



CALIFORNIA DEPARTMENT OF WATER RESOURCES

## NEWS FOR IMMEDIATE RELEASE

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### **Economic Analysis Shows Value of Investing in WaterFix** *California Water Users Will See Benefits Far Exceeding Costs*

**SACRAMENTO** —Today, the Department of Water Resources (DWR) released a [Cost-Benefit Analysis for California WaterFix](#) by Dr. David Sunding, a professor of natural resource economics at UC Berkeley, that finds the first stage of the project could bring billions of dollars in benefits to Californians who obtain their water from participating State Water Project (SWP) contractors. These benefits include improved water quality, more reliable water supplies, and enhanced disaster preparedness.

“Stage 1 of California WaterFix passes a cost-benefit test for SWP urban and agricultural agencies under all scenarios analyzed,” Dr. Sunding wrote in the report published today.

In a series of public meetings last fall, local public water agencies took formal action to participate in the WaterFix project. Based on that level of support, DWR is proposing to pursue WaterFix as planned while also considering an option to [construct the project in stages](#). Today’s economic analysis will help participating agencies develop and consider necessary actions for their respective boards this spring.

The benefits to SWP water agencies are substantial, and the report found benefits exceeding costs in every scenario analyzed – even up to \$1.82 in benefits for every \$1 in costs. Urban agencies could see \$2 billion - \$4 billion in net benefits depending on the scenario analyzed. Those benefits would increase with the availability of financing through low-interest federal loans. SWP agricultural agencies would see several hundred million dollars in net benefits under several scenarios, and again those benefits would increase with the availability of federal low-interest loans and the ability to trade unwanted project shares with urban contractors. The study also indicates that federal contractors south of the Delta would receive benefits exceeding costs.

“Without WaterFix, State Water Project contractors will see the continued deterioration of their water supply reliability,” Dr. Sunding said. “This analysis shows there is substantial benefit for both urban and agricultural water users throughout the state, and that the project will be more affordable for consumers than local alternatives such as desalination and recycling.”

The report compared the benefits and costs of Stage 1 of WaterFix in relation to what would likely occur if WaterFix were not built, including further restrictions designed to minimize harmful reverse flows and protect species.

The economic analysis is available [here](#). More on California WaterFix is available [here](#).

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