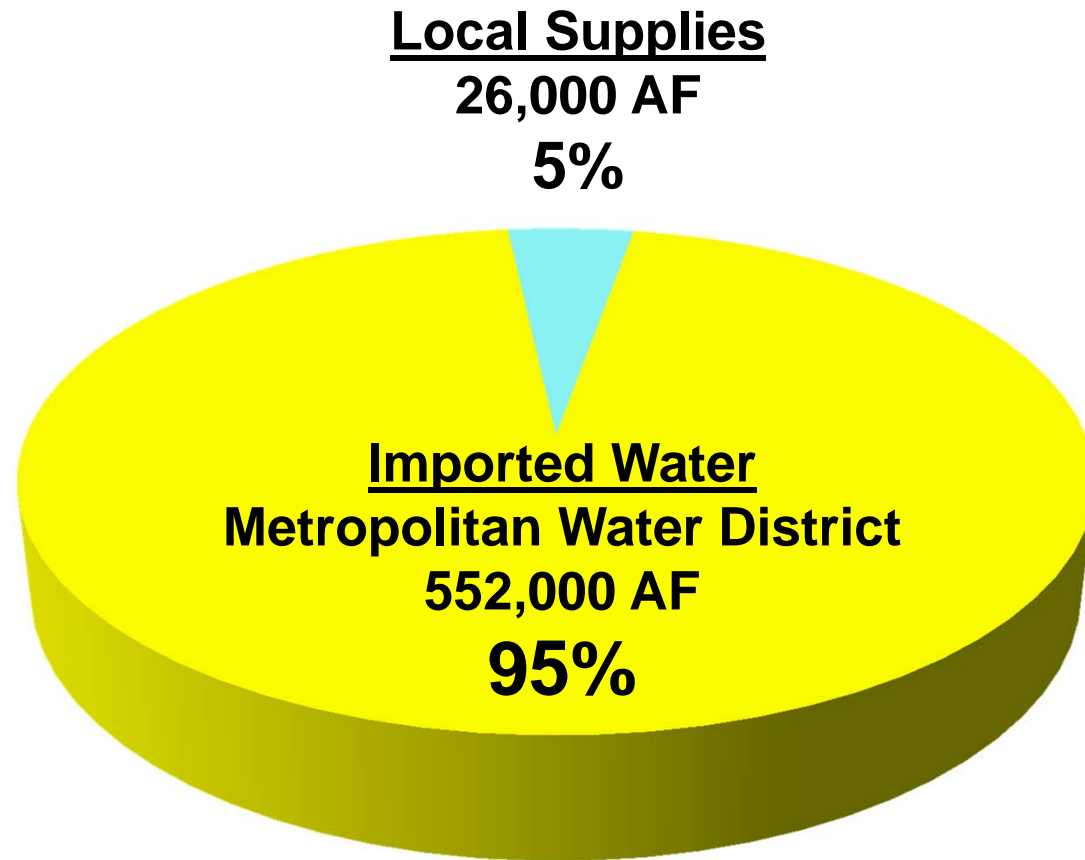


Southern California Water Dialogue

Dennis A. Cushman, Assistant General Manager
June 26, 2013

San Diego County Water Supply 1991



Total = 578,000 AF

1990-92: Bottom of the Basket Falls Out

State to Shut Off
Water Delivery
to Southland

By VIRGINIA ELLIS
and TED ROBERTS
TIMES STAFF WRITERS

SACRAMENTO — Southern California
Wilson on new and un-
of state
drastic that
will be
traditional
mid-March
Wilson
drought co-
state to n

Cor

Firms on

L.A. Ready to Battle San Diego Over Water

■ Conservation: DWP officials
weigh legal action as southern neighbor
refuses to impose rationing.

Limits on
tap water
use urged
by staff

50% Water-Delivery Cut
Will Be Blow to San Diego

■ Drought: Metropolitan Water District directors also
vote a 90% cut in allocation for agricultural users.

Community's Response:

“Never Again!”

“No More Water Shortages!”

water
k
ng
orse

Metropolitan Water District de-
clared a water emergency on
Tuesday and cut by 31% the
amount of water it delivers to 27
agencies from Ventura to San
Diego.

SACRAMENTO — Southern Calif-
ornians are likely to be ordered to cut back
their water consumption by an unprec-
edented 30 percent this

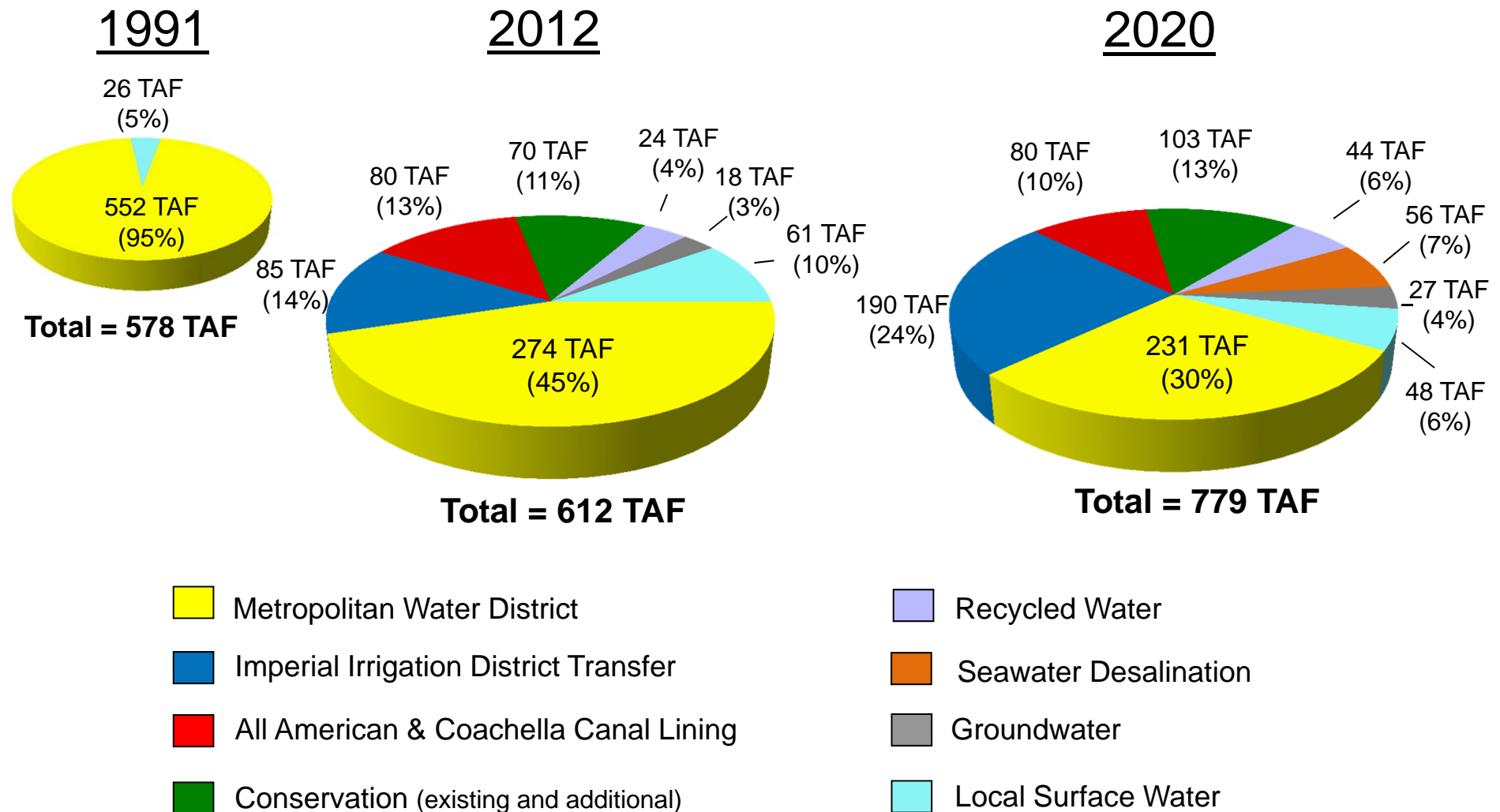
State Water Project cuts off water to farms; urban slash expected

Water: Authority to Vote Today on Mandatory Restrictions



San Diego County
Water Authority

Increasing San Diego County's Water Supply Reliability through Supply Diversification



TAF=Thousand Acre-Feet

Reducing Purchases from MWD

- ▶ 1991: 552,000 acre-feet
- ▶ 2012: 274,000 acre-feet
- ▶ 2020: 231,000 acre-feet: 58% less than 1991

Reducing Dependence on MWD: Water Reliability through Diversification

Diversify supply sources

▶ Imported

- Imperial Irrigation District transfer through system and on-farm conservation projects (200,000 AF/YR by 2021)
- Canal lining projects (80,000 AF/YR)

▶ Local Supply Development

- Conservation (103,000 AF/YR by 2020)
- Recycling (44,000 AF/YR by 2020)
 - 17 active non-potable recycling projects countywide
 - Potential for indirect and direct potable reuse projects
 - Sponsoring SB 322 (Hueso)
- Brackish groundwater recovery (27,000 AF/YR by 2020)
- Seawater desalination (56,000 AF/YR by 2016)

Historic Investments in Infrastructure

San Vicente Dam Raise & Related Projects
\$909 million



Carlsbad Seawater Desalination Pipeline Projects
\$239 million



Olivenhain Dam and Reservoir
\$198 million



Twin Oaks Valley Water Treatment Plant
\$179 million



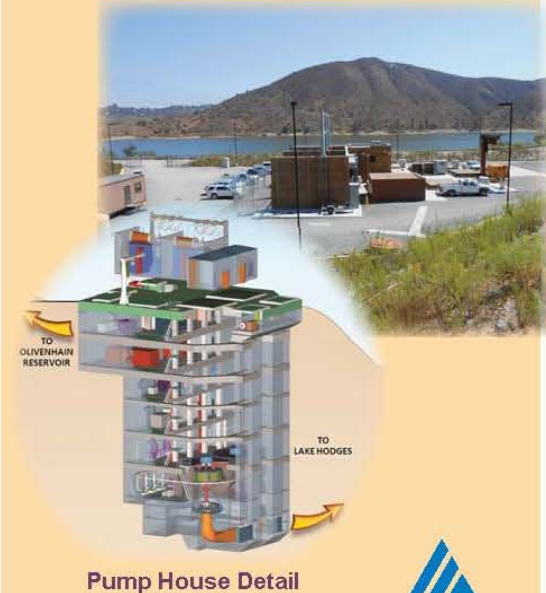
All-American & Coachella Canal Lining Projects
\$447 million
(\$190 million from the Water Authority)



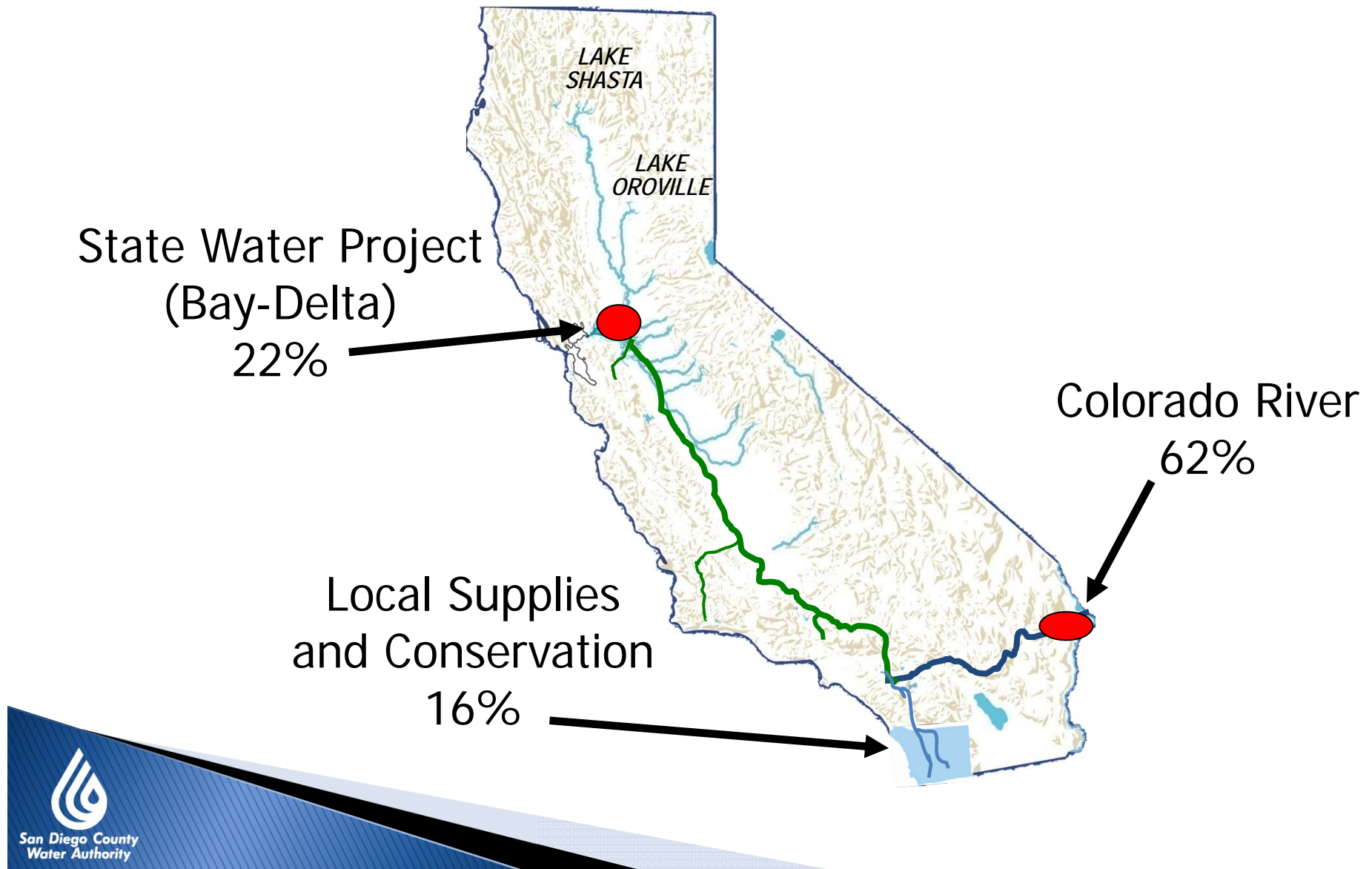
Pipeline Relining
\$786 million



Lake Hodges Projects
\$208 million



Sources of San Diego County's Water Supply (2008-12 five-year average)



Support for Fixing the Bay-Delta

- ▶ Water Authority and San Diego business community support a Bay-Delta fix
 - Water Authority and San Diego business leaders worked together to pass 2009 legislation that established coequal goals:
 - Water Supply Reliability
 - Ecosystem Restoration
 - 2014 water bond would provide public funding for ecosystem restoration
- ▶ Water Authority board
 - Adopted Bay-Delta Policy Principles to guide review of a Delta fix
 - Has not endorsed a specific conveyance project
 - BDCP and EIR/EIS administrative drafts released in Spring
- ▶ Water Authority has review and process for Board consideration later this year

Water Authority Board of Directors'

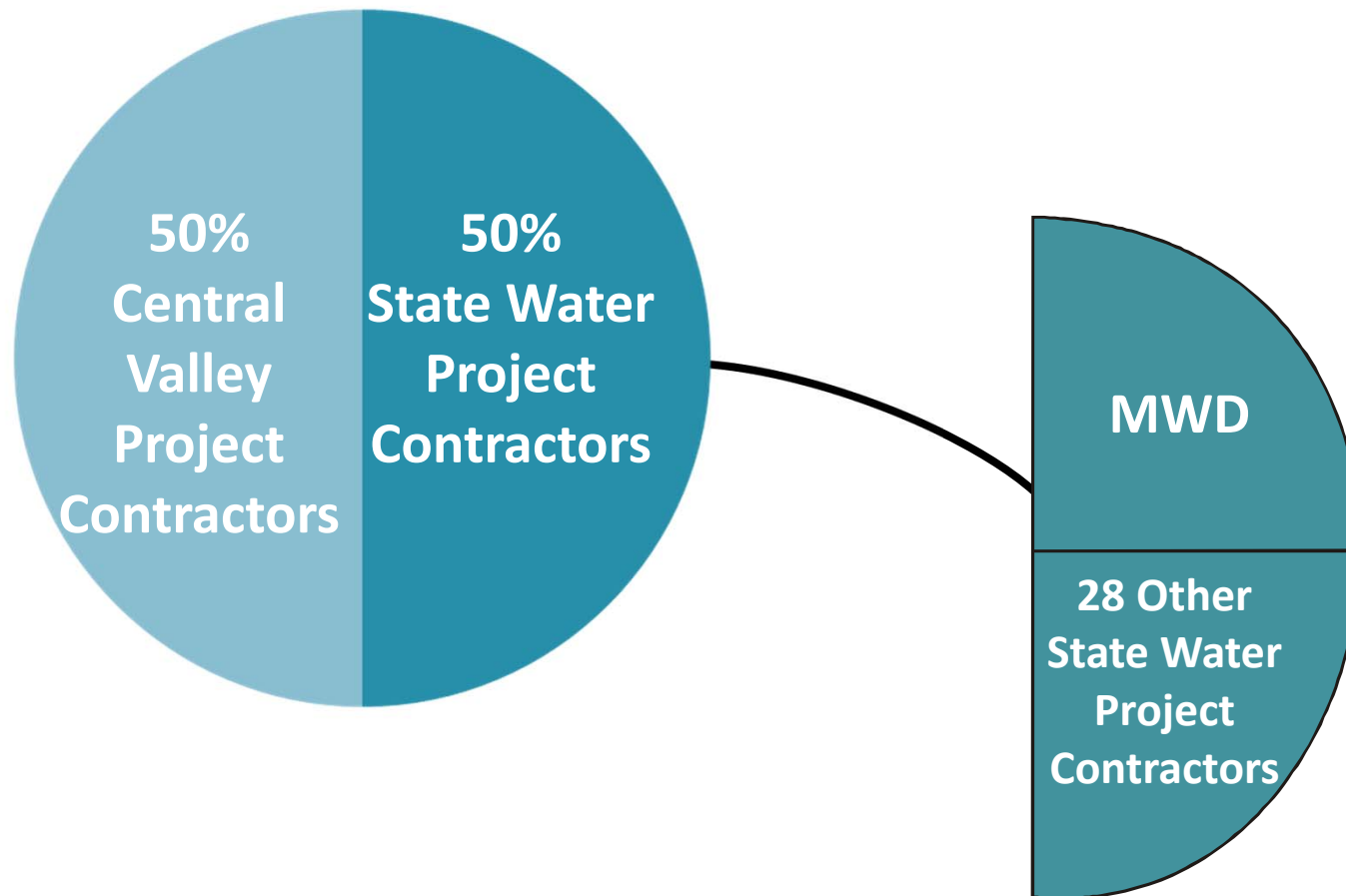
Bay Delta Policy Principles

- ▶ Encourage a Bay Delta solution that promotes local water supply development
- ▶ Encourage a Bay Delta solution that is cost-effective when compared to other sources of water reliability
- ▶ Require independent technical analysis of key elements of the Bay Delta solution, including urban and agricultural average/dry year demands
- ▶ Support “right-sized” facilities to match firm commitments to pay
- ▶ Support the co-equal goals of water supply reliability and ecosystem restoration

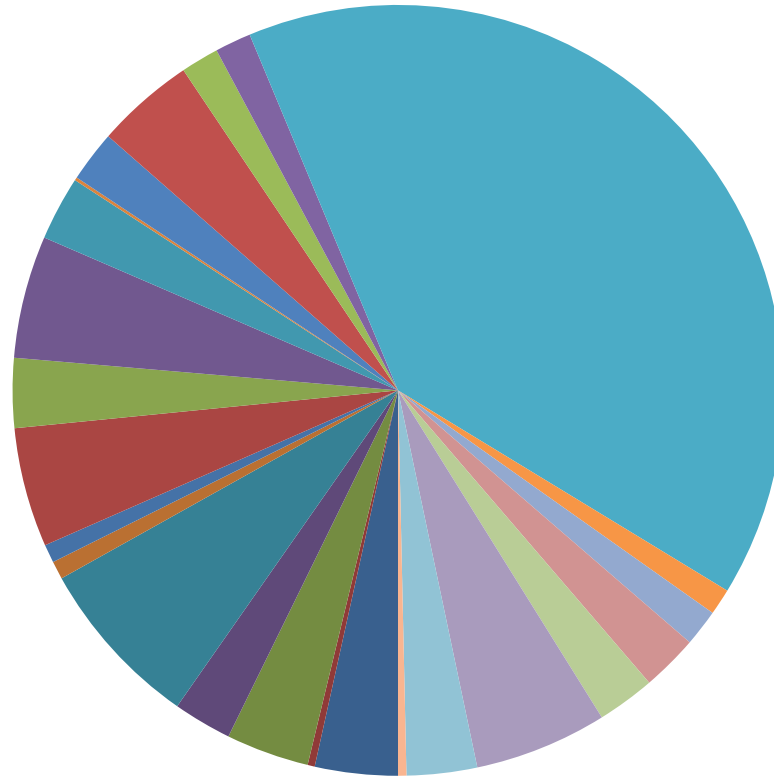
Water Authority Board of Directors' Bay Delta Policy Principles

- ▶ Support a deliberative process that is designed to ensure a meaningful dialog among the various stakeholders
- ▶ Work with all stakeholders to ensure a meaningful dialog and that water supply and ecosystem restoration processes are conducted in an open and transparent manner
- ▶ Improve the ability of water users to divert more water in wet years, when impacts on the ecosystem are less
- ▶ Encourage the development of a statewide water transfer market

MWD is about 25% of Bay Delta Costs



Water Authority Pays About 25% of MWD's Spending



Water Authority
Member Agencies,
by Size of Financial
Payments

- | | | | | | |
|-------------------------|---------------------|---------------------|------------------------|---------------------|---------------------|
| ■ Carlsbad M.W.D. | ■ City of Del Mar | ■ City of Escondido | ■ Fallbrook P.U.D. | ■ Helix W.D. | ■ Lakeside W.D. |
| ■ City of National City | ■ City of Oceanside | ■ Olivenhain M.W.D. | ■ Otay W.D. | ■ Padre Dam M.W.D. | ■ Camp Pendleton |
| ■ City of Poway | ■ Rainbow M.W.D. | ■ Ramona M. W.D. | ■ Rincon Del Diabie | ■ City of San Diego | ■ San Dieguito W.D. |
| ■ Santa Fe I.D. | ■ South Bay I.D. | ■ Vallecitos W.D. | ■ Valley Center M.W.D. | ■ Vista I.D. | ■ Yuima M.W.D. |

Water Authority Concerns over Financing the BDCP

- ▶ Metropolitan Water District depends on water sales revenues to pay >80% of its bills
 - Yet, MWD's member agencies have no obligation to buy *any* water from MWD
 - MWD sales down 30% since 2007
 - MWD doubled water rates 2006–2014
 - MWD's member agencies plan to buy even less water in the future from MWD
 - What is the certainty MWD member agencies will pay their fair share of the Delta fix costs?
- ▶ MWD rate structure does not account for supply and facility costs of dry-year peaking
 - More agencies plan to peak off of MWD
 - Drives up cost of MWD water in wet/average years

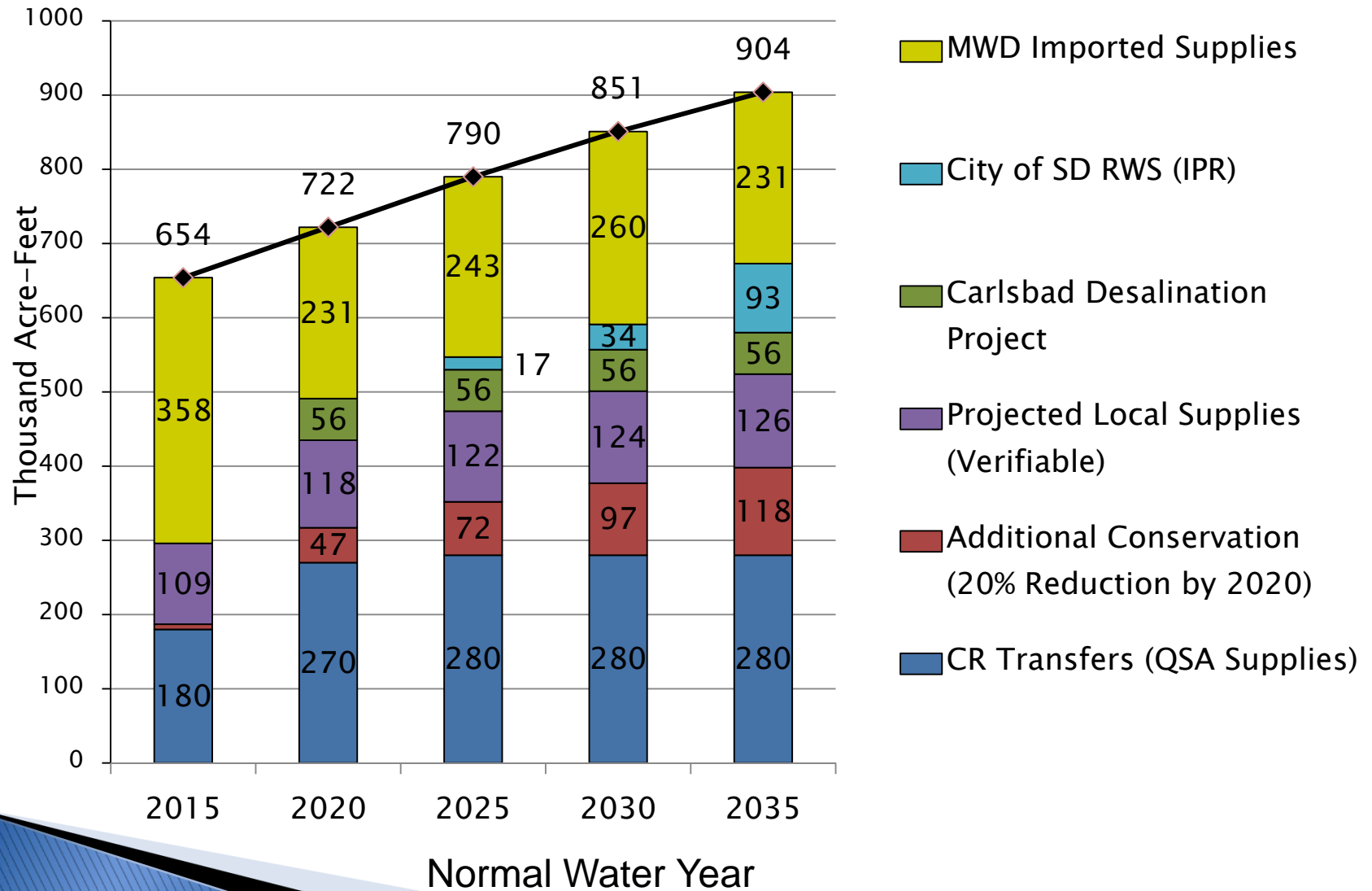
MWD Member Agencies Should Commit to Pay for Current and Future State Water Project Costs

- ▶ But they are unwilling to do so:
 - *“...to date, most of our board members have said ‘we’re not so sure about that.’ And, most of our member agencies have said ‘No. Thanks, but no thanks, because we prefer this the way it is.’”*
 - *“Should people make those firm commitments going into the future? So far, the member agencies have opted not to. They prefer it the way it is.”*
 - Excerpts of remarks by MWD General Manager Jeffrey Kightlinger, speaking at an August 10, 2010 public meeting in San Diego on MWD’s draft 2010 Integrated Resources Plan (IRP).

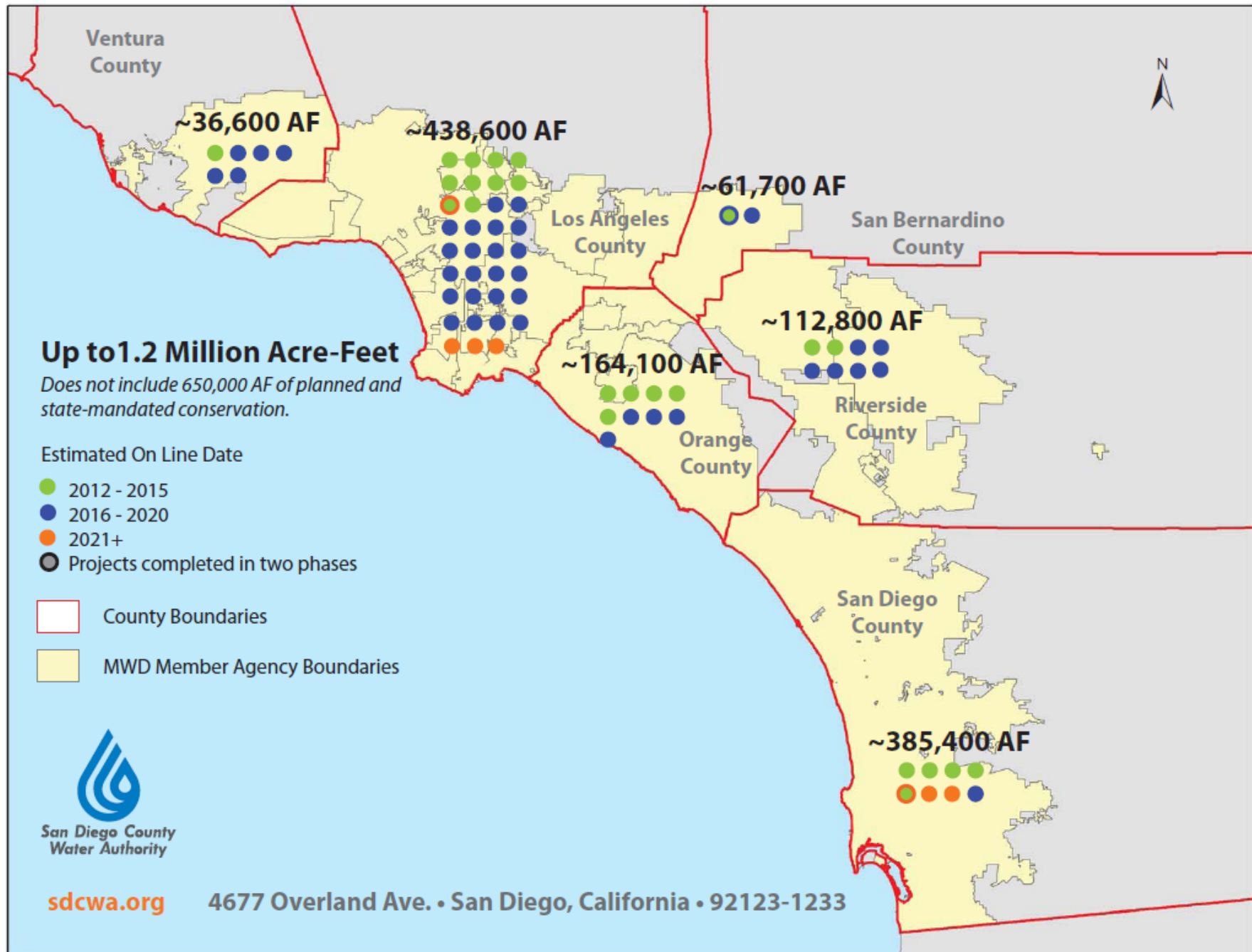


Meeting San Diego's Future Water Supply Demands

Regional Supply Mix w/Carlsbad Desalination and Potential City of San Diego Indirect Potable Reuse



Southern California's Local Water Supply Development Plans (2012 - 2035)



County	Water Agency	Project	New Supply (AF)	On Line
All Counties	MWD Service area	Conservation	650,000	2015+
Los Angeles	Central Basin Municipal Water District	Joint Water Pollution Control Plant	45,000	2020
	Central Basin Municipal Water District	Water Replenishment District Groundwater Reliability Improvement Program	21,000	2020
	Foothill Municipal Water District	Water Reclamation	1,280	2020
	Los Angeles Department of Water & Power	Tujunga Well Treatment	24,000	2014
	Los Angeles Department of Water & Power	Water Transfers	40,000	2015
	Los Angeles Department of Water & Power	Stormwater Capture and Replenishment	2,000 - 25,000	2015 - 2035
	Los Angeles Department of Water & Power	Harbor Water Recycling Project	15,500	2018
	Los Angeles Department of Water & Power	TI AWTF and Distribution System Water Recycling Project	10,000	2019
	Los Angeles Department of Water & Power	Tillman Groundwater Replenishment System	15,000	2019
	Long Beach	Seawater Desalination Project	5,000	2025
	Pasadena			2020
	Three Rivers			2020
	Torrance			2025
	Upper Merced			2020
	Upper San Pedro			2020
	West Los Angeles			2012
	West Los Angeles			2012
	West Los Angeles			2020
	West Los Angeles			2020
	Various			2012 - 2025+
Orange	Municipal			2014
	Municipal			2015
	Municipal			2015
	Municipal			2015
	Municipal			2018
	Municipal			2020
	Municipal			2020
	Various			2012 - 2025+
Riverside	Eastern Municipal Water District	Eastern Regional Reclaimed Water System	12,500	2015
	Eastern Municipal Water District	EMWD Indirect Potable Reuse	15,000	2018
	Eastern Municipal Water District	Perris Desalter	5,585	2020
	Eastern Municipal Water District	Hemet Citrus In-Lieu Project	5,000	2020
	Western Municipal Water District	City of Riverside Recycled Water Program	41,400	2015
	Western Municipal Water District	Chino Basin Desalter 3	10,000	2018
	Western Municipal Water District	Rancho California Reclamation	13,800	2018
	Western Municipal Water District	Arlington Basin Groundwater Desalter Project	8,000	2020
	Various	Projects under 5,000 acre-feet combined	1,125	2012 - 2025+
San Bernardino	Inland Empire Utilities Agency	Chino Basin Desalter 2	11,760	2016
	Inland Empire Utilities Agency	Carbon Canyon/IEUA Regional Recycled Water Distribution System	25,000 - 50,000	2015 - 2020
San Diego	Oceanside	Mission Basin Desalter	5,600	2016
	Otay Water District	Rosarito Beach Desalination	28,000	After 2020
	San Diego	Water Purification Project	16,800 - 89,600	2020 - 2035
	San Diego County Water Authority	Carlsbad - Seawater Desalination Project	56,000	2020
	San Diego County Water Authority	MCB Camp Pendleton - Seawater Desalination Project	56,000 - 168,000	After 2020
	Sweetwater Authority	Reynolds Desalination Facility Phase II	5,200	2020
	Various	Projects under 5,000 acre-feet combined	32,962	2012 - 2025+
Ventura	Calleguas Municipal Water District	Oxnard GREAT Program	15,500	2016
	Calleguas Municipal Water District	Camrosa Santa Rosa Basin Desalter	5,040	2020
	Calleguas Municipal Water District	South Las Posas Desalter	5,000	2020
	Various	Projects under 5,000 acre-feet combined	11,018	2012 - 2025+

Of up to 1.2 MAF of local supply plans,
MWD's 2010 RUWMP only recognizes
103,000 AF

Example: Carlsbad Desalination Project
not accounted for by MWD

This project list was developed based upon projects identified in each agency's 2010 Urban Water Management Plan and includes 415,000 acre-feet of planned projects as well as nearly 800,000 acre-feet of additional potential projects identified by the agencies. Of the up to 1.2 million acre-feet of supplies, MWD has incorporated only 103,000 acre-feet in its 2010 Regional Urban Water Management Plan to offset demands on MWD.



San Diego County
Water Authority

4677 Overland Ave.

San Diego, California

921.23-1.233

858.522.6700

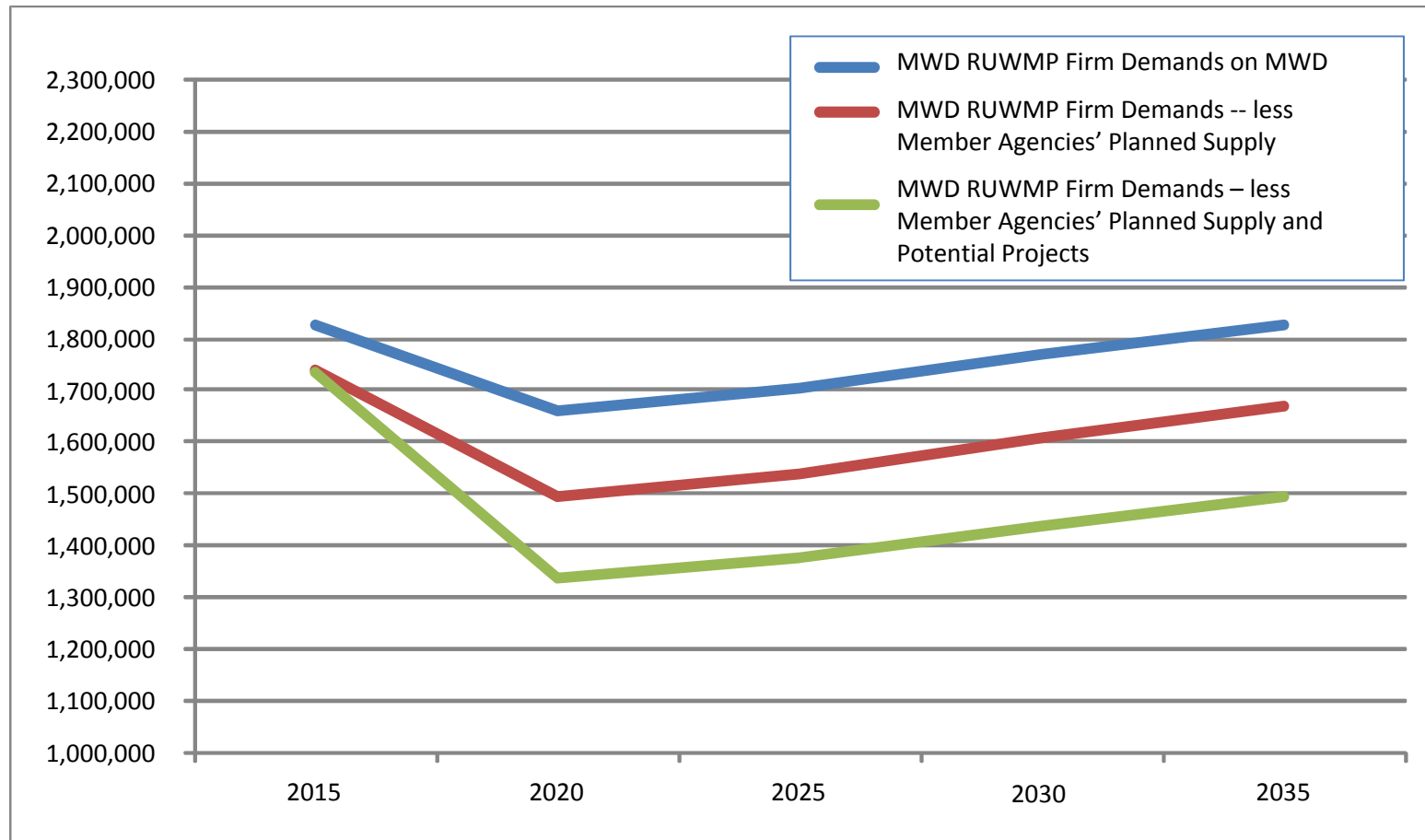
www.sdcwa.org



@sdcwa

MWD Member Agencies' Local Supply Development Not Accounted for in MWD's RUWMP

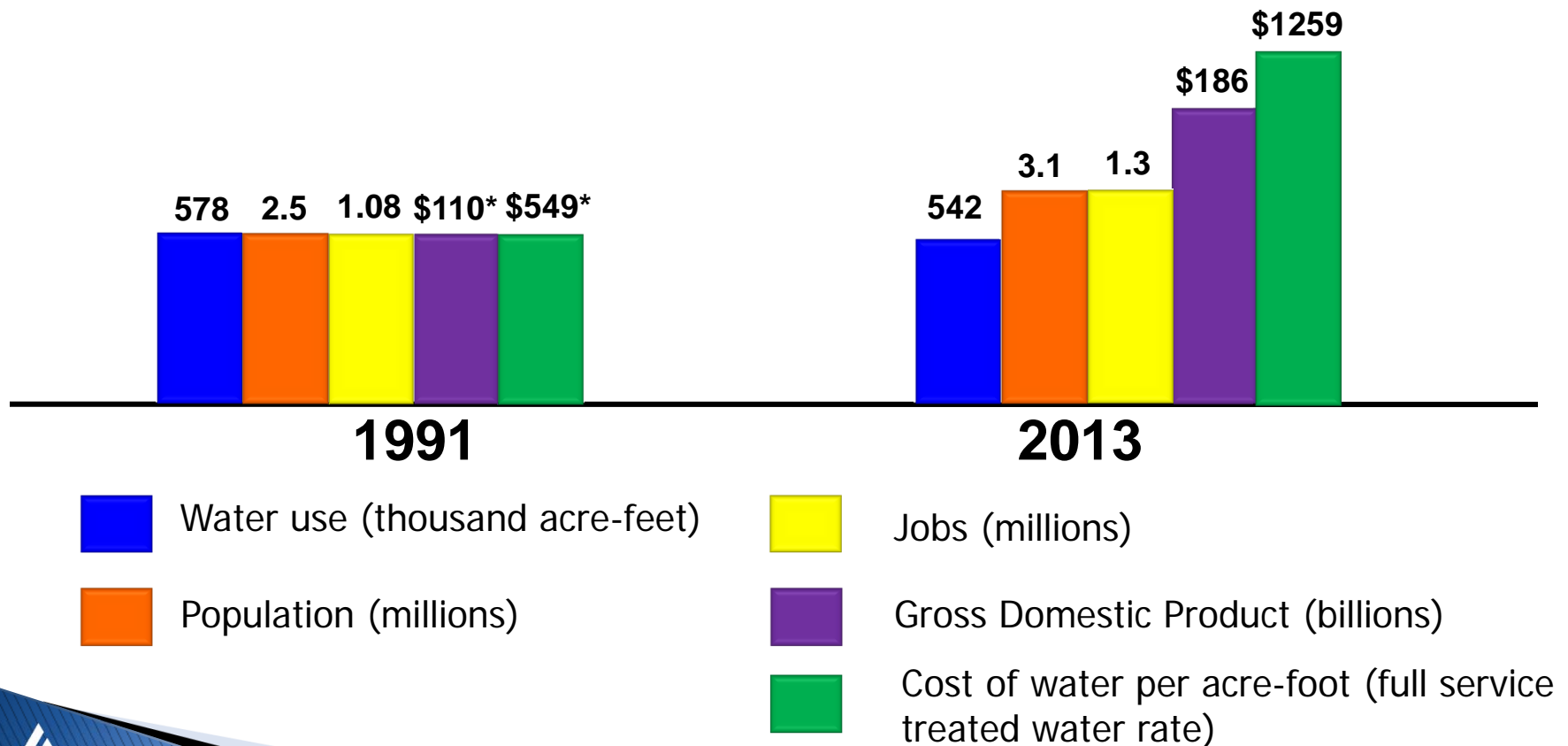
Average Year



Alternative Solution

- ▶ Natural Resources Defense Council contacted a variety of water agencies to seek support for an alternative solution for the Bay Delta
 - A conceptual alternative to the current proposed project for the Bay-Delta Conservation Plan called the “Portfolio Approach”
 - Portfolio Approach is designed to produce comparable or better reliability at a lower cost
- ▶ Water Authority was a signatory, along with a group of water agencies, on Jan. 16, 2013 letter asking that the NRDC alternative be evaluated in the BDCP

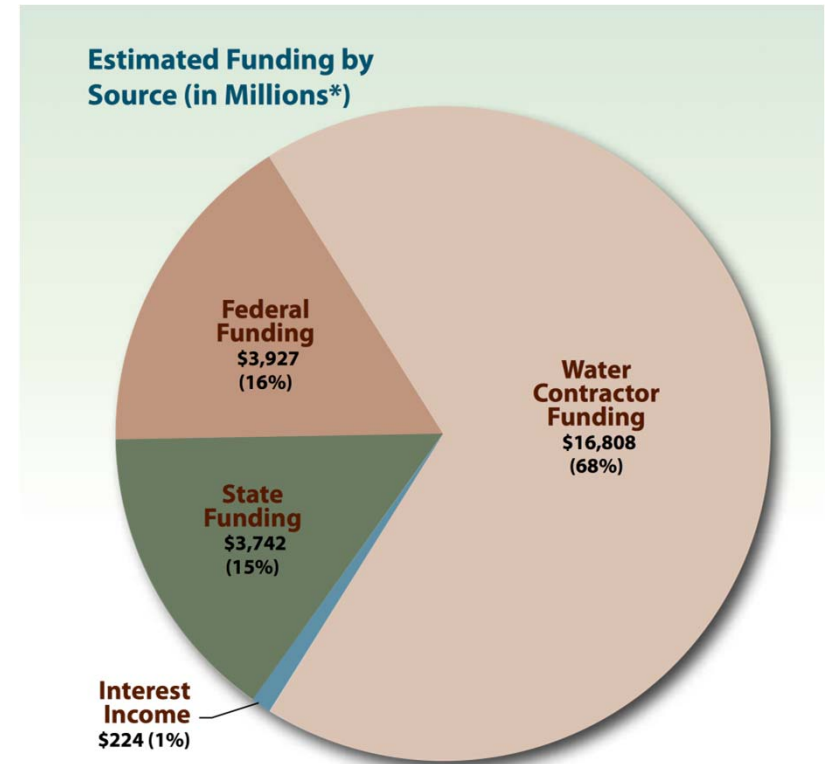
San Diego County: 1991 vs. 2013



* 2012 dollars

Questions from SCWD Steering Committee – Question #1

- ▶ Based on BDCP's Financing CH. 8, who will bear the capital costs and debt obligations?
- ▶ Answer: Unknown. BDCP (page 8–80) says:
 - “Details of the financing... are still being determined through on-going discussion between the state and federal governments and between the government, the state and federal water contractors and other interests.”



Source: BDCP Web site fact sheet *Estimated Funding to Implement the BDCP*

Questions from SCWD Steering Committee – Question #2

- ▶ Can you address the inconsistencies in demand scenarios based on population growth?

Metropolitan Service Area Population, Historical and Projected

- DOF and SCAG RTP-08 with SANDAG Series 12 population estimates were higher than the results of 2010 Census count

