



**San Diego County
Water Authority**
And Its 24
Member Agencies

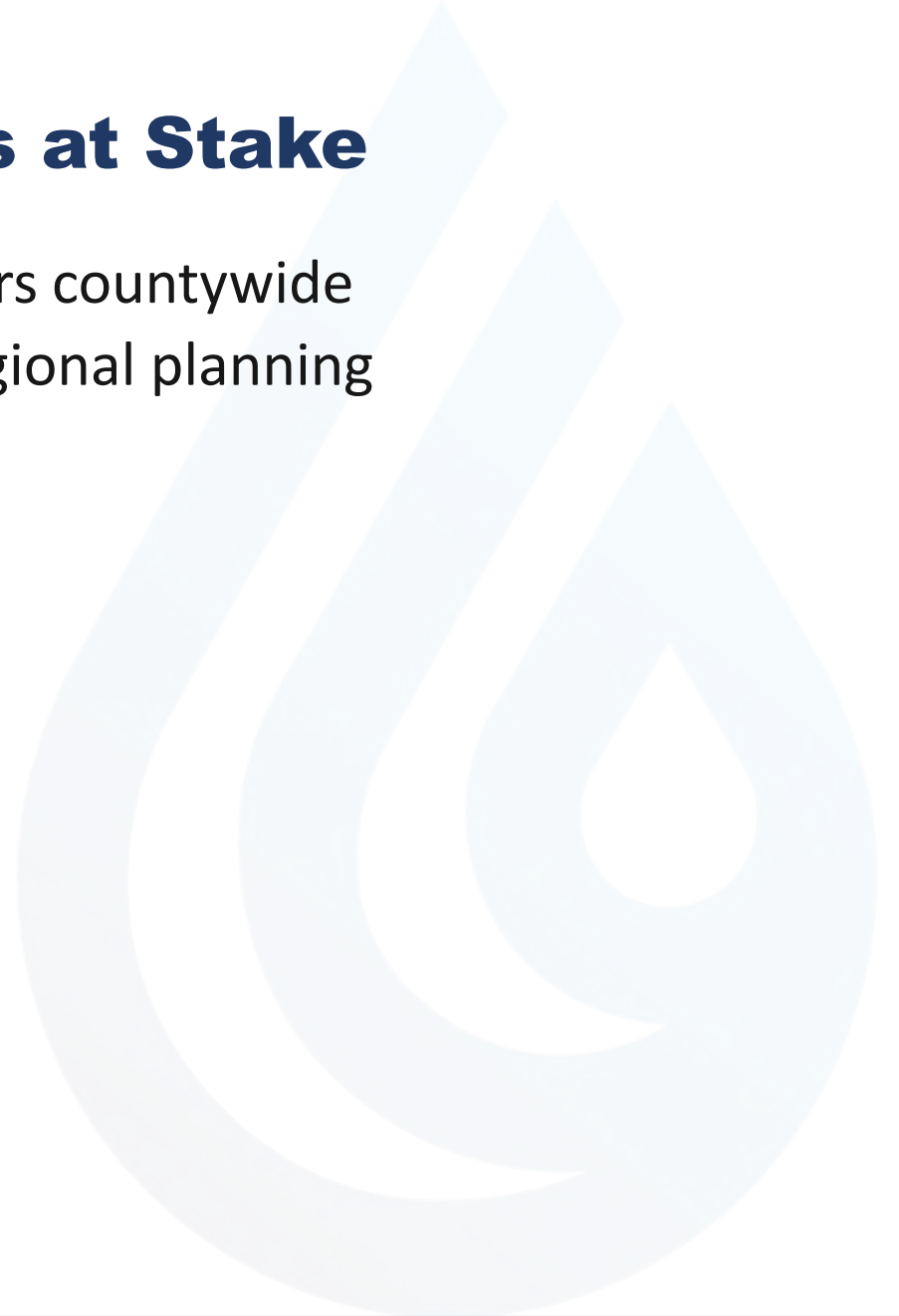
Detachment: Harmful for Ratepayers, Farmers & Businesses in San Diego County

San Diego LAFCO Hearing

June 5, 2023

Three Key Principles at Stake

- Protecting water ratepayers countywide
- Maintaining integrated regional planning
- Supporting voter equity

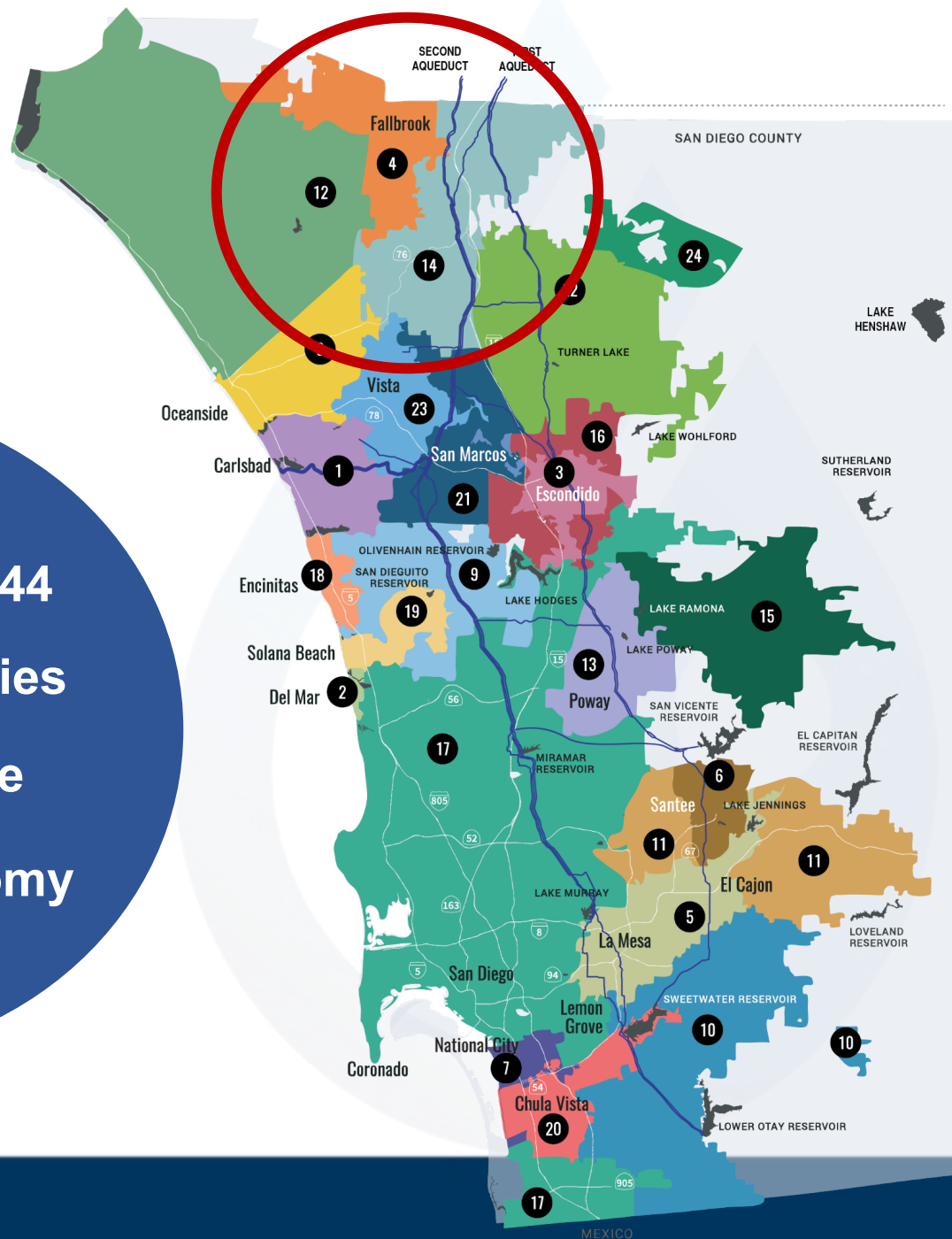


Overview

- **Introduction and context**
- **The Water Authority opposes detachment because it would:**
 - Unfairly raise rates on more than 3 million ratepayers, businesses and farmers.
 - Harm all of San Diego County by reducing the county's vote on regional financial decisions and undermining regional planning.
 - Violate State law.
 - Disenfranchise 98% of voters (as proposed).
- **Conclusion**

Water Authority has Sustained a Vibrant Region for 75+ Years

Established in 1944
24 member agencies
3.3 million people
\$268 billion economy



Strategic Investments Secure County's Water

Decades of integrated regional planning support reliability



Western Water Supplies Near Breaking Point

2022 highlighted value of San Diego's regional investments

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

News for Immediate Release__

Emergency Drought Restrictions Go Into Effect For Six Million Southern Californians

June 1, 2022

Select communities in Los Angeles, San Bernardino, Ventura counties under outdoor watering limits, monthly water budgets



CALIFORNIA

Los Angeles Times

State refuses request for more water in communities with high wildfire risk

CITY OF CAMARILLO RESIDENTIAL WATER CUSTOMERS
1 DAY PER WEEK WATERING RESTRICTION SCHEDULE

Outdoor watering is NOT allowed between 8:00am and 6:00pm

	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
ADDRESSES ENDING IN AN EVEN #	X	X		X	X	X	X
ADDRESSES ENDING IN AN ODD #	X	X	X	X		X	X

If your address ends with a fraction, use the number before the fraction to determine if you have an even or odd address. For example, 402½ would use 402 which is an even address.

WWW.CITYOFCAMARILLO.ORG/WATERCONSERVATION



SoCal water district installing flow restrictors in homes of customers who use too much water

San Diego County Cited as National Leader

Region is ahead of curve by creating reliability amidst increasing uncertainty

The New York Times



Despite a Punishing Drought, San Diego Has Water. It Wasn't Easy.

Sustainability measures that the city and county have taken over decades are paying off. But residents still might have to do more.

YaleEnvironment360



A Quiet Revolution: Southwest Cities Learn to Thrive Amid Drought

THE WALL STREET JOURNAL



California's Drought Leads to Cutbacks in Marin County but Not in San Diego

Southern California was better prepared for dry conditions than the rainier North, where home car washing has been banned

Water Authority Board Opposes Detachment

36-member Board of Directors represents San Diego County

In May 2020, the Water Authority's Board of Directors voted to oppose detachment unless four conditions were met:

- Protecting Fallbrook and Rainbow ratepayers
- Avoiding negative impacts for other member agencies
- Protecting the Bay-Delta
- Maintaining the Water Authority's voting rights at MWD

These conditions have not been met.

Water Rates Would Increase for 3,300,000 San Diegans

A vote for detachment is effectively a new tax on ...

- Low-income residents
- Renters/homeowners
- Local farmers
- Businesses

Besides the cost-shift, credit agencies warn that Water Authority ratings could drop and increase the cost of debt for all San Diegans.

S&P Global
Ratings

Uncertainty resulting from two member agencies' applications to detach from the authority is a credit risk, in our view.

Applicants can save more than \$2 million a year by combining their service areas – as LAFCO staff recommended in 2015 – with no harm to rest of the county.

Increasing Costs for Farmers in SD County

70% of ag lands would pay more for water; LAFCO report lacks impact analysis

Ag acreage in Water Authority service area:	41,646
Ag acreage in Rainbow/Fallbrook:	12,618
COST INCREASE:	29,028 acres 70% of ag acreage

“(W)ater costs will certainly increase for our customers, compounding the problems with which our agency is dealing. ... (This) can only hasten the negative financial impact on our local agricultural community.”

-- Valley Center Municipal Water District (May 19, 2023)

Proposed Exit Fee Doesn't Cover Costs

Total detachment impact is more than \$16 million/year.

Annual Detachment Costs by Agency

Carlsbad M.W.D.	\$591,333	Rainbow M.W.D.	\$0
Del Mar, City of	\$45,965	Ramona M.W.D.	\$189,211
Escondido, City of	\$472,915	Rincon Del Diablo M.W.D.	\$230,592
Fallbrook P.U.D.	\$0	San Diego, City of	\$7,337,745
Helix W.D.	\$1,079,169	San Dieguito W.D.	\$165,494
Lakeside W.D.	\$135,153	Santa Fe I.D.	\$279,293
Oceanside, City of	\$972,732	Sweetwater Authority	\$209,985
Olivenhain M.W.D.	\$804,104	Vallecitos W.D.	\$520,672
Otay W.D.	\$1,323,376	Valley Center M.W.D.	\$657,128
Padre Dam M.W.D.	\$458,847	Vista I.D.	\$382,252
Pendleton Military Reserve	\$2,561	Yuima M.W.D.	\$167,406
Poway, City of	\$412,907	South Coast W.D.	\$976

Detachment Violates State Law

California requires protection of environmentally sensitive Bay-Delta

“The policy of the State of California is to **reduce reliance on the Delta** in meeting California’s future water supply needs.... Each region that depends on water from the Delta watershed **shall improve its regional self-reliance for water....**”

-- Water Code 85021

“Staff concurs the reorganization proposals would result in **greater demands on the Bay-Delta** and in doing so **stray from State policy** (Water Code 85021) to reduce reliance on the Delta.”

-- SD LAFCO analysis (May 26, 2023)

Detachment Would Weaken S.D. County

Property taxes, water rates, and water planning at risk

A vote for detachment is a vote to ...

- Reduce San Diego County's influence on the Board of Metropolitan Water District of Southern California, where critical water and financial decisions are made.

San Diego County would permanently lose voting rights at MWD and cede that voting power to Eastern Municipal Water District in Riverside County. Eastern has actively fought for years to stop any MWD rate refunds for San Diegans.

Detachment Would Harm Regional Planning

A vote for detachment is a vote to ...

- Fracture integrated regional water planning efforts that have helped San Diego County become one of the nation's largest and most prosperous counties.

Detachment would turn planning for the future of water in part of San Diego County over to a different county that doesn't have the same vested interests in our environment and quality of life.

The Problem: Disenfranchised Voters

Vote taken by 2% would increase water rates for 98%

- If the Commission approves reorganization, all affected voters should have a say.
- LAFCO general counsel says regional vote is not legal; we disagree.
- LAFCO takes a different approach in similar situations.

The San Diego Union-Tribune

“No community in California has successfully seceded from a city at least since LAFCOs were created in 1963.... Perhaps the biggest reason for that, Simonds said, is that communities that are already part of a city must win majority approval from the rest of the city’s voters”

-- “Independence inquiry: New analysis seeks to answer many questions about possible La Jolla cityhood” (March 21, 2023)

Legislature Signals Intent to Act

AB 530 would allow all affected voters to vote

- The City of San Diego has sponsored state legislation.
- AB 530 (Boerner) would give all affected voters right to vote.
- Waiting for legislative fix is prudent if Commission is inclined to approve reorganizations.
- Unprecedented action could have unforeseen impacts.

“(T)here may be unique and locally meritorious reasons for **member agencies to seek future detachments** that would be otherwise mooted from consideration should the amended bill proceed into law.”

-- Keene Simonds, SD LAFCO (May 25, 2023)

Conclusion

Detachment would ...

- Raise rates on low-income residents, homeowners, farmers & businesses.
- Reduce San Diego County's influence.
- Undermine integrated regional planning.
- Violate State law.
- Harm agriculture across region.
- Disenfranchise millions of voters.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA



THE CITY OF SAN DIEGO

TODD GLORIA
MAYOR

“... communities chase after the lesser rates among adjacent Metropolitan Member Agencies in a **potential race to the bottom compromising past investments.**”

“The proposed action will have significant, long-term economic and political impacts to the vast majority of households in San Diego County.”

Option 5: Reject Reorganization Proposals

For all the foregoing reasons, the San Diego County Water Authority urges the Commission to choose Option 5 and reject the reorganization proposals.

