DETACHMENT RESOLUTION

Board of Directors
May 28, 2020

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General Manager
Detachment applications filed

- Both Fallbrook and Rainbow filed for detachment with San Diego LAFCO

- The agencies want to detach from the Water Authority in order to buy imported water from MWD—stating that it would cost less and be equally reliable

- Today we go through some of the key issues for San Diego County, the Water Authority and its member agencies, and recommend a Board Resolution to protect all parties, including Fallbrook and Rainbow customers
Request for change in level of service

- Fallbrook and Rainbow have been Water Authority member agencies since 1944 and 1954, respectively.

- They buy Water Authority water, which is delivered through both Water Authority and MWD facilities.

- Under the applications, Fallbrook and Rainbow would become completely dependent on MWD water.

- Their customers would no longer have access to Water Authority supplies and programs, and they would not gain access to Eastern’s supplies and programs.
A brief history how we got here

- During the drought of the 1990’s—when the Water Authority was 95% dependent on MWD—the MWD board voted to drastically cut water deliveries to San Diego County, including a 90% cut to water supply for agriculture.

- San Diego County banded together, and the Water Authority board voted to voluntarily share water in order to avoid devastation of the County’s agricultural sector.

- Here are some of the newspaper headlines at the time:
State Water Project cuts off water to farms; urban flush expected

"No More Water Shortages!"

San Diego Civic Leaders

"Never Again!"

Our quality of life and economy threatened

L.A. Ready to Battle San Diego Over Water

Water Authority to Vote Today on Mandatory Restrictions

Companies cringe at 50 percent cut in water

50% Water-Delivery Cut

Will Be Blow to San Diego

Grim water outlook is getting even worse

San Diego Civic Leaders

"No More Water Shortages!"

"Never Again!"

Our quality of life and economy threatened
Regional collaboration and investment

- After suffering MWD shortages, and under the auspices of and in collaboration with SANDAG, the Water Authority planned and invested in major infrastructure projects to protect San Diego County’s economy and quality of life.

- These projects—which have had strong bipartisan and broad community support for more than 25 years—represent major financial commitments by our region to guarantee water for future generations.

- Here are some examples:
Investing for San Diego County

- Twin Oaks Valley Water Treatment Plant: $179 million
- Olivenhain Dam & Reservoir: $198 million
- San Vicente Dam Raise & Related Projects: $811 million
- Lake Hodges Projects: $208 million
- Pipeline Relining: $493 million
- Carlsbad Seawater Desalination Projects: $1 billion
- All-American & Coachella Canal Lining Project: $447 million ($190 million from Water Authority)
Financing our reliability and self-sufficiency

- To fund these projects, the Water Authority entered into bonds and other forms of debt, including long-term water supply contracts. These contracts were made in collaboration with and based on the projected needs of our member agencies, and have in fact produced a highly reliable water supply now used in San Diego County.

- By contrast, MWD has continued to have periodic water shortages. It depends on water from two sources: the Bay-Delta via the State Water Project, and the Colorado River, as shown here:
Imported water supply sources
The Bay-Delta is an environmentally sensitive region that has been mired in conflict for more than 50 years. The Legislature instructed water agencies to reduce reliance on water from this area in Water Code § 80521:

“The policy of the State of California is to reduce reliance on the Delta in meeting California’s future water supply needs through a statewide strategy of investing in improved regional supplies, conservation, and water use efficiency. Each region that depends on water from the Delta watershed shall improve its regional self-reliance for water . . . .” (emphasis added)

The Water Authority has been highly successful in reducing its reliance on Bay-Delta water from MWD:
Our Board’s extraordinary record of success

1991
- 28 TAF (5%)
- 550 TAF (95%)
Total = 578 TAF

2017
- 78 TAF (17%)
- 100 TAF (21%)
- 24 TAF (5%)
- 40 TAF (9%)
- 193 TAF (40%)
Total = 477 TAF

2020*
- 80 TAF (15%)
- 16 TAF (3%)
- 43 TAF (8%)
- 56 TAF (10%)
- 33 TAF (6%)
Total = 537 TAF

2035*
- 80 TAF (2%)
- 16 TAF (9%)
- 72 TAF (11%)
- 51 TAF (8%)
- 57 TAF (6%)
Total = 632 TAF

* Based on Interim Demand Forecast Reset and includes verifiable and additional planned local supply projects from 2015 UWMP

(TAF=Thousand Acre-Feet)
Where do we go from here?

- Detachment would appear to reverse this process by moving part of San Diego County back to nearly exclusive reliance on MWD, which remains highly dependent on the Bay-Delta.

- Detachment raises numerous issues of importance to San Diego County, the Water Authority and its member agencies, San Diego water users and property owners.

- The proposed Resolution for the Board asks that LAFCO, in an independent and transparent manner, review the applications to establish:
Water Authority Board needs to see

1. How Fallbrook and Rainbow customers are assured of having an equally reliable and affordable long-term water supply

2. How the other Water Authority member agencies and their customers, and San Diego County as a whole, will not be impacted financially or environmentally

3. How the Bay-Delta is protected and consistency with California state water law and policy

4. How San Diego County water users and property owners will not be harmed by any diminution of voting power
The recommendation is intended to be neutral and protect all parties, including Fallbrook and Rainbow customers and property owners.

If these assurances cannot be confirmed to all parties, the recommendation is to oppose detachment.

The sooner the LAFCO evaluation process gets started, the sooner the parties may find a voluntary solution.

LAFCO would benefit from this guidance by the Board.

The General Manager and General Counsel recommend that the Board adopt the proposed Resolution.