

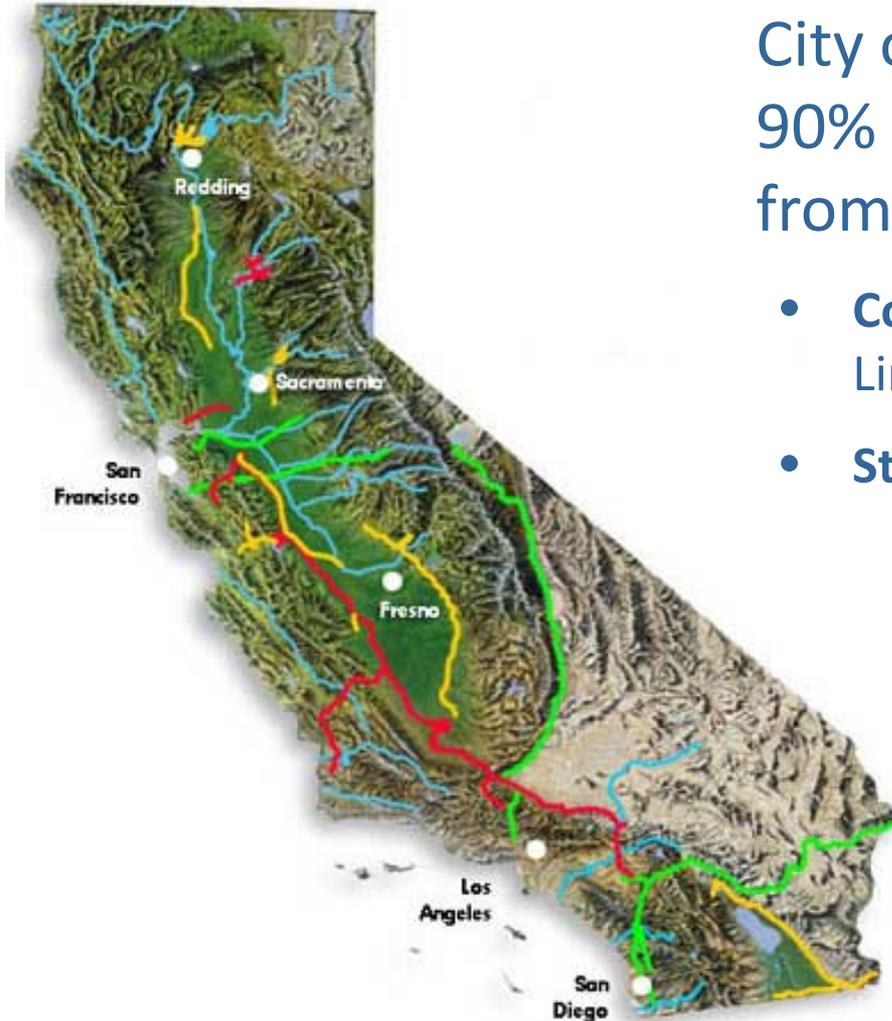


# Imported Water Update

Presented by City Representatives to the San Diego  
County Water Authority's Board of Directors - City-10

August 5, 2015

# San Diego Depends on Imported Water



City of San Diego Imports 85% - 90% of its current water supplies from:

- **Colorado River** (IID transfer, Canal Linings, and MWD supplies)
- **State Water Project** (MWD)

# Wholesaler Water Agencies - MWD

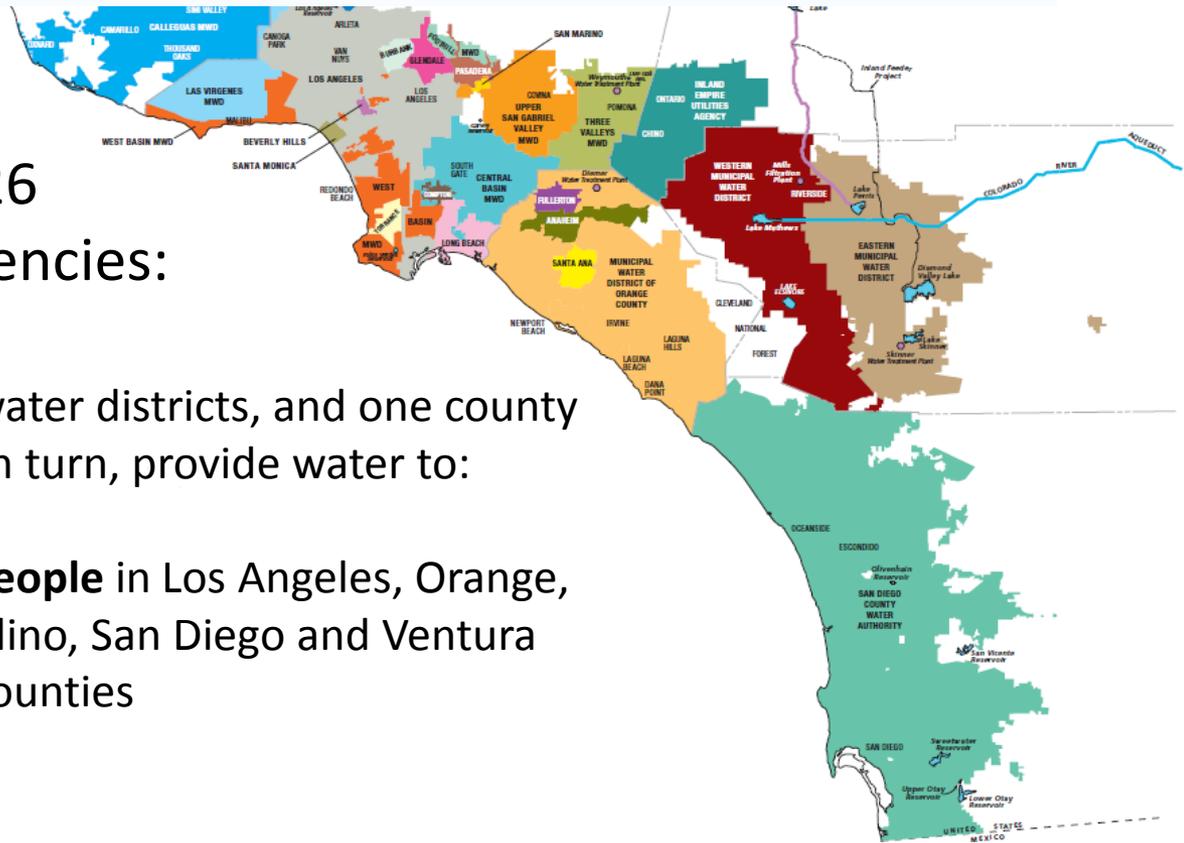


**THE METROPOLITAN WATER DISTRICT** of SOUTHERN CALIFORNIA

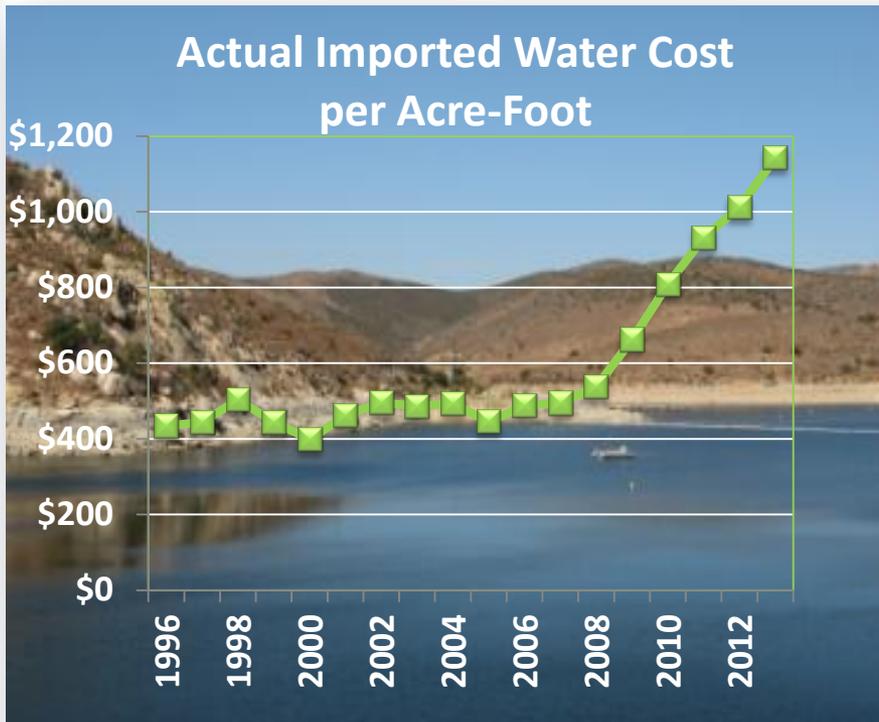
Delivers water to 26 member public agencies:

14 cities, 11 municipal water districts, and one county water authority, which in turn, provide water to:

**More than 19 million people** in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties



# Top MWD Issues Impacting San Diego



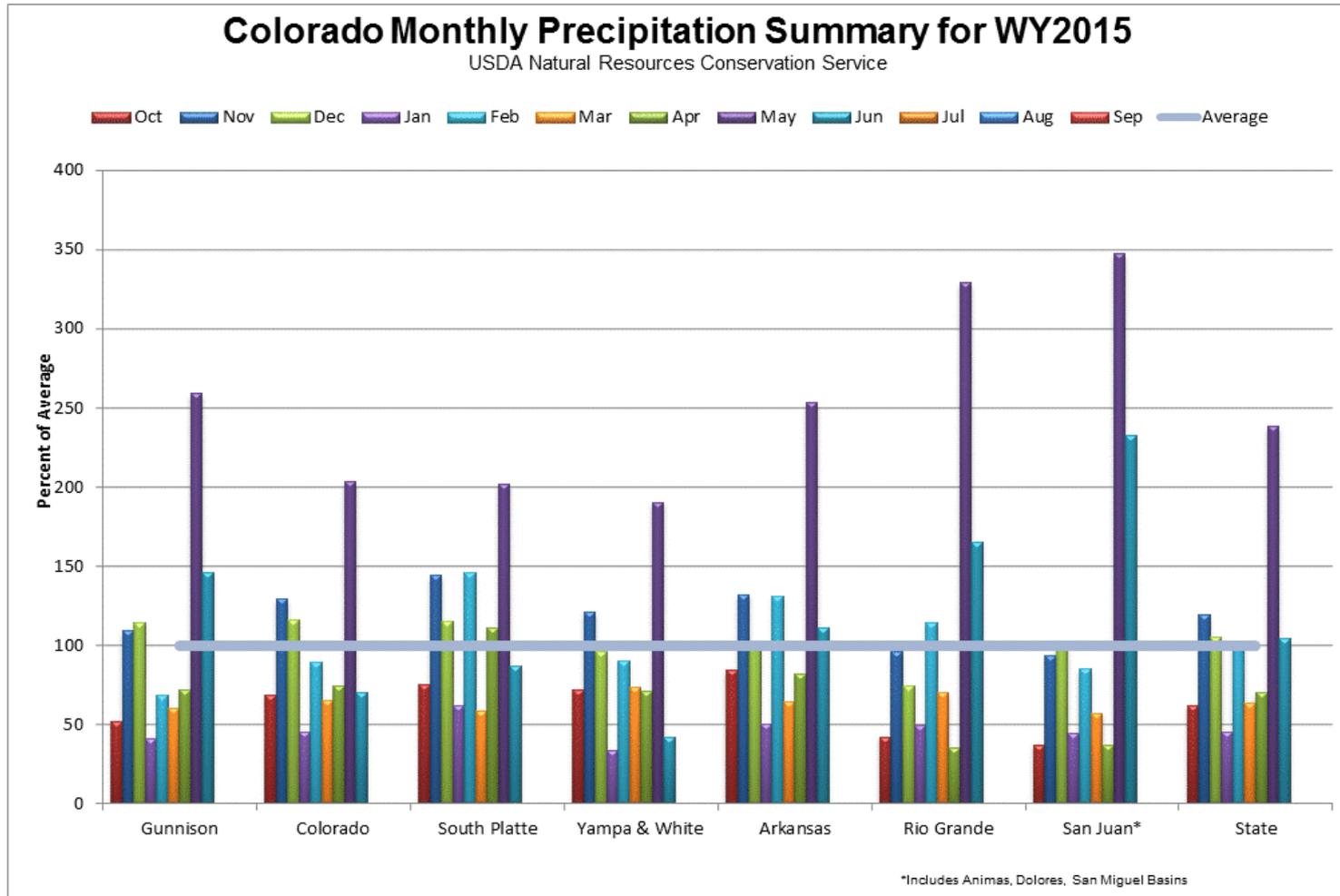
## 1. Supply Reliability

- Colorado River
- State Water Project
  - Bay Delta Conservation Plan

## 2. Cost of MWD Water

- SDCWA Rate Litigation
- Recent Conservation Programs

# MWD Supply Reliability: Colorado River

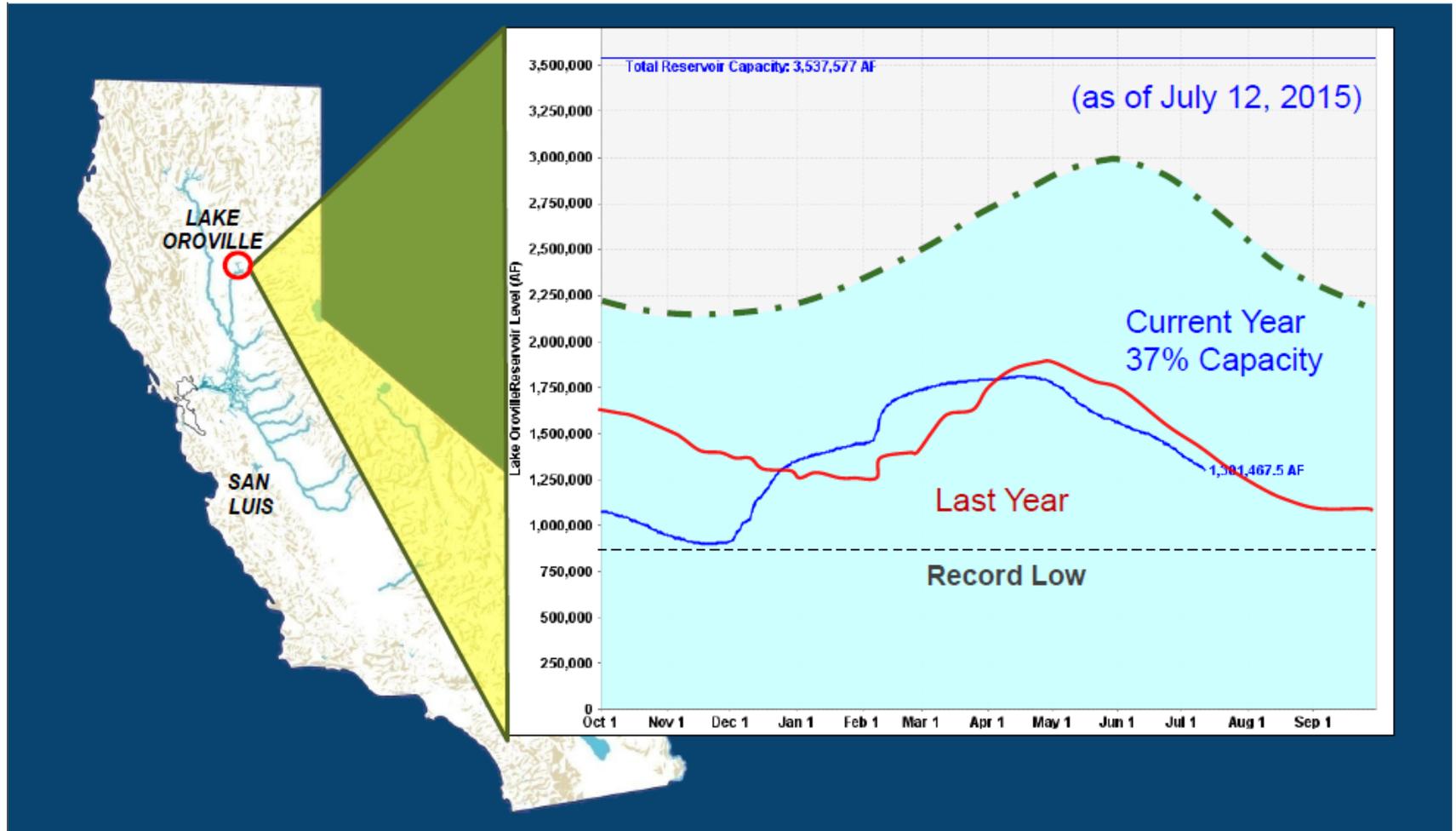


# MWD Supply Reliability: Northern CA



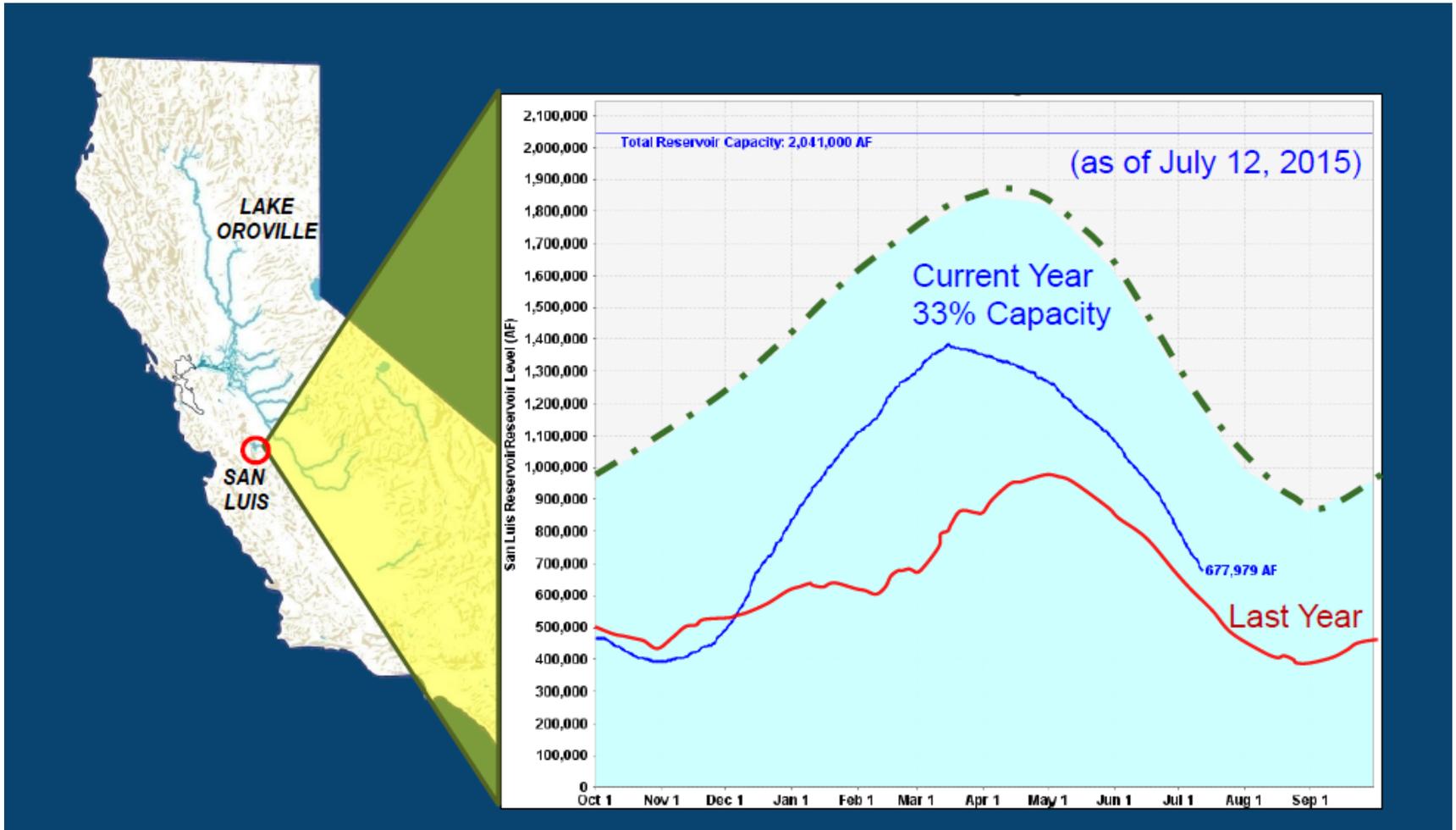
- Mandated 25% demand reductions Statewide

# State Water Project: Lake Oroville



— ■ — Average (1922-1998)    
 — 2013-2014    
 — 2014-2015 (current)

# State Water Project: San Luis Reservoir



— · — Average (1922-1998)    
 — 2013-2014    
 — 2014-2015 (current)

# MWD Supply Reliability

- Increasingly precarious imported water supplies
- MWD Member Agencies are taking steps to develop local supplies:
  - Potable reuse or non-potable recycling
  - Storm water harvesting
  - Seawater desalination
  - Conservation
- Storage Levels are Depleting



# Current Drought Response Actions

- Supply Availability from MWD:
  - MWD Allocation at 15% cutback
  - Surcharge for exceedance: \$1,480/AF - \$2,960/AF
- Statewide Demand Reduction Requirements:
  - 25% mandatory cutbacks statewide
  - City of San Diego's cutback = 16%

# Bay Delta Conservation Plan

- Partially Recirculated Draft Environmental Impact Report (EIR)/Supplemental Draft Environmental Impact Statement (EIS) on the Bay Delta Conservation Plan/California WaterFix issued
- Public commenting on the document is open from July 10 until October 30, 2015
- The draft document is controversial
  - The additional alternatives do not contain an HCP/NCCP, as was proposed previously
  - The State will restore more than 30,000 acres of Delta habitat separately through California EcoRestore with an accelerated timeline
  - DWR has identified sub-alternative 4A (California WaterFix) as its preferred alternative. It includes a water conveyance facility with three intakes on the Sacramento River north of Courtland and measures necessary to minimize or avoid project effects

# Bay Delta Conservation Plan

- Water Authority will submit comments
  - Concern about total project cost and cost sharing among State Water Project Contractors
  - Questions if funds would not be better spent developing local water supplies such as potable reuse and seawater desalination

# Cost of Imported Water from SWP Expected to Double in 10 Years

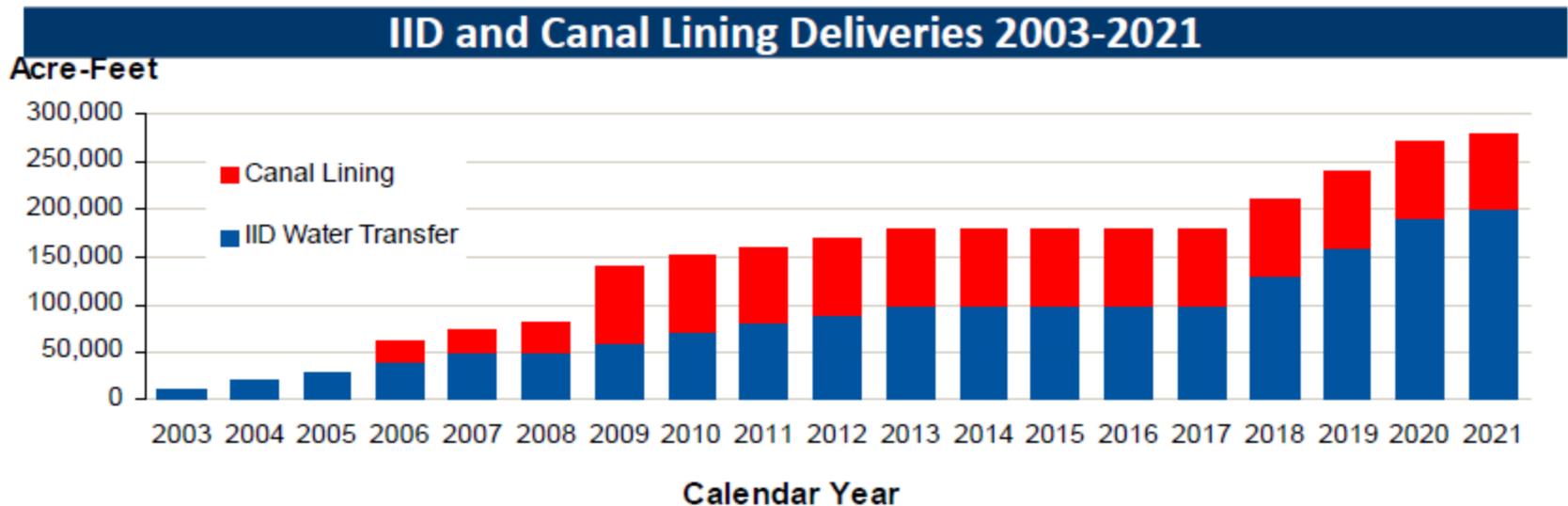


# SDCWA Rate Lawsuit Against MWD

- Phase 1 Decision (April 2014):
  - MWD violated cost-of-service requirements in California's statutes and common law when setting rates for 2011, 2012, 2013 and 2014
- Phase 2 Decision (July 2015):
  - Tentative decision that MWD is required to pay SDCWA \$188.3 million plus interest for illegal water rates that MWD charged the Water Authority from 2011 to 2014
- Appeals Process Expected
- Any Award will be Refunded to SDCWA's Member Agencies (less legal fees)

# SDCWA Investments in new Supplies

- Desalination plant on line this fall- 50 MGD
- IID and Canal Lining Supplies Still Ramping Up
  - 280,000 AFY by 2021

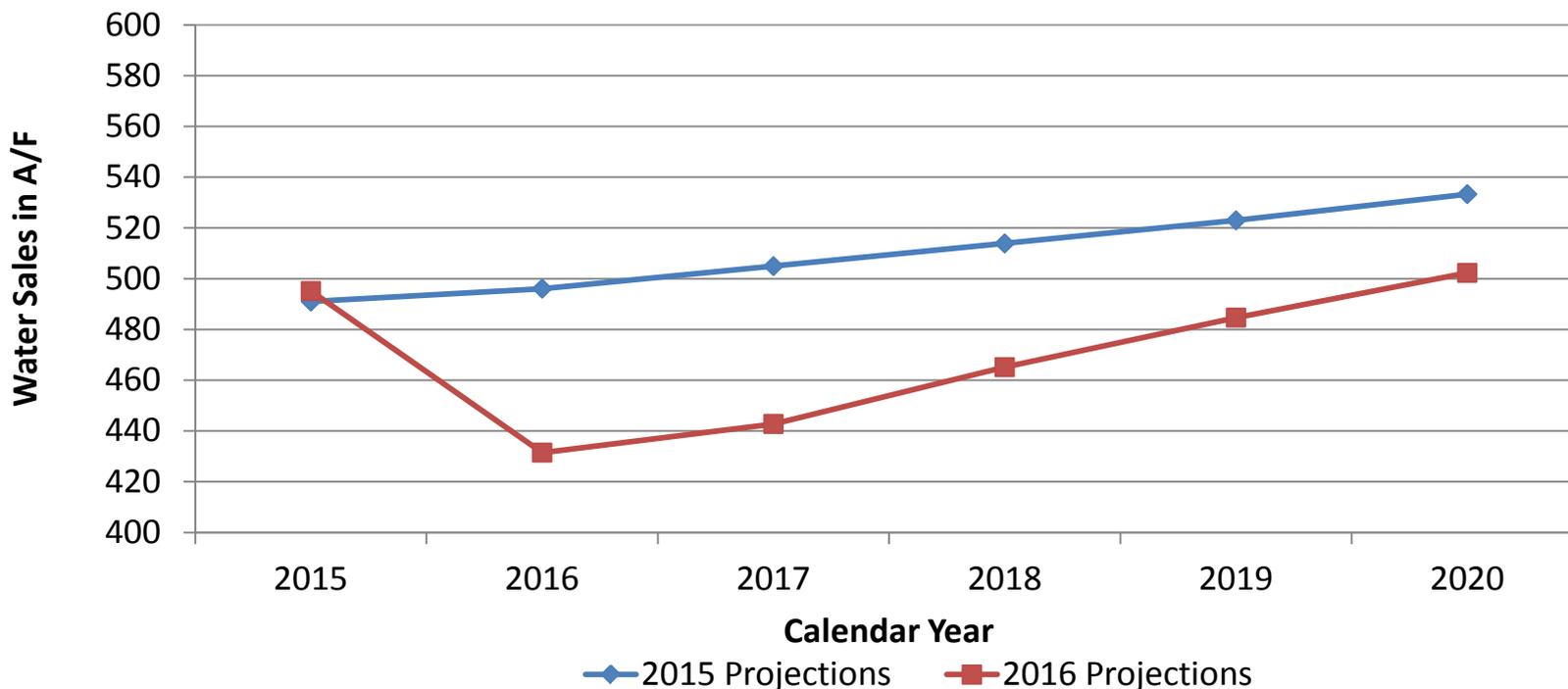


# Question: How to Pay for New Supplies?

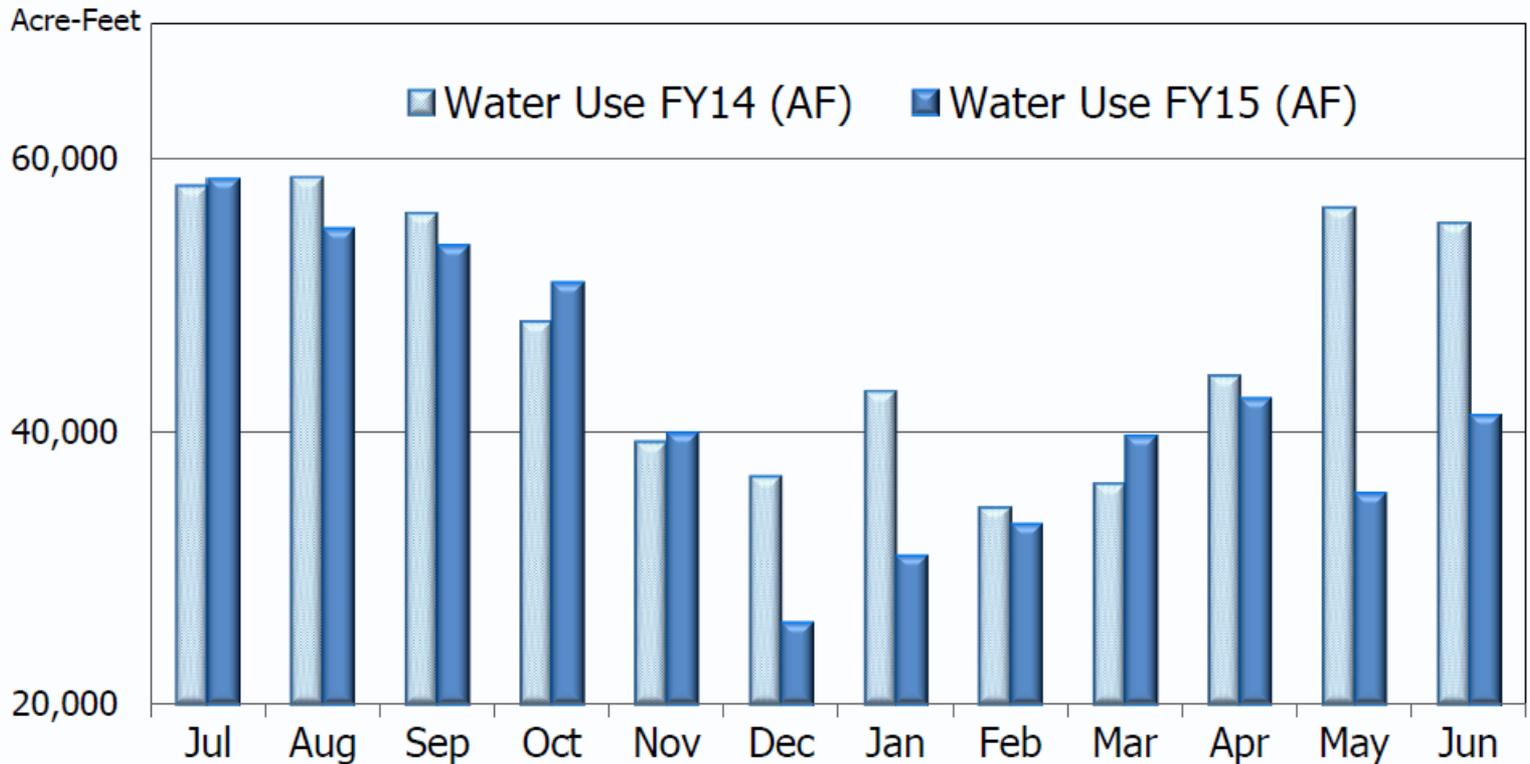
- **Fiscal Sustainability Working Group**
  - City-10 worked tirelessly to secure a fair allocation of fixed and variable costs for Desalination supply
  - New diminishing Charge: Reliability Charge
  - City of San Diego pays Fair Share
    - Based on proportional water purchases
    - City's cost will diminish proportionately with development of Pure Water

# Drought and Supply Diversification Impact on SDCWA Rates

- SDCWA's Calendar Year 2016 Untreated Water Rates Will Increase 6.6%



# Fiscal Year Potable Water Use in Water Authority's Service Area

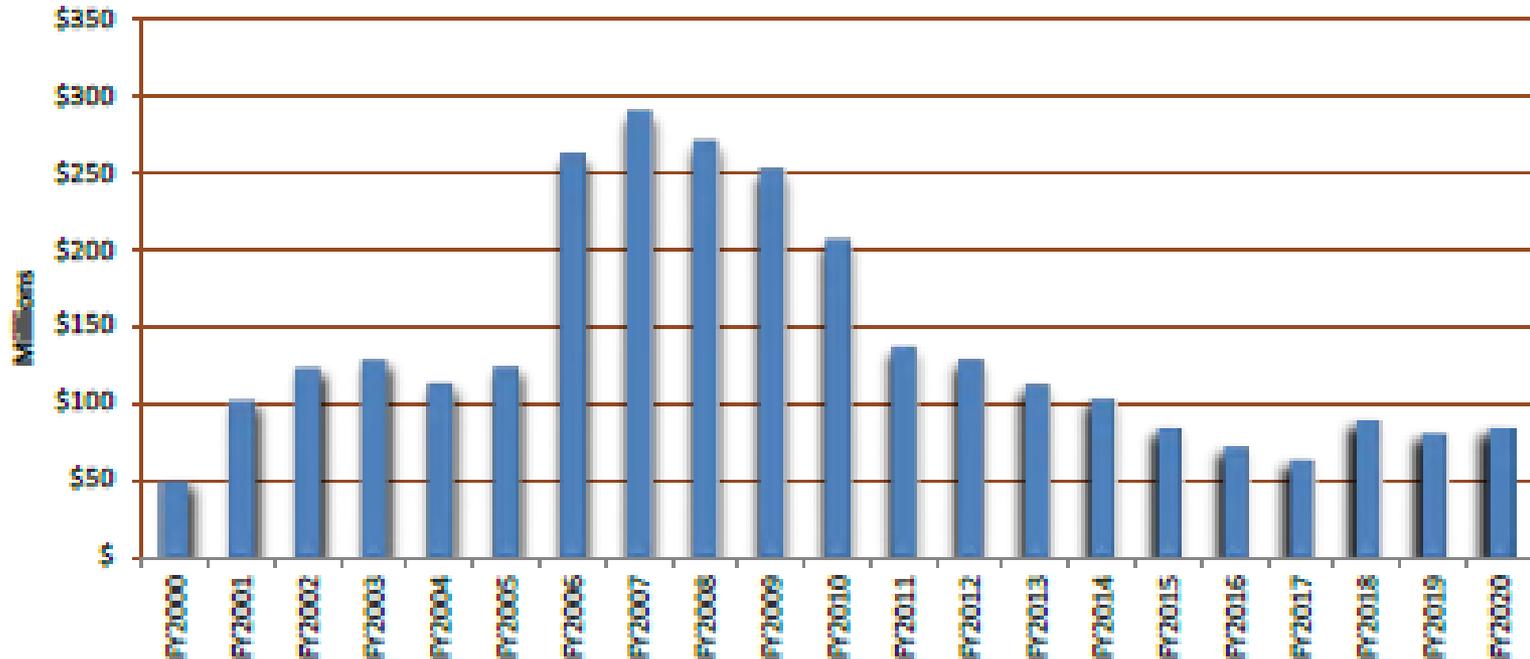


- June 2015 is 25% lower than June 2014
- FY 2015 is 10.5% lower than FY 2014



# SDCWA is Transitioning to Less CIP

**Figure 1: CIP Expenditures and Forecast**



# Conclusions

- City-10 continue their support for the Water Authority Water Supply Diversification
- City-10 champion prudent decisions that insure the City of San Diego pay no more than its fair share of new supply costs
- City-10 and PUD staff are partnering to respond to State and wholesalers' actions as a result of Drought