May 1, 2026

Chair Becker and Commissioners
c/o Ms. Priscilla Mumpower
Assistant Executive Officer
San Diego County Local Agency Formation Commission (LAFCO)
Sent via email to priscilla.mumpower@sdcounty.ca.gov

Re: Proposed Draft Municipal Service Review (MSR) of Wholesale Water Providers (San Diego County Water Authority)

Dear Chair Becker and Commissioners,

I read with interest LAFCO's proposed draft MSR of the San Diego County Water Authority (SDCWA or Water Authority). I appreciate this opportunity to provide a few thoughts on this important planning document as a San Diego County resident and retired water policy analyst who was employed between 2003 and 2018 by the City of San Diego's Public Utilities Department (originally, Water Department) to liaise with the ten delegates appointed by San Diego's Mayor and confirmed by Council to serve on SDCWA's Board of Directors (City-10).

Of the nine recommendations presented, I wish to request changes to Recommendations #1, 3 and 5. I wish to support Recommendations #2, 4, 6 and 7

Recommendation #1
I support the general concept of Recommendation #1 and suggest adding the following option for consideration:

- Change SDCWA's Board structure to a 9-member body of elected members,

Background: SDCWA Governance
SDCWA is unique among MWD's wholesale member agencies. Only MWD is similarly governed by representatives from each of its retail agencies. All eleven of MWD other wholesale member agencies[1] are governed by a Board of elected Directors with four-year terms of office. Favorable characteristics of a Board of Directors comprised of elected members includes: 1) it's smaller and more manageable, 2) the Board Members are answerable to the ratepayers/voters, helping to keep affordability concerns front and center, and 3) they likely represent multiple water agencies, fostering regional perspectiives.

Recommendation #3
I strongly recommend the removal of Recommendation #3, which is beyond LAFCO's expertise. As is more fully explained in my comments regarding Recommendation #5, water management is an adaptive process. Both the City and SDCWA must be allowed to make project-related decisions based on the most recent information.

[1] MWD Wholesale Member Agencies with 5 elected Board members: Calleguas MWD, Eastern MWD, Foothill MWD, Inland Empire Utilities Agency, Las Virgenes MWD, Upper San Gabriel Valley District, West Basin MWD, and Western MWD. Those with 7 elected Board members: Central Basin MWD and Three Valleys MWD,. Those with 9 elected Board members: MWD of Orange County,

Given LAFCO''s interest in potable reuse, I'm surprised that the MS4 did not consider a reorganization option in which wastewater operations are unified under SDCWA's management. Doing so would consolidate the risks and rewards of potable reuse options. Several of MWD's other wholesale member water agencies also treat regional wastewater supplies and sell the recycled/purified water back to the retail agencies.

Recommendation #5

I strongly recommend that Recommendation #5 be removed from consideration and the discussion supporting the recommendation in the proposed draft MSR be removed for the following reasons.

1. **Recommendation #5 Does Not Align with SDCWA's Sphere of Influence.** Quite simply, the fate of the Water Authority's future should not depend on actions by another entity. This recommendation would be appropriate for a MSR on the city of San Diego water service should LAFCO wish to undertake a third study.
2. **Independent Decision-Making Must be Preserved for All SDCWA Board Delegates.** A tension between local and regional interests is natural – they are not synonymous. For example, the MSR points out that SDCWA needs a higher percentage of revenues from fixed charges. That policy direction is contrary to San Diego interests since the City plans to roll off SDCWA with water from its Pure Water projects. If the City-10 are required to "align their actions with direction of the Mayor and City Council", then SDCWA will be unlikely to meaningfully reform its rate structure (Recommendation #2). The art of reconciling divergent local and regional interests must be mastered through dialogue and compromise. The City-10 (and all SDCWA Board members) must be allowed to pursue flexible policy outcomes that balance competing needs.
3. **SDCWA Board Delegates have a Legal Responsibility to Uphold and Defend SDCWA's Fiduciary Interests**, as do MWD's Board delegates.
4. **The City's Block Vote Policy is Not Responsible for SDCWA's Past Decisions to Invest in a Diverse Water Supply Portfolio and Expanded Storage.** Those decisions were supported unanimously by City-10 members – there was no cohort of City-10 members opposing them that were silenced by the tyranny of the majority.

Background: SDCWA Governance

The discussion in the draft MSR about the City of San Diego's voting block is not germane to this report since the purview for this aspect of SDCWA governance lies with the City. If the City wants to change how its ten delegates vote (as a block or otherwise), it has the power to do so and always has had that ability. More importantly, the votes in support of the Emergency Storage Project[2] (1998), QSA (2003), San Vicente super-size (2008), and Carlsbad desal[3] (2012) were all supported unanimously by the City-10 – there was no dissention from a cohort of City-10 members.

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[2] On June 11, 1998, the SDCWA Board of Directors approved construction of a system of reservoirs, pipelines and other facilities collectively referred to as the "Emergency Storage Program" at a projected cost of $753 million (ultimately $1.5 billion after the April 24, 2008 vote to add the "supersizing" of San Vicente reservoir to the ESP). The Board also approved the addition of the Infrastructure Access Charge (IAC) as a new fixed charge in SDCWA's rate structure at the same meeting.

[3] SDCWA meeting minutes from the November 29, 2012 Board Meeting document that the decision in support of the Carlsbad Desalination project was supported with 85.11% of the weighted vote with 4.11% vacant and the remaining 10.78% of the

A split in City-10 delegates did occur in a subsequent vote on independent conveyance studies. But that had little financial consequence as compared to the supply diversification investment decisions for which the City-10 votes were unanimous.

The draft MSR rightly identifies concerns with the high price of SDCWA's water today. There's no disputing that SDCWA overinvested in proprietary water supplies and storage over the past 30 years. But is that as a result of inadequate governance designs or were they reasonable decisions at the time?

Regional Supply Planning

The draft MSR implies in its first key conclusion that SDCWA acted unilaterally or against the wishes of its member agencies when expanding its business model to invest in supply and storage diversification strategies. The first thing to appreciate is that the timeframe when the SDCWA Board of Directors approved its major supply and storage diversification projects (1998 – 2012) partially predates the evaluation timeframe of the proposed draft MSR (2009 – 2023), resulting in an incomplete picture of events.

Looking back at the planning documents of the time, it's apparent today with the benefit of hindsight, that SDCWA demand forecasts overestimated future demands resulting in an overinvestment in supply reliability. Rhey were not alone in doing so – SDCWA's member agencies also envisioned a future of increasing demands with fewer imported water supplies from the Metropolitan Water District of Southern California (MWD) due to multiple stresses, including climate change. With limited groundwater basins and little annual rainfall, the thought of the San Diego region remaining dependent (95%) on MWD for supplemental water supplies in the 1990's was deemed to be too risky. As the graph on the next page demonstrates, SDCWA was purchasing one out of every four acre-feet of water sold by MWD in Fiscal Year (FY) 1989-1990, immediately prior to the 1991 drought threatening mandatory cutbacks of 50%.

It should be noted that back in FY 1990, MWD's sales exceeded 2.3 million acre-feet (MAFY), representing full deliveries of its imported water supplies. Its aqueducts were operating at full capacity[4]. Even if MWD could have purchased more imported water to sell to its member agencies, there was no way to transport it. Moreover, MWD's in-region storage in FY 1990 was one-tenth of what it is today – Diamond Valley Lake[5] had not yet been built. MWD could not have sustained continued demands of 2.3 MAFY from its member agencies. Those MWD member agencies that were fortunate enough to have proprietary local water supplies were less impacted by the 1991 drought. SDCWA was disproportionally impacted. The San Diego region was much too vulnerable to extreme water shortages.

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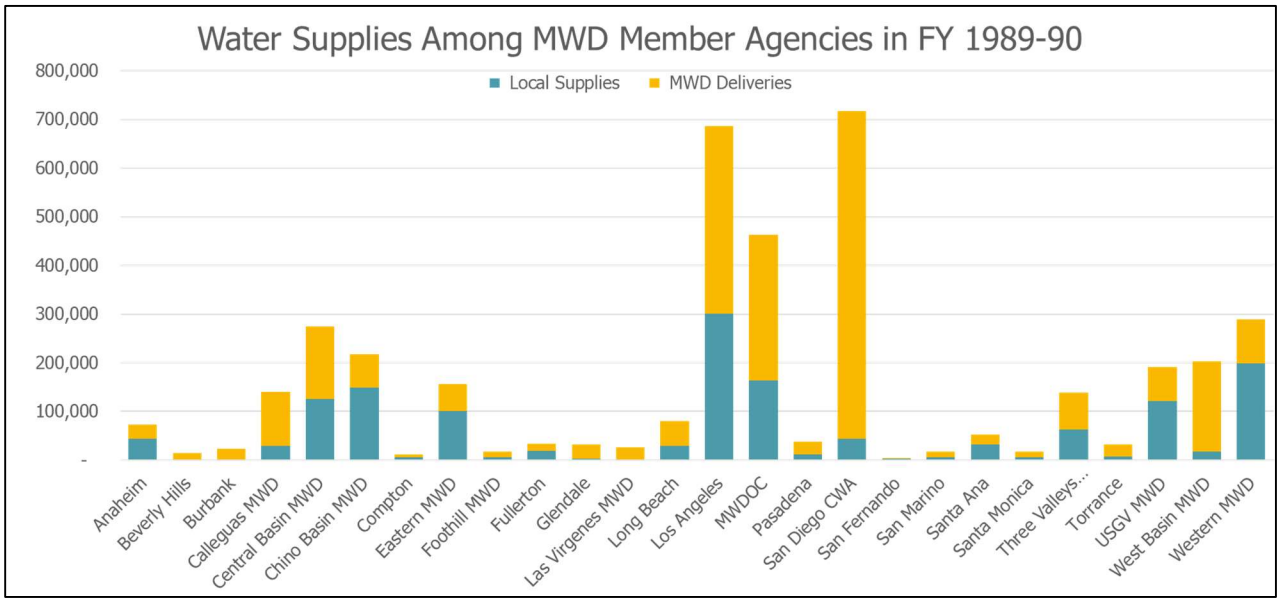
weighted vote opposing from Otay Water District (Croucher and Watton), Rincon del Diablo Municipal Water District (Dion), Fallbrook Public Utilities District (Brady), and Ramona Municipal Water District (Barnum). All members of the City-10 were present and voted in support of the project.

[4] When negotiating with MWD on the price to transport SDCWA's proprietary Colorado River supplies codified in the Quantification Settlement Agreement (QSA supplies), SDCWA agreed to pay a premium price to assure priority delivery space in MWD's Colorado River Aqueduct. It was reasonable at the time to guard against this risk since MWD had been operating its aqueduct at full capacity, and needed to, for years prior to the 2003 QSA Agreement. Looking back, however, it wasn't needed. MWD's deliveries have tapered off as QSA deliveries ramped up. Demands for MWD water have more than halved.

[5] With a storage capacity of 810,000 acre-feet, Diamond Valley Lake (DVL) in Hemet, CA can store more water than can all 21 reservoirs combined in San Diego County.



The need for action was identified in SDCWA's planning documents as well as the planning documents of SDCWA's member agencies. For example, the City of San Diego's (City) 2002 Long-Range Water Resources (LRWR) Plan[6] forecasted the City's 2030 water demands to nearly double in twenty years, from actual deliveries of 162,291 acre-feet in 2010[7] to an estimated 297,000 acre-feet per year (AFY). The City's 2012 LRWR Plan[8] reduced that forecast slightly to 274,600 AFY. Both plans referenced the insecurity of imported water supplies to support investments in water conservation and local supply development. In 2012, when the City identified the need for 83 million gallons per day (mgd) of new supplies from potable reuse, it was seen as a complementary project to SDCWA's supply diversification strategy as demands were expected to continue growing while MWD's traditional imported supplies would dwindle.

It is remarkable, therefore that the City's most recent demand projections, as found in its draft 2025 Urban Water Management Plan (UWMP), estimates 2030 demands at only 162,888 AFY – basically, the same amount of water the City delivered in 2010 and a reduction in anticipated demands of more than 100,000 AFY since 2015. These numbers purely reflect reductions in consumer demands – extraordinary levels of water conservation post 2015.

Summary of City of San Diego Forecasts of its 2030 Potable Water Demands

2002 LRWR Plan	2012 LRWR Plan	2015 UWMP	2025 UWMP
297,000 AFY	274,600 AFY	264,840	162,888

The planning documents of all other SDCWA member agencies likely show similar discrepancies in 2030 water demand projections over time associated with extraordinary water conservation. Noone could

[6] www.sandiego.gov/sites/default/files/legacy/water/pdf/lrwrplan070604.pdf
[7] Source: City of San Diego's 2010 Urban Water Management Plan.
[8] www.sandiego.gov/sites/default/files/legacy/water/pdf/2012lrpwrfinalreport.pdf

have predicted that such extreme reductions in water use would occur since 2015 – after SDCWA's supply diversification investment decisions had already been made. The main cause of the current glut of water is extraordinary achievements in consumer water conservation, not SDCWA planning malfeasance.

One series of decisions that likely have contributed to higher SDCWA rates today than they might have otherwise been is related to SDCWA's rate litigation. But, as the proposed draft MSR notes, the main antagonistic agent associated with the MWD litigation is no longer retained by SDCWA and relations between the SDCWA and MWD are already improving. Just last month, MWD's Board of Directors unanimously approved its biennial budget and rates/charges with SDCWA's delegates credited for designing a package that met priority needs.

Finally, while water managers statewide failed to accurately estimate 2030 demands, predictions regarding future imported water reliability have, unfortunately, come to fruition. While SDCWA has no new water projects in its planning, MWD's Board of Directors will soon consider investing in several multi-billion dollar supply and storage initiatives to enhance the reliability of its supplies. They include Delta Conveyance, Sites Reservoir and Pure Water Southern California. The effects of these potential new MWD investments should be factored into the MDR's overall wholesale water rate analysis.

Conclusions
Adaptive management is the hallmark of water planning. Hard-wiring outcomes is rarely helpful. My suggestions are meant to preserve that functionality.

Please feel free to contact me at 858.668.8475 or cpieroni@cox.net.

Kind regards,

Cathy Pieroniaa