



San Diego County Water Authority

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June 27, 2014

Secretary John Laird
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

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REPRESENTATIVE**

County of San Diego

Dear Secretary Laird:

On behalf of the San Diego County Water Authority, thank you for the time you spent with our Board officers and managers on June 25, 2014. We know that this is a very busy time, and are appreciative of your willingness to spend time discussing Bay-Delta Conservation Plan (BDCP) and water bond issues of interest to the entire San Diego region. Importantly, we want to follow-up on the commitments you made to allow a greater opportunity for the Water Authority to have a role and voice in BDCP cost allocation negotiations and discussions.

During our June 25 meeting, we shared with you the BDCP fiscal uncertainties and concerns that are currently facing leaders in the San Diego region. Businesses, community groups, taxpayers, and ratepayers are asking for additional information and evidence that a business case can be made for a BDCP investment that could be as high as \$2 billion for our region. We are being asked whether a dollar's investment will yield a dollar's worth of Bay-Delta water for San Diego ratepayers. But we cannot make that business case to our ratepayers for several reasons:

- No financing plan or cost allocation agreement has been released, and the Water Authority has been excluded from any meaningful stakeholder role in negotiations.**
- Under the current rate structure at the Metropolitan Water District, the Water Authority pays the largest share of MWD's State Water Project costs – the second largest share in the state only behind the Kern County Water Agency. Our region is being asked to pay for a disproportionate share of State Water Project expenses, but without the commensurate water benefits. To ask the San Diego region to invest billions of dollars more without getting a proportional share of the supply is not a reasonable position.**

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

Secretary John Laird

June 27, 2014

Page 2

- We have a duty to our region's \$191 billion economy and quality of life – and pocketbooks – of our 3.2 million ratepayers. We cannot be expected to turn over our proxy on the future of water supply reliability decisions, with impacts in the billions of dollars to San Diego County – to MWD. The Water Authority must have a meaningful role and voice in the discussions and negotiations.

We believe there are avenues worth exploring that provide assurances to our community that additional investments in the State Water Project make sense. We are interested in discussing these opportunities with you and your staff. Given that, as you indicated in our meeting on June 25, there is much work remaining on the cost allocation negotiations, we would like to begin discussions with you and your staff now so there can be an opportunity to integrate the Water Authority into a mutually-agreeable role within the context of the cost allocation discussions and negotiations.

We are committed to paying for our fair share of the costs; indeed, San Diego ratepayers have long supported water supply projects where they know the costs and how much water they will get for the investment. We just cannot afford to spend more than \$2 billion out of San Diego's coffers for water supply costs of other agencies in other counties and regions of the state.

We will begin the process of drafting a preliminary agenda for a meeting with you and/or your representatives on this subject. Additionally, we would like to propose a meeting in the next several weeks in Sacramento to ensure a meaningful role for the Water Authority in this ongoing process.

Again, thank you very much for the time you shared with us earlier this week. It was great to visit with you, and we look forward to opportunities to integrate the Water Authority into productive discussions to consider a BDCP project that is implementable, achieves the co-equal goals, improves water supply reliability, and is affordable within the San Diego region and the rest of the state.

Sincerely,



Maureen A. Stapleton
General Manager

cc: Karla Nemeth, Deputy Secretary for Water Policy