Chair Jacobs and members of the Commission. Good morning.

My name is Sandy Kerl and I am the General Manager of the San Diego County Water Authority. With 24 member agencies and a 36-member board of directors, the Water Authority is the regional planning agency and wholesale water supplier for San Diego County. We serve approximately 3.3 million people through our member retail agencies, who in turn, serve residential, commercial, and agricultural customers. The County of San Diego has an ex-officio seat on our board, currently filled by Supervisor Desmond.

I would like to start by sharing the Resolution adopted by the Water Authority Board at last Thursday’s meeting, as well as the supporting documents and power point presented at that time. The purpose of the Resolution is to provide our Board and the public with a very brief overview of the relevant issues and express the Water Authority’s support for LAFCO’s independent and transparent review of these applications.

The Resolution identifies the principal issues we believe the Commission must address. It begins with the obligation to determine that the customers and property owners in Fallbrook and Rainbow will in fact gain the benefits asserted in the applications, and includes the obligation to ensure that the regional interests of ratepayers and property owners are not compromised.

The Water Authority is charged with responsibilities under state law, including provisions relating to various water supply sources such as the State Water Project and Colorado River. We work closely with many other regional bodies to meet these mandates. We rely on SANDAG for much of the countywide data necessary to do this work. This relationship is also critical to the process the development community relies upon when processing development plans in San Diego County.

Finally, the Water Authority is also San Diego County’s only representative—through four board member appointed delegates—on the Board of Directors of the Metropolitan Water District, or “MWD.” The remaining 34 members of the MWD Board are from Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties.
It is important to note at the outset of these proceedings that MWD operates the conveyance system through which conserved water paid for and owned by San Diego ratepayers must travel. MWD charges for this and other services through a series of somewhat complex rate mechanisms which are passed through to San Diego ratepayers. Your proceedings will require a full understanding of both the physical and political relationships between MWD, Imperial Irrigation District, the Bay Delta and State Water Project, the Colorado River, state and federal water policy and San Diego County’s present and projected water supply.

As you know, these are unprecedented applications involving complex regional and statewide issues. However, it is also important that I note that, at the same time, each district has distinct local issues. We have attempted in our Board Resolution to identify the broadly applicable regional consequences of each of the proposed detachments as well as the importance of protecting the customers of Fallbrook and Rainbow.

At our Board presentation on Thursday, I was asked an important question. “If a member agency manager is making this recommendation, and his board agrees with it, why should the Water Authority care or have anything to say about it?”

The answer is simple. The Water Authority is the mechanism by which each of our member agencies meets its obligation to comply with state water law and environmental policy, while at the same time ensuring a safe and reliable water supply to each and every resident and property owner in San Diego County. This is particularly critical in semi-arid San Diego County.

Driven by both economic necessity and state policy, San Diego has emerged from a past in which we were 95% dependent on water purchased from a monopoly supplier to a future of less than 10% dependency. This evolution has and will provide dividends to local and regional business and agriculture, brings our region into compliance with state environmental and conservation policies, and frees San Diego ratepayers from price increases dictated by interests located outside San Diego that are otherwise, inevitable.

LAFCO is undoubtedly familiar with this perspective because it too has a similar regional mission which is:
“Among the purposes of the commission are ... efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions. One of the objects of the commission is to make studies and furnish information to contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

LAFCO is charged with the responsibility to weigh the evidence in these proceedings in the context of impacts at both the local and regional level. Like the Water Authority, your very purpose is to protect the public from the possibility of being presented with false choices. Like the Water Authority, your mission is at once, both local and regional. If the answer to my board member’s question on Thursday were any different, there would be no need for LAFCO and there would be no need for the Water Authority.

We are here to objectively deal with the facts. All of the facts, in all of their complexity. Where it is simple, we will say so. Where it is not, we will seek to make it understandable. I believe that our Board Resolution, which was opposed only by the two applicants, is a good start on that process.

I have been grateful for the opportunity to collaborate with your Executive Officer in the preparation of his proposed options for a working group. My board leadership has agreed to support Option 1d. Option 1d would provide for a 12-member committee drawing from regional representatives as well as from agencies and cities that stand to be directly impacted by the two applications. This choice is consistent with LAFCO precedent and is best suited to represent the interests of ratepayers, property owners, and agency stakeholders across San Diego County.

I pledge my Board’s full cooperation and my personal commitment to this process. I very much look forward to working with Mr. Simonds, your staff and with all of you as we go forward.

I am happy to answer any questions. Thank you.