



San Diego County Water Authority

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December 10, 2012

John V. Foley, Chairman
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Carlsbad
Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook
Public Utility District
- Helix Water District
- Lakeside Water District
- Olivenhain
Municipal Water District
- Otay Water District
- Padre Dam
Municipal Water District
- Camp Pendleton
Marine Corps Base
- Rainbow
Municipal Water District
- Ramona
Municipal Water District
- Rincon del Diablo
Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallecitos Water District
- Valley Center
Municipal Water District
- Vista Irrigation District
- Yuima
Municipal Water District

Re: Board Item 7-1 – OPPOSE
Authorize entering into a Local Resources Program agreement with Three Valleys
Municipal Water District and California State Polytechnic University, Pomona, for the
Cal Poly Pomona Water Treatment Plant

Dear Mr. Foley and Members of the Board,

The Water Authority’s delegates OPPOSE Board Item 7-1 on the following grounds.

Under California law including Proposition 26, Metropolitan Water District (MWD) is required to set water rates that do not exceed the reasonable and proportionate costs of providing the particular service for which the rate is charged, and that are equitable, fair and non-discriminatory. MWD has failed to present in Board Memo 7-1, by reference to its outdated Integrated Resources Plan (IRP), even more outdated 2007 Local Resources Plan (LRP) “target” or otherwise, any showing that MWD’s payments for this local water supply project will benefit any ratepayers other than those who will, through the implementation of this project, virtually cease being customers of MWD and thus no longer be required to pay its water rates and charges.¹ There is no demonstration that any water supply or transportation costs are or will be avoided by MWD as a result of these payments. The assertion in Board Memo 7-1 that MWD’s payment of the local water supply costs of certain member agencies and ratepayers “benefit all member agencies regardless of individual project location,” is not substantiated by any evidence and is in fact, untrue.

Far from benefitting ratepayers of other member agencies, MWD’s payment of subsidies under current conditions actually *harms* all remaining MWD ratepayers by further reducing already-depressed demand for MWD water. This in turn reduces MWD’s own revenues and further drives up the cost of water purchased by other customers of MWD member agencies. The problem, of course, is not that MWD’s imported water sales are declining – water conservation and local projects are a good thing – but rather, that MWD refuses to make planning adjustments to acknowledge its reduced sales and, indeed, continues to

OTHER REPRESENTATIVE

County of San Diego

A public agency providing a safe and reliable water supply to the San Diego region

increase spending.

Although MWD recently updated its Official Statement to reflect reduced demands by hundreds of thousands of acre-feet annually, it has NOT made the same adjustment to its IRP or local resources development “target,” which is the purported basis of this staff recommendation. If MWD updated its IRP and LRP target to be consistent with the information it has now disclosed in its Official Statement, the justification to pay for this and other local water supply projects would be completely eliminated.

MWD’s expenditures have exceeded its revenues in five out the past eight years because water sales are down by more than 30% since the 2007 LRP “target” for local resources development and 2010 IRP were adopted. Rather than respond to these changed circumstances (consistent with the IRP’s articulated “adaptive management”), MWD is intentionally choosing to rely on outdated water supply and financial planning that assume water demands that do not exist and are not reasonably projected to exist in the foreseeable future.

The Water Authority recently compiled a list showing the potential to develop up to 1.2 million acre-feet of local water supply throughout Southern California, including 415,000 acre-feet of planned projects and nearly 800,000 acre-feet of potential projects identified in MWD member agencies’ Urban Water Management Plans. A copy of this summary is attached. And yet, MWD has incorporated only 103,000 acre-feet of these supplies in its Regional Urban Water Management Plan as an offset to demands on MWD. MWD is artificially inflating the demand for MWD’s imported water in order to justify its 2007 LRP subsidies “target” for local water supply development.

MWD staff’s recommendation to approve this subsidy agreement is also inconsistent with its own actions many months ago to suspend its “Local Resource Development Task Force” in order to reexamine the merits of the program and the water demand projections upon which it is based.

In addition to these grounds, the Water Authority objects to being charged a “Water Stewardship Rate” (WSR) to pay for this project because its ratepayers have been barred by the MWD board’s August 2010 action from receiving any WSR benefits. Accordingly, the WSR is discriminatory, violates California law and may not be collected from the Water Authority’s customers.

As part of the lawsuit it has filed challenging MWD’s 2013 and 2014 water rates, the Water Authority is seeking to be relieved of any financial responsibility for this and other WSR projects approved by the MWD board of directors, so that the agencies that do not object may pay for these projects. As stated previously, the Water Authority has no objection if

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other MWD agencies wish to “pool” their money, however, that activity must be voluntary and not part of the water rates imposed by MWD on the ratepayers of all of its member agencies.

Sincerely,



Keith Lewinger
Director



Vincent Mudd
Director



Fern Steiner
Director



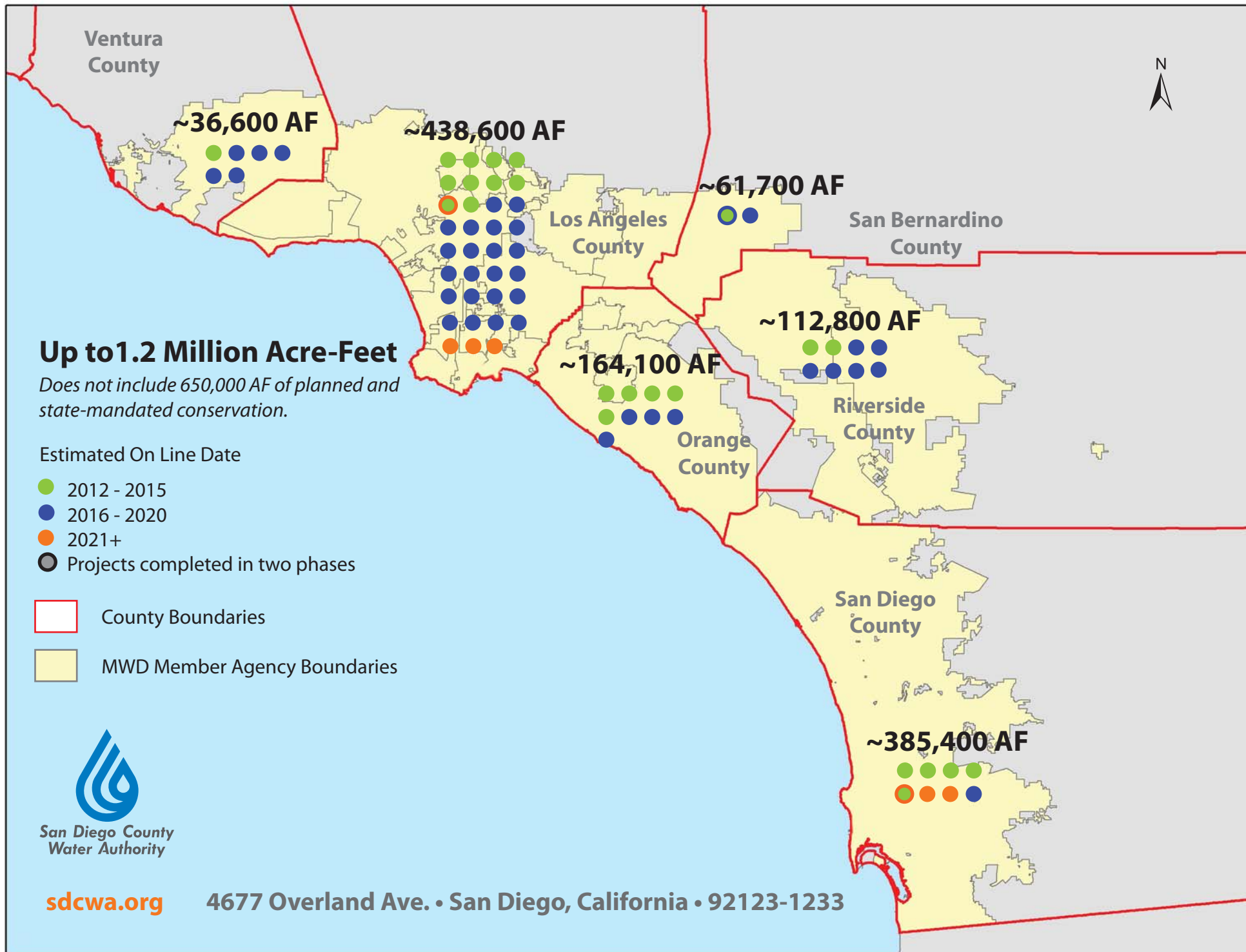
Doug Wilson
Director

Attachment

cc: Jeff Kightlinger, MWD General Manager
San Diego County Water Authority Board of Directors and Member Agencies

ⁱ Attachment 2, page 44 of 112, states that, “California State Polytechnic University – Pomona (CSUP) annual water usage over the last 10 years is approximately 504 AF/year. Over the same time period CSUP receives approximately 269 AF/year potable water supply from Three Valleys Municipal Water District (District). This supply is primarily made up of imported water purchased by the District from Metropolitan Water District of Southern California (MWD). The reliability and cost of this imported water has been significantly impacted by a combination of drought conditions and environmental constraints primarily from the State Water Delta issues.” Thus, after implementation of the project – estimated to produce up to 250 acre-feet per year – CSUP would be purchasing 19 acre-feet of water annually from MWD, thus protecting its own customers against future cost increases by MWD.

Southern California's Local Water Supply Development Plans (2012 - 2035)



County	Water Agency	Project	New Supply (AF)	On Line	
All Counties	MWD Service area	Conservation	650,000	2015+	
Los Angeles	Central Basin Municipal Water District	Joint Water Pollution Control Plant	45,000	2020	
	Central Basin Municipal Water District	Water Replenishment District Groundwater Reliability Improvement Program	21,000	2020	
	Foothill Municipal Water District	Water Reclamation	1,280	2020	
	Los Angeles Department of Water & Power	Tujunga Well Treatment	24,000	2014	
	Los Angeles Department of Water & Power	Water Transfers	40,000	2015	
	Los Angeles Department of Water & Power	Stormwater Capture and Replenishment	2,000 - 25,000	2015 - 2035	
	Los Angeles Department of Water & Power	Harbor Water Recycling Project	15,500	2018	
	Los Angeles Department of Water & Power	TI AWTF and Distribution System Water Recycling Project	10,000	2019	
	Los Angeles Department of Water & Power	Tillman Groundwater Replenishment System	15,000	2019	
	Long Beach	Seawater Desalination Project	5,000	2025	
	Pasadena	Joint Water Pollution Control Plant	15,000	2020	
	Three Valleys Municipal Water District	Additional Project	28,000	2020	
	Torrance	Expanded Recycle Water and Goldworthy Desalter	unspecified	2025	
	Upper San Gabriel Valley MWD	Groundwater Reliability Improvement Program	25,000	2020	
	Upper San Gabriel Valley MWD	Joint Water Pollution Control Plant	35,000	2020	
	West Basin Municipal Water District	Joint Water Pollution Control Plant	17,500	2012	
	West Basin Municipal Water District	West Basin Water Reclamation Program	25,540	2012	
	West Basin Municipal Water District	Joint Water Pollution Control Plant	5,000	2020	
	West Basin Municipal Water District	Seawater Desalination Project	21,500	2020	
	Various	Projects under 5,000 acre-feet combined	64,288	2012 - 2025+	
	Orange	Municipal Water District of Orange County	Wells 21 and 22	7,900	2014
		Municipal Water District of Orange County	OCWD Groundwater Replenishment System	30,000	2015
Municipal Water District of Orange County		SMWD Chiquita Reclamation Project	5,600	2015	
Municipal Water District of Orange County		Irvine Ranch WD Strand Ranch - Dry Year Yield	16,666	2015	
Municipal Water District of Orange County		IRWD Wells 51, 52, 53, 21 & 22 Potable	12,700	2018	
Municipal Water District of Orange County		Huntington Beach - Seawater Desalination Project	56,000	2020	
Municipal Water District of Orange County		San Juan Capistrano - Seawater Desalination Project	16,000	2020	
Various	Projects under 5,000 acre-feet combined	19,228	2012 - 2025+		
Riverside	Eastern Municipal Water District	Eastern Regional Reclaimed Water System	12,900	2015	
	Eastern Municipal Water District	EMWD Indirect Potable Reuse	15,000	2018	
	Eastern Municipal Water District	Perris Desalter	5,585	2020	
	Eastern Municipal Water District	Hemet Citrus In-Lieu Project	5,000	2020	
	Western Municipal Water District	City of Riverside Recycled Water Program	41,400	2015	
	Western Municipal Water District	Chino Basin Desalter 3	10,000	2018	
	Western Municipal Water District	Rancho California Reclamation	13,800	2018	
	Western Municipal Water District	Arlington Basin Groundwater Desalter Project	8,000	2020	
	Various	Projects under 5,000 acre-feet combined	1,125	2012 - 2025+	
San Bernardino	Inland Empire Utilities Agency	Chino Basin Desalter 2	11,760	2016	
	Inland Empire Utilities Agency	Carbon Canyon/IEUA Regional Recycled Water Distribution System	25,000 - 50,000	2015 - 2020	
San Diego	Oceanside	Mission Basin Desalter	5,600	2016	
	Otay Water District	Rosarito Beach Desalination	28,000	After 2020	
	San Diego	Water Purification Project	16,800 - 89,600	2020 - 2035	
	San Diego County Water Authority	Carlsbad - Seawater Desalination Project	56,000	2020	
	San Diego County Water Authority	MCB Camp Pendleton - Seawater Desalination Project	56,000 - 168,000	After 2020	
	Sweetwater Authority	Reynolds Desalination Facility Phase II	5,200	2020	
Various	Projects under 5,000 acre-feet combined	32,962	2012 - 2025+		
Ventura	Calleguas Municipal Water District	Oxnard GREAT Program	15,500	2016	
	Calleguas Municipal Water District	Camrosa Santa Rosa Basin Desalter	5,040	2020	
	Calleguas Municipal Water District	South Las Posas Desalter	5,000	2020	
	Various	Projects under 5,000 acre-feet combined	11,018	2012 - 2025+	

This project list was developed based upon projects identified in each agency's 2010 Urban Water Management Plan and includes 415,000 acre-feet of planned projects as well as nearly 800,000 acre-feet of additional potential projects identified by the agencies. Of the up to 1.2 million acre-feet of supplies, MWD has incorporated only 103,000 acre-feet in its 2010 Regional Urban Water Management Plan to offset demands on MWD.



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Water Authority**

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