize the General Manager to enter into an amended agreement for preconstruction work on the Delta Conveyance Project for 2026-2027.

Purpose

Provide additional funding for preconstruction and planning costs for the Delta Conveyance Project.

Recommendation

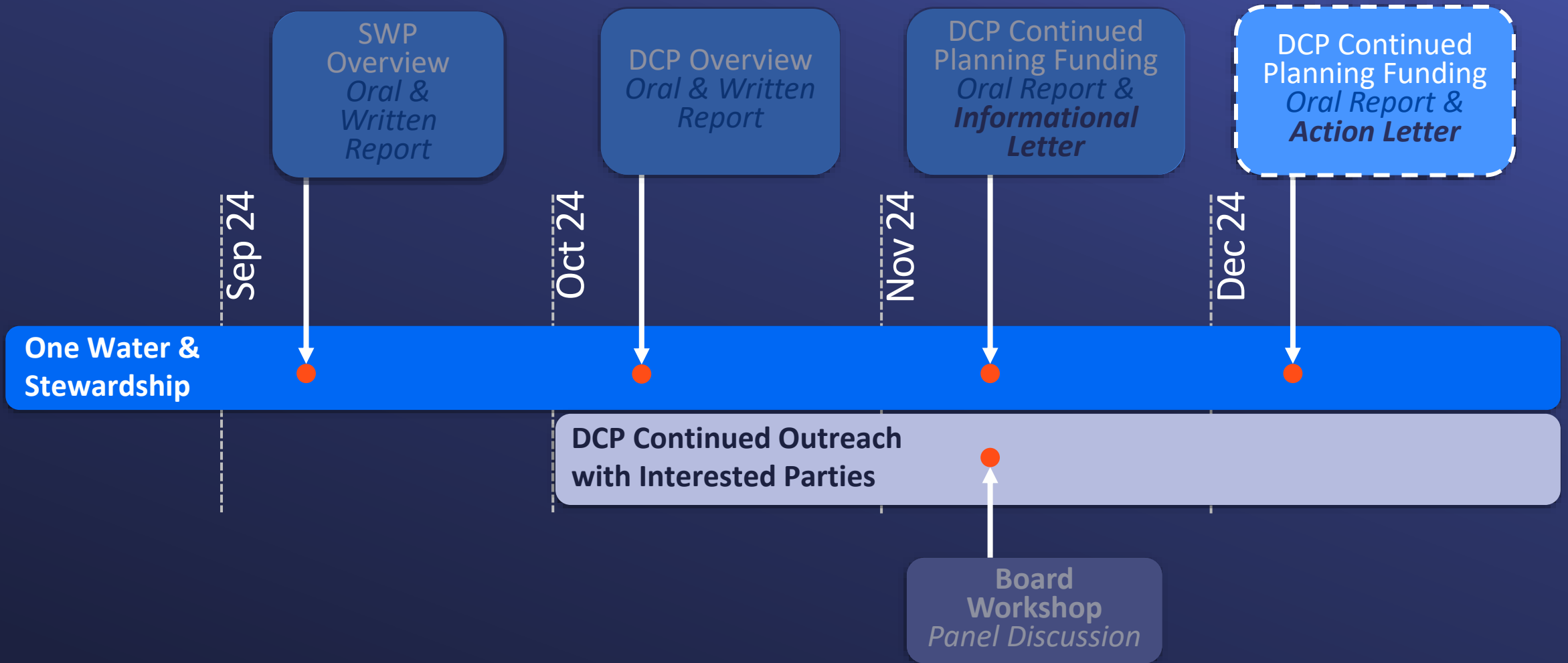
Authorize the General Manager to enter into an amended Delta Conveyance Project planning and preconstruction funding agreement.

Fiscal and Budget Impact

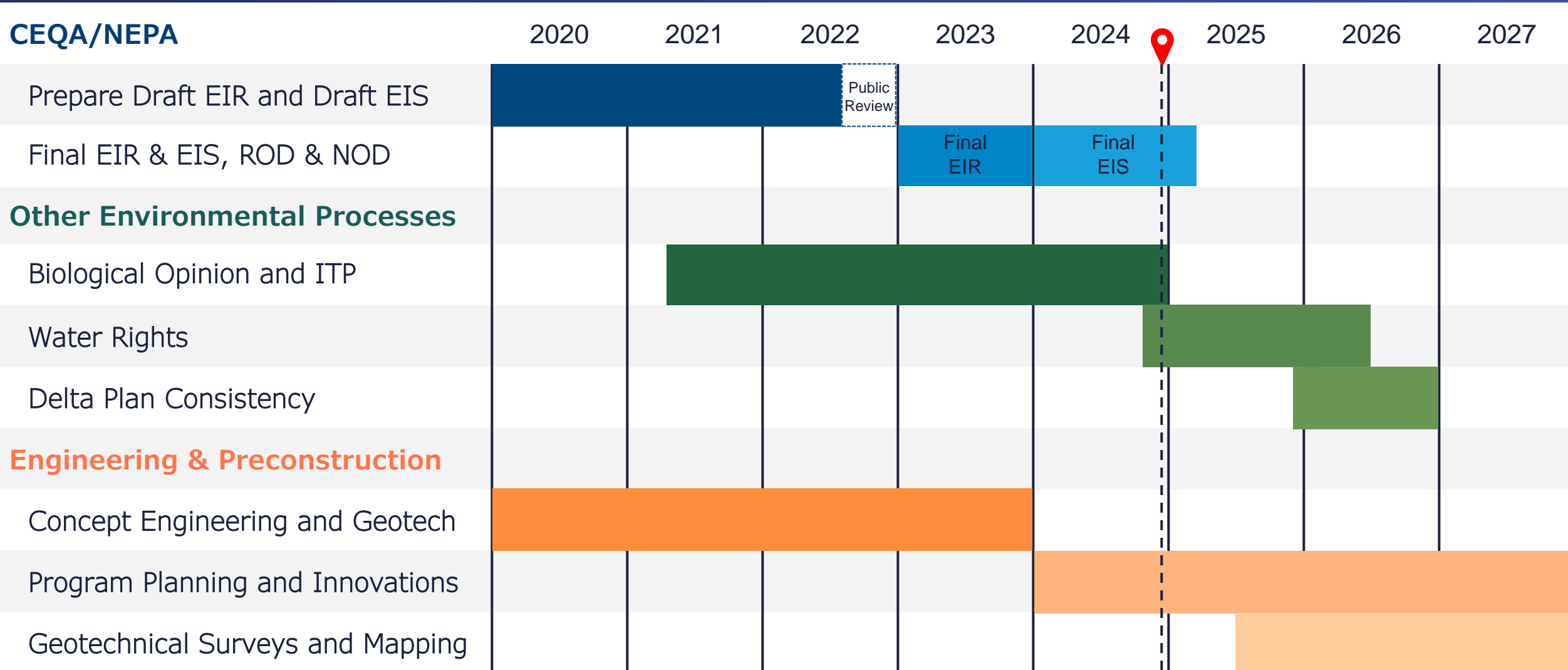
Net of DWR \$75 million refund, a rate increase of 3% in 2027 would be needed to generate Metropolitan's \$141.6 million share of planning costs over the next three fiscal years.

Updates and Deliberation for Continued Funding

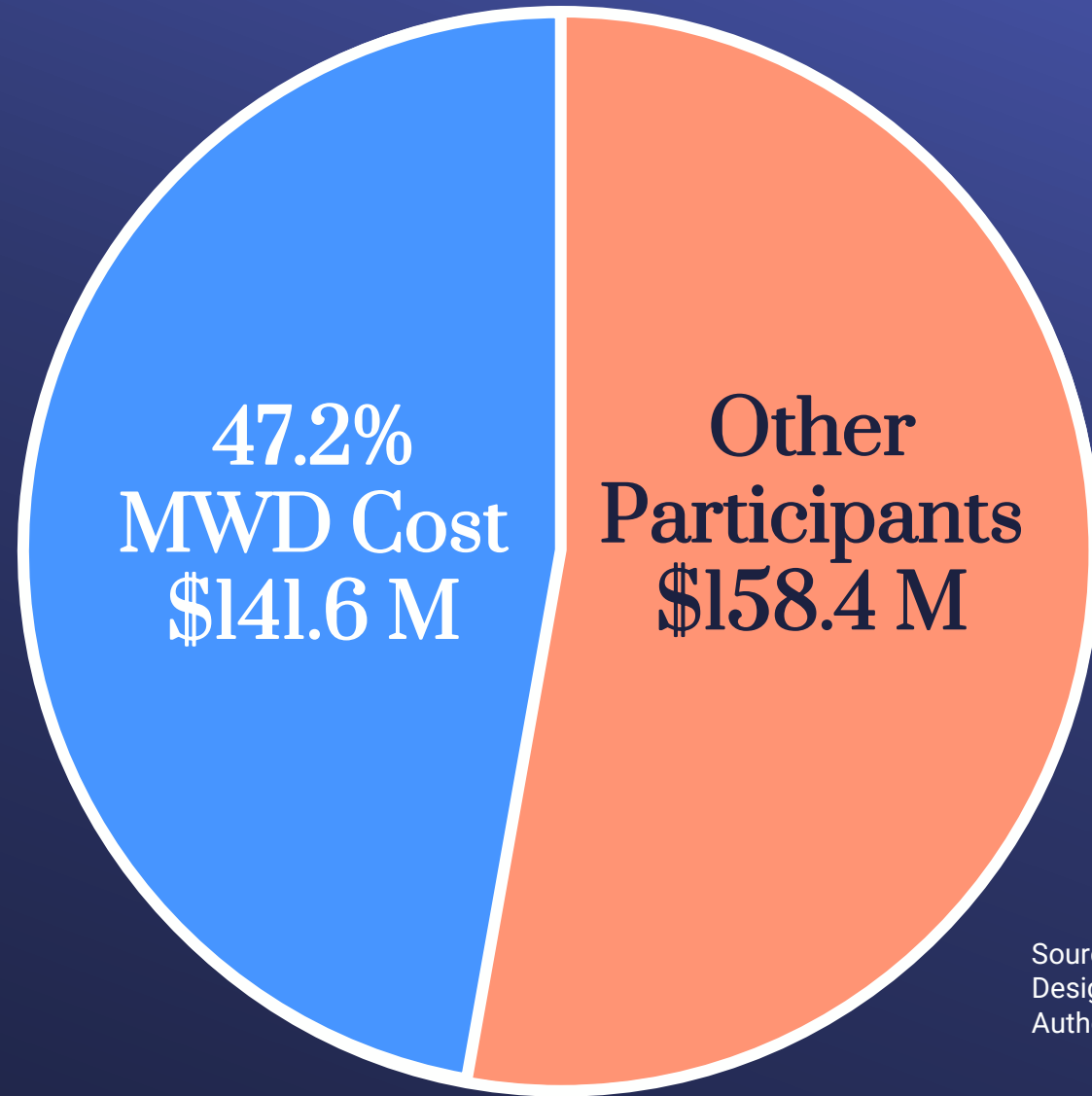
Delta Conveyance Project Planning and Preconstruction



Delta Conveyance Planning & Preconstruction Schedule



Delta
Conveyance
Project
Continued
Planning &
Preconstruction
Funding



Source: Delta Conveyance
Design and Construction
Authority.

Planning & Preconstruction Activities Clarifications

- Permitting comprises nine percent of the total funding ask and will inform project benefits and yield
 - Operational Criteria
 - Water Rights
- Majority of funding will support geotechnical and engineering activities
 - Confirmation of ground conditions for tunneling
 - Additional engineering design innovations
 - Inform future cost estimate
- New information will be used to support future analyses and Board decision-making processes

Metropolitan's Share of DCP Planning Costs

in millions of dollars

	FY 2025/26	FY 2026/27	FY 2027/28	Total	CY 2027 Rate Impact ¹
Planning Costs – no refund offset	\$25.7	\$74.7	\$41.3	\$141.6	6%
Planning Costs net of \$75M refund	\$0.0	\$25.3	\$41.3	\$66.6	3%

(1) Overall calendar year 2027 rate increase needed to generate additional revenues for DCP planning and preconstruction costs on a cash basis by June 30, 2028

DCP Participating Agencies



Region	Contractors	Board Approved % Participation	
		Current	26-27
South Bay	✓ Alameda County FC&WCD, Zone 7	2.2 %	2.2 %
	✓ Alameda County WD	1.15 %	1.15 %
	Santa Clara Valley WD	3.23 %	
San Joaquin Valley	Dudley Ridge WD	1.02 %	
	Kern County WA	11.22 %	
Central Coastal	San Luis Obispo County FC&WCD	0.6 %	
Southern California	Antelope Valley-East Kern WA	3.95 %	
	✓ Santa Clarita Valley WA	2.6 %	2.6 %
	✓ Coachella Valley WD	3.78 %	3.78 %
	✓ Crestline-Lake Arrowhead WA	0.16 %	0.16 %
	✓ Desert Water Agency	1.52 %	1.52 %
	Metropolitan Water District	47.2 %	
	✓ Mojave Water Agency	2.45 %	2.45 %
	✓ Palmdale Water District	1.06 %	1.06 %
	✓ San Bernardino Valley MWD	2.8 %	2.8 %
	✓ San Gabriel Valley MWD	0.79 %	0.79 %
	✓ San Geronio Pass WA	2.0 %	2.0 %
	Ventura County WPD	0.55 %	

✓ indicates board action taken to support additional DCP planning and preconstruction activities.

Member Agency Resolutions & Letters Supporting DCP

Oct 2024 - Western

Oct 2024 - Foothill

Nov 2024 - Eastern

Nov 2024 - Three Valleys

Nov 2024 - Calleguas

Nov 2024 - Las Virgenes

Nov 2024 - Upper San Gabriel

Nov 2024 - Beverly Hills

Dec 2024 - MWD OC

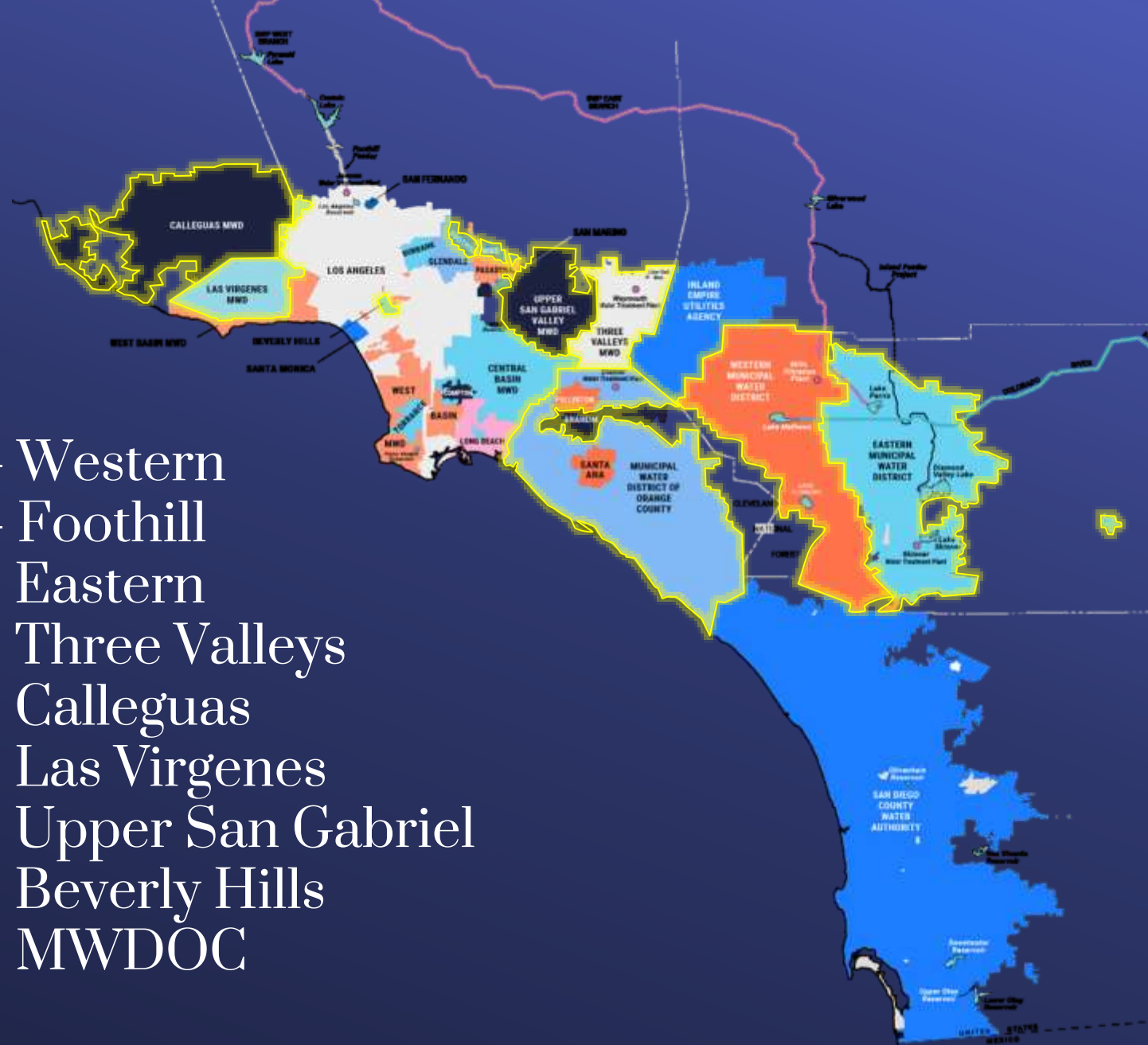




Photo Credit: DWR

Board Requested Information and Agreement Provisions

Metropolitan
Letter to DWR
10/24/24
DWR
Response

- Partial Resolution of MWD Protest Items
\$75 M dollar initial refund to be issued to Metropolitan no later than December 2025
- Key Permits & Certifications
Commitment to complete all permitting and certification processes by the end of 2026.
- Proportional & Complete Planning Funding
DWR concurrence with proportionate share and proportionate benefits.

Metropolitan
Letter to DWR
10/24/24
DWR
Response

- Funding & Financing for Implementation
Innovative new long-term financing approaches to close the funding gap.
- Near Term Improvements to SWP Reliability
Portfolio of solutions to be evaluated in DWR's first Climate Adaptation Strategy, to be released in early 2025.

Unique Funding Agreement Provisions & Offramps

- Metropolitan has the ability to terminate financial obligations if:
 - A condition is identified that materially and adversely affects the DCP's benefits and costs during term of agreement.
 - DWR fails to secure key changes to the State Water Project's water rights.
 - DWR fails to obtain a ruling in DWR's favor from the Delta Stewardship Council on the appeals of the Certification of Consistency with the Delta Plan.
 - An update to the Bay-Delta Water Quality Control Plan is adopted that is substantially different from the Healthy Rivers & Landscapes proposal that was submitted to the State Water Resources Control Board.
- Funds to be used for geotechnical soil investigations shall be due only once DWR has the legal authority to conduct such activities.

Board Options

Option 1 (amended)

- Review and consider the Lead Agency's certified 2023 Final EIR for the DCP, take related CEQA actions, and authorize the General Manager to enter into an amended agreement for preconstruction work on the DCP planned for 2026-2027. By approving Option 1, the Board is not approving the DCP, as reflected in the statement of overriding considerations, which is limited to the preconstruction funding only.

Option 2

- Do not authorize the General Manager to enter into an amended agreement for preconstruction work on the DCP planned for 2026-2027.

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Delta
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Staff Recommendation

- Option 1 (amended)

Review and consider the Lead Agency's certified 2023 Final EIR for the DCP, take related CEQA actions, and authorize the General Manager to enter into an amended agreement for preconstruction work on the DCP planned for 2026-2027.

By approving Option 1, the Board is not approving the DCP, as reflected in the statement of overriding considerations, which is limited to the preconstruction funding only.

