



San Diego County Water Authority

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April 8, 2017

Randy Record
and members of the Board
P. O. Box 54153
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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 Letter 8-5 - Adopt CEQA determination and appropriate \$1.5 million; and authorize agreement with the California Department of Water Resources for preliminary design of a water recovery project at Lake Perris (Appropriation No. 15402) - SUPPORT PROJECT SUBJECT TO AVAILABILITY OF FUNDS IN EXISTING BUDGET, AND WITH RESERVATION OF RIGHTS RE COST OF SERVICE

Chairman Record and Members of the Board:

We have reviewed Board Letter 8-5, the import of which is, as we understand it, that DWR is willing to allow MWD to recover seepage from its Lake Perris Dam (via recovery facilities that will be owned and operated by DWR); and, MWD needs to construct a pipeline to deliver the water from DWR's recovery facilities into its Colorado River Aqueduct. MWD staff believes that it will be able to capture as much as 400,000 acre-feet over the life of the project, at an estimated recovery rate of 6,000-8,000 AF annually, at a total project cost for all facilities (both DWR and MWD-owned) ranging from \$25-27 million. Under these terms, it appears that this water supply project makes economic sense, assuming that it works operationally and that DWR has the legal right to recover this water.

We do not understand, and to the extent MWD considers it relevant for its own cost of service purposes in rate-setting, we object and reserve all rights to challenge the characterization of DWR's water recovery project as a transportation cost.

Finally, although this project appears to have merit as a water supply, we must also object to yet another ad hoc addition to MWD's already over-committed CIP budget.ⁱ We are perplexed how this action is proposed to appropriate funding for a project that was not included in biennial budget adopted in April 2016 or CIP or what relationship it has to a 2002 Appropriation for the Hayfield Groundwater Storage Program. We would

like staff to explain how a 15-year old appropriation for a project that was abandoned many years ago can properly be the basis of and provide funding for this project.

Sincerely,



Michael T. Hogan
Director



Keith Lewinger
Director



Elsa Saxod
Director



Fern Steiner
Director

cc: Water Authority Board of Directors
Jeffrey Kightlinger, MWD General Manager

ⁱ See MWD Capital Investment Plan for Fiscal Year 2016/17 Quarterly Report through December 2016 (http://mwdh2o.granicus.com/MetaViewer.php?view_id=12&clip_id=5877&meta_id=141221) showing MWD's CIP construction cost trending to exceed budget by \$12 million, *exclusive of the additional \$174.2 million the Board spent on the unplanned Delta islands property acquisition*, reported by MWD as a capital cost in board reports separate and apart from its budget reports.