



San Diego County Water Authority

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May 10, 2013

John V. Foley, Chairman, and
Members, Board of Directors
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
- OTHER REPRESENTATIVE**
- County of San Diego

Re: Board Item 7-2 – OPPOSE: Authorize entering into a Local Resources Program agreement with the city of Long Beach and the Water Replenishment District of Southern California for the Leo J. Vander Lands Water Treatment Facility Expansion Project

Dear Chair Foley and Members of the Board:

The Water Authority’s delegates OPPOSE Board Item 7-2 on the following grounds.

Under California law, including Proposition 26, passed by the voters in November 2010, the Metropolitan Water District (MWD) is required to set rates that do not exceed the reasonable and proportionate cost of providing the particular service for which the rate is charged. MWD will ultimately bear the burden of showing affirmatively that its allocation of costs to its rates and charges provide proportional benefits to all MWD ratepayers.

MWD has failed entirely to make such a showing in Board Memo 7-2. Its assertion that MWD’s payment of these local water supply costs – which will deliver recycled water to the Alamitos Seawater Intrusion Barrier, through a project owned by the Water Replenishment District of Southern California – “benefit all member agencies regardless of individual project location,” is not substantiated by any evidence and is untrue. There is no demonstration in the Board Memo or otherwise that any water supply or transportation costs are, or will be, avoided by MWD as a result of making these payments. MWD has abandoned even the pretense of claiming any such benefits exist; a passing reference to “board approved policy goals” is no substitute for this factual showing.

The Water Authority’s delegates have repeatedly raised concerns with MWD’s calculated, continued reliance on outdated planning documents to justify subsidies for select member agency local projects. Board Memo 7-2 once again relies on the badly outdated Local Resources Plan (LRP) goal, set more than five years ago in 2007, under materially different circumstances. It is clear from Board Memo 7-2 that MWD’s payment for this local supply

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

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project will benefit only those ratepayers who will, through the implementation of this project, cease being customers of or reduce water purchases from MWD and thus no longer be required to pay its water rates and charges. MWD's continued practice of forcing cross-subsidies is a violation of cost of service statutory and Constitutional requirements.

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, assuming there are any (which there are not, for the reasons described above). The WSR is discriminatory, violates California law and may not be collected from the Water Authority's customers.

The Water Authority will seek to be relieved of any financial responsibility for this and other WSR projects approved by the MWD board of directors as to which prior objection has been made. Agencies that do not object might agree voluntarily to pay for the projects of other member agencies (although even that is questionable given the Constitutional mandate of Proposition 26).

The Water Authority is not questioning the need for or merits of the project itself, only the use of MWD ratepayer dollars to pay for it.

Sincerely,



Keith Lewinger
Director



Vincent Mudd
Director



Fern Steiner
Director



Doug Wilson
Director

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