



San Diego County  
**Taxpayers  
Association**

*Targeting Waste • Promoting Efficiency*

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August 2, 2010

Chairman Timothy F. Brick  
Board of Directors  
Metropolitan Water District of Southern California  
P.O. Box 54153  
Los Angeles, CA 90054-0153

Dear Chairman Brick,

Over the past several years, the San Diego County Taxpayers Association (SDCTA) has become heavily involved in reviewing water policies that have an impact on taxpayers and businesses within the San Diego County region. We understand the importance of minimizing the region's reliance on imported water and making investments to ensure a safe and reliable supply of drinking water. In the San Diego region, we have supported conservation efforts which have resulted in a cumulative savings of more than 600,000 acre-feet of water since the early 1990s; invested in the proposed Carlsbad desalination project and the City of San Diego's Indirect Potable Reuse (IPR) Demonstration Project. These and other local investments will ensure that the San Diego region does its part to reduce our dependence on imported water.

Given the region's historic investment in imported water supply, our members are also interested in the water policies of the Metropolitan Water District of Southern California (MWD). SDCTA has reviewed the Draft 2010 Integrated Regional Water Resources Plan (IRP) Update to understand MWD's policies and planning to help meet Southern California's future water needs. Because this important document will ultimately be adopted by the MWD Board of Directors, a policy-setting group, and serve as the basis of MWD's future planning and investments, we understand the necessity to outline as much information as possible so the Board can make a well-informed decision.

Upon review of the Draft IRP, SDCTA has a number of concerns regarding the information, and at times lack thereof, which is presented within the report. We have listed below several questions and concerns we believe must be addressed prior to the MWD Board accepting this report as a guiding policy for meeting the region's water needs:

- 1) **True Costs of Developing Water Supply** – Section 3 of the IRP entails a description of several alternative “roles” for MWD in future supply development. The report further describes the Cost of Service process but does not clearly outline in detail the water supply projects being reviewed under these alternative roles, when and where these projects will begin, the amount of water expected to be produced, or the costs to construct, operate, and maintain the infrastructure. The outcome of this analysis

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concludes that the most robust approach is characterized by Enhanced Regional Approach #2, and states that this approach results in rates that “are somewhat higher than the Current Approach scenario”, yet no further details are provided to back-up this critical conclusion. The cost information provided in the Draft IRP is wholly inadequate to form the basis of decision-making by the MWD Board of Directors.

- 2) **Analysis of Current Local Solutions** – The San Diego region has taken the initiative in developing local water supply options to meet the future needs of our region. As mentioned previously, we are in the final stages of moving forward on the Carlsbad desalination project and have recently received final approval from the San Diego City Council to construct the IPR Demonstration Project. Other local water retailers are also in the process of developing recycled water and other local water supply projects. A leader in water conservation, San Diego has already improved our region’s water use efficiency to the point that San Diego’s urban water use in 2010 is virtually the same as it was in 1991, despite an increase in population of 700,000, an employment base growing by more than 200,000 jobs and an overall annual economy growing by more than \$100 billion. We believe agencies in other parts of the MWD service territory are currently evaluating similar projects and programs. A comprehensive database of what projects are being studied or are already under construction is not available in the IRP to determine the need for MWD to become involved in these, or any future local water supply projects. The local resources program information listed on Appendix A.5 does not provide sufficient information to determine when the projects would be online. These projects may in fact already add up to a volume of water that would meet MWD’s stated reliability standard. The Board must have an understanding of the efforts currently underway in order to assess what further investments may be necessary. Without this information, the MWD Board has no way of knowing whether it may be wasting ratepayer dollars and stranding investments.
- 3) **Buffer Supply** – The Draft IRP includes a “buffer supply” which is in excess of the amount of water needed to meet the reliability objective 100% of the time under all hydrologic conditions. We do not believe it is prudent to adopt such a large (and costly) “buffer;” instead, MWD should sharpen its planning and add projects as circumstances warrant. This can certainly be a robust and ongoing process but it should occur as part of an annual update and demonstration of need rather than as an additional volume of water for which no demand is shown.
- 4) **Impact of Further Conservation** – The IRP incorporates conservation numbers that fail to include the reduction in water demand that has already resulted from the recent conservation efforts of regional water agencies following the MWD implemented allocation. Since that time, homeowners and businesses throughout the region have significantly decreased demand. Therefore, not incorporating this information results in inaccurate statements regarding how much water supply must be created. Furthermore, many studies have acknowledged price has the greatest effect on reducing water consumption. As water rates continue to increase, demand will ultimately subside to a level that may not require the amount of new water supply MWD is planning in this IRP to create beyond what local water retailers have planned. It is unclear whether MWD incorporated the potential for reduction in demand due to pricing when drafting this report.

While we agree it is important to begin discussions with our partners throughout the Southern California region in developing a comprehensive water supply solution, this plan must not be created within a vacuum. Each water agency within the MWD service area must be accountable to its future water planning and determine if they are in need of MWD's assistance in accomplishing those goals.

While SDCTA believes in and supports necessary investment in a reliable water supply, we also believe our water ratepayers will demand a higher level of accountability than is provided by the current draft IRP. We do not expect to see scrutiny of public agency spending lessen as costs continue to rise at the same time services are being reduced.

For the reasons we articulated in this letter, we urge the MWD Board delay the adoption of this report until issues we've highlighted here are addressed. We hope these issues can be addressed during the extended discussion of the Draft IRP, and look forward to participating in the future IRP workshops. Should you have any questions, please feel free to contact me at (619) 234-6423 or [lanil@sdcta.org](mailto:lanil@sdcta.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'Lani Lutar', with a long, sweeping horizontal flourish extending to the right.

Lani Lutar  
President & CEO

cc: MWD Board of Directors  
Mr. Jeffrey Kightlinger, MWD General Manager  
Ms. Maureen A. Stapleton, San Diego County Water Authority General Manager