



# San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233  
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

February 11, 2017

Randy Record and  
Members of the 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 Diabolo 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: Water Planning and Stewardship Committee Agenda Item 6a - Foundational Actions Funding Program Final Report

Dear Chairman Record and Members of the Board,

The Foundational Actions Funding ("FAF") Program Final Report does not mention that the San Diego County Water Authority was excluded from participation in this program, even though at the time it was adopted, we were told that the Rate Structure Integrity concept would not be a participation requirement. A copy of our September 10, 2013 letter on this subject is attached. However, MWD staff ultimately refused to execute FAF agreements that did not require agencies to waive rights in order to participate in the FAF program.

We continue to object to the discriminatory manner in which the FAF program has been administered by MWD, and to MWD's business practice of requiring a waiver of rights in order for member agencies to recover any share of water rates and charges being imposed by MWD to pay for these programs. We incorporate by reference our prior objections (see attachment) and ask that this letter be made a part of today's record.

Sincerely,

Michael T. Hogan  
Director

Keith Lewinger  
Director

Elsa Saxod  
Director

Fern Steiner  
Director

**OTHER REPRESENTATIVE**

County of San Diego

Attachment: September 10, 2013 letter RE: Board Memo 8-2: Authorize staff to enter into funding agreements for Foundational Actions Funding Program proposals - OPPOSE (with attachments)

cc: Jeff Kightlinger, MWD General Manager



# San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233  
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

September 10, 2013

John (Jack) V. Foley and  
Members of the 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

**RE: Board Memo 8-2: Authorize staff to enter into funding agreements for Foundational Actions Funding Program proposals – OPPOSE**

Dear Chairman Foley and Members of the Board:

For the reasons stated in detail in our April 8, 2013 letter to you (Attachment 1, incorporated herein by reference), we write to express opposition to Board Memo 8-2.

As we have stated in the past – in the context of the Rate Structure Integrity provision and otherwise – in spite of its objections, the Water Authority reserves its right to seek a fair share of MWD subsidies so long as MWD’s rates to pay for the subsidies are imposed on the Water Authority.

We acknowledge and appreciate that the Rate Structure Integrity language has not been included as part of the Foundational Actions program to fund these local projects.

Sincerely,

Michael Hogan  
Director

Keith Lewinger  
Director

Vincent Mudd  
Director

Fern Steiner  
Director

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

Attachment: April 8, 2013 letter from Water Authority’s MWD Delegates to Chairman Foley  
RE Board Item 9-1 – proposed Foundational Actions Funding Program

**OTHER REPRESENTATIVE**

County of San Diego



# San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233  
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

April 8, 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 8-4: Approve Foundational Actions Funding Program -- OPPOSE

Dear Chairman Foley and Members of the Board:

We write to OPPOSE the "Foundational Actions Funding Program," described in Board memo 8-4, for all of the reasons described in our March 7, 2013 letter, a copy of which is attached.

As unbudgeted expenditures, these costs were not included in the cost of service analysis purporting to support the water rates and charges that will actually be used to pay these costs. Moreover, there is no evidence to support MWD's claim that these expenditures provide a direct or regional benefit to any water ratepayers other than those who actually receive subsidies. MWD's proposed "program" and financial practices are not sufficient to meet the requirements of Proposition 26.

While we can see the appeal of this funding from MWD to an agency in these days of constrained budgets, this board has a responsibility to all of MWD's water ratepayers to ensure that MWD's water rates and charges are no higher than necessary. This certainly cannot be said of these unbudgeted, unallocated costs. Especially when MWD's "core resources plan is on track and is well-positioned to meet future demands," as clearly stated in the Board memo.

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  
Attachment: Water Authority Delegation Letter dated March 7, 2013



## San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233  
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

March 7, 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 9-1 – Proposed Foundational Actions Funding Program

Dear Chairman Foley and Members of the Board:

We write to express our opposition to the concept of spending unbudgeted MWD ratepayer dollars on a “Foundational Actions Funding Program,” as described in Board Memo 9-1. We would also like to express again our frustration with management’s continued reliance on a badly outdated 2010 Integrated Resources Plan (IRP) to justify this and other unnecessary spending programs.

MWD’s 2010 IRP was based on providing a core water supply to meet 1.9 million to 2 million acre feet of MWD demand. In addition, the IRP includes the development of an extra “buffer” supply of as much as 500,000 acre feet of water annually -- over and above dry-year demand. On top of these supplies lie the so-called “foundational actions” deemed necessary to address future supply vulnerabilities and uncertainties.

MWD’s 2012 IRP implementation report published last October listed 10 action items MWD itself is carrying out under the foundational actions. This month’s memo also states that MWD’s core resources plan is “on track and is well positioned to meet future demands within an expected range of future conditions.” In light of these facts, it is difficult to understand why MWD is recommending additional unbudgeted expenditures to develop more local projects that it does not need and that would further dampen its own water sales. Aside from the moniker, these “foundational actions” will lead to the same kind of local projects MWD continues to subsidize through its Local Resource Projects program. The mere statement that, “the future is uncertain and under some conditions, additional water resources may need to be developed” is insufficient to justify any of these expenditures.

The State Auditor recently noted that MWD’s water sales are down by 25%, and that, as a result of reduced sales and other factors, MWD’s water rates have increased dramatically. In

Chairman Foley and Members of the Board

March 7, 2012

Page 2

In addition, the updated Southern California Association of Governments (SCAG) Regional Transportation Plan shows significant demographic changes from previous estimates. Specifically, MWD's service area within SCAG jurisdiction shows demographic projections for the year 2025 include 1.2 million fewer people, 194,000 fewer households, 550,000 fewer jobs and a 4% reduction in median real household income than SCAG's previous projections. All these factors will further reduce retail water demands below those projected in MWD's IRP and 2010 Regional Urban Water Management Plan.

We renew past requests that management bring back to the board – so that the information will be available at the same time the board is being asked to approve expenditures on “foundational actions” – the following information:

- An update to the IRP that reflects current sales data and trends and the development of local water supplies by member agencies and others that were not accounted for in the 2010 IRP;
- An analysis and quantification of the nature and extent of the “uncertainty” and “unforeseen risks” the “foundational actions” are intended to address, over and above the spending programs called for in the IRP including the BDCP, conservation and local projects.

The types of projects that are enumerated as being the subject of the “foundational actions” are local water supply projects that will, when developed, represent a permanent reduction in MWD's water sales. With demands already reduced and with the proposed Bay Delta Conservation Plan on the drawing board, please address this next month in a board memo why management is nonetheless recommending these expenditures be made at this time.

Although we disagree with MWD establishing an unbudgeted program when there is clearly no justification, if the board chooses to adopt the program, it must make clear that the funding would be provided to all member agencies without any “rate structure integrity” constraints that are currently embedded in the LRP funding agreements.

The program criteria should also be revised to reflect the purported purpose of the foundational actions, i.e., approaches to long term water supply uncertainty. The criteria, as described on page 3 of the board memo, fail to do so or otherwise provide a substantive basis to distinguish between applicants for this new subsidy program. Furthermore, the program's process for project selection must be revised to assure that the technical experts on the selection panel are required to file FPPC Form 700 disclosure forms pursuant to MWD's Local Conflict of Interest Code. Conflict of interest laws are designed to preclude participation in governmental decisions where there may be a direct or indirect effect on a decision-maker's financial interests. Requiring disclosure of such interests by members of the selection panel will help assure compliance with conflict of interest laws.

Chairman Foley and Members of the Board

March 7, 2012

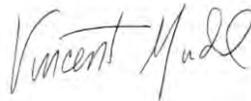
Page 3

Finally, we also request that management provide an analysis of the regional benefit of the "Foundational Actions Funding Program" sufficient to meet the requirements of Proposition 26.

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