



## WATER PLANNING COMMITTEE

**REVISED**

AGENDA FOR

**JUNE 24, 2010**

Javier Saunders – Chair  
Rua Petty – Vice Chair  
Marilyn Dailey  
Trish Hannan  
Lynne Heidel  
Keith Lewinger  
Bud Lewis

John Linden  
Barry Martin  
Dan McMillan  
Mark Muir  
Fern Steiner  
Mark Watton

1. Roll call – determination of quorum.
2. Additions to agenda (Government Code Section 54954.2(b)).
3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.
4. Chair’s report.  
4-A Directors’ comments.

### I. CONSENT CALENDAR

### II. ACTION/DISCUSSION

1. Drought Management Plan
  - 1-A Water supply conditions. (Information) Lesley Dobalian
  - 1-B Approve Member Agency Municipal and Industrial Supply Allocation percentages and Special Agricultural Water Rate supply allocation volumes for fiscal year 2011. Tim Bombardier  
Staff recommendation:
    - a) Approve member agency Municipal and Industrial supply allocation percentages for fiscal year 2011 as shown in Table 1 of this memo; and
    - b) Approve Special Agricultural Water Rate allocation volumes to member agencies for fiscal year 2011 as shown in Table 2 of this memo. (Action)



2. Consideration of options for Water Authority financial participation in the Carlsbad Desalination Project. Ken Weinberg  
Staff recommendation: Select one of the following options and direct staff to bring draft terms to the Water Planning Committee at its July 22, 2010 meeting.  
Options:
- 1) Combination Grant/Loan with guaranteed repayment obligation.
  - 2) Combination Grant/Loan to member agencies and future acquisition of real property interests and other assets
  - 3) Direct Water Purchase Relationship between the Water Authority and Poseidon with potential acquisition by the Water Authority of real property interests and other assets. (Action)
- a) CLOSED SESSION: Dan Hentschke  
Conference with Legal Counsel – Threatened Litigation  
Government Code §54956.9(b) – One Case
- b) CLOSED SESSION: Dan Hentschke  
Conference with Real Property Negotiator  
Government Code §54956.8  
Property: Real property interests for Carlsbad Desalination Facility, Conveyance and Distribution Pipelines, and Aqueduct connection  
Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric Sandler, William Busch  
Negotiating Parties: Poseidon Channelside, LLC  
Under Negotiation: Price and terms of acquisition

III. INFORMATION

1. Presentation Natural Community Conservation Plan/Habitat Conservation Plan. Bill Tippets
2. Fiscal Year 2010 Water Supply Allocations monitoring. (pickup packet) Dave Fogerson
3. Water Resources report. Ken Weinberg

IV. CLOSED SESSION



V.     ADJOURNMENT

Doria F. Lore  
Clerk of the Board

**NOTE:** This meeting is called as a Water Planning Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.



June 16, 2010

**Attention: Water Planning Committee**

**Water Supply Conditions (Information)**

**Purpose**

To provide a status report on water supply conditions.

**Background**

*Drought Management Plan: Stage 3 “Mandatory Cutbacks”*

*Drought Response Level: Level 2 “Drought Alert”*

According to the National Weather Service, El Niño dissipated during May 2010 and is transitioning to neutral conditions. There is also a growing possibility of a La Niña condition associated with below normal rainfall developing during June-August 2010.

This is the last update to the Board on water supply conditions through water year 2010, which ends on September 30, 2010, unless there are significant hydrologic changes.

**Discussion**

State Water Project

On May 20, 2010, the California Department of Water Resources (DWR) increased the final Table A allocation for water delivery to the State Water Project (SWP) contractors for calendar year 2010 to 45 percent of requested amounts.

The Northern Sierra 8-Station precipitation index for water year 2010 is at 111 percent of average, as of June 7, 2010. As of June 8, forecasted runoff to the Feather River at Oroville from April through July has increased to 116 percent of average. However, water year runoff is forecasted to be only 79 percent of average due to the earlier dry conditions. Reservoir storage levels continue to increase along with runoff, as shown in the table below that compares storage on June 13 in 2009 and 2010:

Reservoir Reservoir	Storage (Million Acre-feet)		Percent of Capacity		Percent of Average	
	2009	2010	2009	2010	2009	2010
Shasta*	3.00	4.41	66	97	77	114
Oroville	2.20	2.67	62	75	73	88
San Luis	.55	1.37	27	67	36	89

\*Shasta reservoir is part of the Central Valley Project, not the State Water Project.

Colorado River

According to the U.S. Bureau of Reclamation, the Upper Colorado River Basin is experiencing a protracted multi-year drought which began in October 1999. Inflow to Lake Powell has been below average since 1999, except water years 2005 and 2008.

Conditions on the Lower Colorado's water supply remain below average as follows:

- Lower Colorado River water year 2010 precipitation through June 7: 87 percent of normal
- Lake Powell projected water year 2010 unregulated inflow: 68 percent of normal

#### Metropolitan Water District of Southern California (MWD)

On April 13, 2010, MWD's Board approved continuation of its Water Supply Allocation Plan (WSAP) at a Level 2 through June 30, 2011. Staff was also directed to update the Board on water supply conditions as they develop and to recommend appropriate changes to the WSAP Level.

At the June 8, 2010 meeting, the Board supported maintaining the Level 2 WSAP and increasing regional storage for future withdrawals.

#### Local Conditions

Cumulative precipitation since July 1, 2009 is as follows:

- San Diego at Lindbergh Field through June 13, 2010: 10.55 inches, or 98 percent of normal
- Ramona at Ramona Airport through June 13, 2010: 17.37 inches, or 106 percent of normal
- Lake Henshaw through May 31, 2010: 33.41 inches, or 120 percent of normal

Local member agency reservoir storage on June 7, 2010, is at approximately 265,800 AF, which is about 49,100 AF greater compared with this time last year. Storage reflects increases primarily due to runoff, along with withdrawals that occurred during this period.

The Water Authority has the following dry-year supplies in storage through May 31, 2010:

- Water Authority Local carryover storage: 40,700 AF
- Water Authority Semitropic groundwater storage bank: 16,117 AF

At the May 27, 2010 Water Planning Committee Meeting, the Board suggested changing the title of the Drought Management Plan to reflect that supply shortages can result not only from drought, but also from other limitations, such as the regulatory restrictions on State Water Project pumping to protect Delta fish species. In future discussions, the Drought Management Plan will be referred to as the Water Shortage Management and Drought Response Plan.

Prepared by: Lesley Dobalian, Water Resources Specialist

Reviewed by: Ken Weinberg, Director Water Resources



June 18, 2010

**Attention: Water Planning Committee**

**Approve Member Agency Municipal and Industrial Supply Allocation Percentages and Special Agricultural Water Rate Supply Allocation Volumes for Fiscal Year 2011. (Action)**

**Staff recommendation**

1. Approve member agency Municipal and Industrial (M&I) supply allocation percentages for fiscal year 2011 as shown in Table 1 of this memo; and
2. Approve Special Agricultural Water Rate (SAWR) allocation volumes to member agencies for fiscal year 2011 as shown in Table 2 of this memo.

**Alternatives**

1. Do not approve M&I allocation percentages.
2. Do not approve SAWR allocation volumes to member agencies.

**Fiscal Impact**

If the Water Authority exceeds its fiscal year 2011 allocation from MWD, penalties in the amount of \$1,304 per acre-foot (100% <use ≤ 115%) and \$2,608 per acre-foot (use > 115%) will be assessed by MWD. Any penalties incurred by the Water Authority will be passed through to those member agencies that have exceeded their individual M&I or SAWR allocations.

**Background**

On April 13, 2010, MWD's Board approved remaining at WSAP Level 2 for a second consecutive year - effective July 1, 2010 through June 30, 2011. This was in response to the Department of Water Resources State Water Project 2010 allocation being similar to last year and the need to continue managing storage supplies for future years. As a result, on May 27, 2010, the Water Authority Board took action to continue supply allocations to its member agencies for fiscal year 2011, consistent with the Water Authority 2006 Drought Management Plan.

**Discussion**

The Water Authority's Drought Management Plan (DMP) contains an allocation methodology designed to provide an equitable means of allocating Water Authority supplies. This methodology was utilized to allocate supplies during fiscal year 2010, and will again be used to allocate supplies in fiscal year 2011. For consecutive year allocations, DMP guidelines state that historic base period demands will be held constant for the duration of a continuous allocation event. As such, member agency fiscal year 2011 base period demands were set using historic M&I demands for fiscal years 2005-2007. These demands were reconciled with member

agencies prior to implementation of fiscal year 2010 allocations. While base period demands are fixed, the DMP includes provisions for updating an agency's loss of local supply adjustment and for distribution of MWD's regional growth adjustment. The updates are intended to equitably account for changed conditions that would disproportionately affect an agency's level of service from the Water Authority.

Water Authority staff recently compiled member agency local surface water and groundwater use projections for fiscal year 2011. Estimated regional surface water use for fiscal year 2011 totaled 32,415 acre-feet, a 15,265 acre-foot increase from fiscal year 2010 projections, and projected groundwater use totaled 13,003 acre-feet. The fiscal year 2011 local use estimates were incorporated into the Water Authority's allocation model to generate updated member agency loss of local supply adjustments and to calculate new adjusted base period demands for fiscal year 2011. Table 1 below shows member agency draft M&I allocation percentages for fiscal year 2011 based on the revised adjusted base period demands. These percentages will be used to calculate volumetric supply allocations for each member agency.

Staff plans to present member agency M&I volumetric supply allocations to the Board once MWD releases its fiscal year 2011 WSAP Level 2 allocations, which is anticipated in August 2010. Final allocations will be based on the total amount of Water Authority supplies including: MWD, Quantification Settlement Agreement, and dry-year transfer from the short-term pilot water transfer agreement with San Juan Water District and Santa Clara Valley Water District for up to 970 acre-feet.

In addition, on December 1, 2008, the Water Authority Board adopted modifications to the DMP allocation methodology to pass through to its member agencies the incremental amount of supply added by MWD's consecutive year growth adjustment. Under MWD's WSAP guidelines, a growth adjustment is applied to MWD member agency allocations based on county-level population data produced by the State Department of Finance. The Water Authority Board action requires that MWD's regional growth adjustment be prorated based on each Water Authority member agency's proportional share of population growth derived from demographic projections provided by SANDAG. This adjustment is handled outside of the DMP supply allocation model, and is additive to member agency allocations. Calculation of member agencies' proportional share of the regional growth adjustment will occur once MWD provides its WSAP Level 2 allocation for fiscal year 2011.

**Table 1: Draft Fiscal Year 2011 M&I Allocation Percentages <sup>1</sup>**

<b>Agency</b>	<b>Allocation Percentages</b>
Carlsbad M.W.D.	3.9612%
Del Mar, City of	0.2444%
Escondido, City of	4.1571%
Fallbrook P.U.D.	1.8732%
Helix W.D.	6.1160%
Lakeside W.D.	0.7587%
Oceanside, City of	5.4437%
Olivenhain M.W.D.	4.0047%
Otay W.D.	7.3228%
Padre Dam M.W.D.	2.7483%
Pendleton M.R.	0.0502%
Poway, City of	2.6542%
Rainbow M.W.D.	3.2037%
Ramona M.W.D.	1.4951%
Rincon Del Diablo M.W.D.	1.4258%
San Diego, City of	40.7174%
San Dieguito W.D.	1.0251%
Santa Fe I.D.	1.8339%
South Coast	0.1301%
Sweetwater Auth	2.2061%
Vallecitos W.D.	3.2697%
Valley Center M.W.D.	2.0884%
Vista I.D.	3.2603%
Yuima M.W.D.	0.0099%
<b>Total</b>	<b>100.0%</b>

<sup>1</sup> M&I allocation percentages do not include MWD's growth adjustment.

Pursuant to the SAWR Board Workgroup recommendations adopted March 25, 2010, SAWR customers are required to take a minimum 13 percent cutback regardless of the MWD M&I reduction level. Additionally, participants must sustain a minimum 5 percent differential between Water Authority M&I cutback level and transitional SAWR reduction. Based on MWD's recent decision to remain at WSAP Level 2 for fiscal year 2011, staff anticipates the M&I cutback to the Water Authority to remain at current levels next fiscal year. Therefore, the SAWR cutback will be set at 13 percent effective July 1, 2010 through June 30, 2011. Should



the fiscal year 2011 regional MWD M&I cutback to the Water Authority exceed current levels, staff will present revised SAWR allocations to the Board based on the actual Water Authority cutback level. Total SAWR enrollment and member agency allocations under a 13 percent reduction are shown in Table 2 below.

**Table 2: Estimated Fiscal Year 2011 SAWR Allocation**

Agency	SAWR Enrollment (acre-feet) <sup>1</sup>	SAWR @ 13% Reduction (acre-feet)
Escondido, City of	3,274.0	2,848.4
Fallbrook P.U.D.	3,842.7	3,343.1
Oceanside, City of	1,161.4	1,010.4
Otay W.D.	49.7	43.2
Padre Dam M.W.D.	1.8	1.6
Rainbow M.W.D.	7,796.8	6,783.2
Ramona M.W.D.	25.7	22.4
Rincon Del Diablo M.W.D.	18.5	16.1
Vallecitos W.D.	750.7	653.1
Valley Center M.W.D.	17,057.0	14,839.6
Vista I.D.	38.5	33.5
Yuima M.W.D.	63.6	55.3
Total	34,080.4	29,649.9

<sup>1</sup> SAWR participation levels may change starting January 1, 2011 and January 1, 2012, due to updated program enrollment resulting from IAWP customer opt-outs.

Staff will continue to monitor and report to the Board member agency water use through the monthly Water Supply Allocations Monitoring Report, which contains monthly and cumulative year-to-date comparisons of actual imported water demand and Water Authority allocations.

Prepared by: Tim Bombardier, Senior Water Resources Specialist  
 Reviewed by: Ken Weinberg, Director of Water Resources  
 Approved by: Sandra L. Kerl, Deputy General Manager



June 18, 2010

**Attention: Water Planning Committee**

**Consideration of Options for Water Authority financial participation in the Carlsbad Desalination Project. (Action)**

**Staff recommendation**

Select one of the following options and direct staff to bring draft terms to the Water Planning Committee at its July 22, 2010 meeting.

Options

- 1) Combination Grant/Loan with guaranteed repayment obligation
- 2) Combination Grant/Loan to member agencies and future acquisition of real property interests and other assets
- 3) Direct Water Purchase Relationship between the Water Authority and Poseidon with Potential acquisition by the Water Authority of real property interests and other assets

*Alternative*

1. Approve the Desal Partner Member Agencies request for 1) additional Local Water Supply Development Program (LWSDP) incentive funding in an amount above what the Project qualifies for under existing program guidelines 2) Guarantee the continuation of MWD Seawater Desalination Program (SDP) incentive funding in the event of termination of the SDP agreement by MWD.
2. Approve the Desal Partner agencies request for LWSDP funding and deny the request for a Guarantee of continuation of funding of SDP incentives in the event of MWD termination of the SDP agreement.
3. Approve the LWSDP application according to the existing program guidelines and deny the request for a guarantee of the MWD SDP funding in the event of agreement termination.
4. Approve the LWSDP application according to the existing program guidelines and approve the request for a guarantee of the MWD SDP funding in the event of agreement termination.

**Fiscal Impact**

Approval of the staff recommendation will result in the expenditure of funds for specialized professional services to more fully develop a single alternative. Funds are available in the current FY 2010-2011 Water Resources Department operating budget to complete that effort. Dependent on Board direction at the July 22, 2010 meeting, additional work effort will require the identification of funding. Staff will provide the Board with a budget estimate and fiscal impact at the July meeting.

## **Background**

The Carlsbad Desalination Project (Project) is a fully-permitted seawater desalination plant and conveyance pipeline currently being developed by Poseidon Resources (Poseidon), a private investor owned company that develops water and wastewater infrastructure. The Project has been in development since 1998 and was incorporated into the 2003 Water Facilities Master Plan and the Water Authority's 2005 Update of the Urban Water Management Plan. The Project has obtained all required permits and environmental clearances and, when completed in late 2012, will provide a highly reliable local supply of 56,000 acre-feet per year for the region. In 2020, the Project would account for approximately eight percent of the total projected regional supply and 30% of all locally generated water in San Diego County. In a dry weather year, the Project will make up a projected 40% of all reliable local supplies in the region in 2020.

Poseidon has water purchase agreements with nine local water agencies (Desal Partners). The Desal Partners include the City of Carlsbad, City of Oceanside, Olivenhain MWD, Rainbow MWD, Rincon Del Diablo MWD, Santa Fe Irrigation District, Sweetwater Authority, Vallecitos Water District and Valley Center MWD. Although there is no legal partnership among the agencies, the term is commonly used to refer to all the agencies. The water purchase agreements obligate Poseidon to charge the Desal Partners the lesser of a full cost recovery contract price or the agency's avoided cost of buying water from the Water Authority plus any incentives or grants they may qualify for. The economics of the pricing structure and Poseidon's profits rely on Water Authority rates to escalate over time to the point where the full cost recovery price of the Project is less than buying water from the Water Authority. Currently, time it is projected that water rates will not be less than the full cost recovery price for at least 8-10 years thus, the Project will operate at a substantial loss during its start up period. That deficit will be borne by Poseidon until such time that the avoided water cost plus incentives is less than the full cost recovery price. At that point, the Desal Partners will continue to pay the avoided cost until the deficit is paid off, and then savings below the cost of purchasing water from the Water Authority will be shared equally between Poseidon and the Desal Partners.

Because the Project will operate in a deficit until water rates exceed the cost of production and delivery, the Project relies heavily on incentive funding and investor funds to cover the losses. The Desal Partners have approved incentive agreements with Metropolitan Water District (MWD) for funding of up to \$250 per acre foot for a 25 year term, and have submitted an application for funding under the Water Authority Local Water Supply development Program (LWSDP). The LWSDP provides funding of up to \$200/AF to member agencies that demonstrate a financial need.

At the Special Board meeting on June 10, 2010, staff presented an update on the Project and a detailed evaluation of the request by the Desal Partners for funding under the Water Authority's LWSDP, and a guarantee of continued funding in the event MWD terminates its incentive agreement under the Seawater Desalination Program (SDP). The MWD SDP incentive agreement includes permissive termination language in the event a MWD member agency legally or legislatively challenges the MWD rate structure.

**Discussion**

The Water Authority has been formally involved in supporting the planning and implementation of the Carlsbad Desalination Project since 2001. Water Authority Board members and staff have appeared at numerous regulatory and permitting hearings over the last several years to support the Project and to state its importance to supply diversification and long term regional reliability. The need for successful implementation of supply diversification has been highlighted by the current uncertainty in imported water availability. Court imposed fish protection measures that have resulted in delta export restrictions on the State Water Project (SWP) and prolonged dry weather in the watersheds of both the SWP and the Colorado River have illustrated the vulnerability of those supply sources to shortage. Additionally, in response to the MWD Board’s continued implementation of the Water Shortage Allocation Plan, the Water Authority Board authorized continuation of *Drought Response Level 2- Drought Alert* and a second consecutive year of water supply allocations to member agencies.

In their application for LWSDP funding and in subsequent discussions with Water Authority staff, the Desal Partners and Poseidon indicated that for the project to be financeable under the existing pricing structure it required a substantial amount of LWSDP incentives. The agencies and Poseidon also stated that project financing was contingent on the Water Authority providing a guarantee of continued funding at the equivalent level of the MWD incentive in the event that MWD terminated the agreement due to a challenge to its rate structure by the Water Authority.

Water Authority staff and financial consultants analyzed these funding requests and concluded the following:

1. The Local Water Supply Development Program (LWSDP) component of the funding request is required for a project financing and the amount of the request exceeds the amount that the Project qualifies for under the program guidelines.
2. The direct financial impacts to the Water Authority of the total funding request, including the guarantee of the MWD SDP incentive are significant. The range of impacts depends on future rate ramp and could cost up to \$25.2 million per year. The potential rate impacts are shown below:

Request	Estimated Rate Impact
Authority incentive (qualified amount)	\$5-\$10/af
Incremental Authority incentive (request above qualified amount)	\$17-\$12/af
Total Incentive Request	\$22/af
MWD funding guarantee	\$28/af
Meeting total request for funding	\$50/af

3. As currently structured, the primary supply reliability benefit of the funding requests would accrue disproportionately to the Desal Partner Agencies, while the cost burden will fall disproportionately to the non-participating Water Authority member agencies.
4. The Project is currently not financeable without the requested funding over and above the qualified amount under existing program guidelines and given the risk of termination of MWD SDP funding. As such, it is clear that the Project cannot move forward to financing and completion without significant financial participation of the Water Authority.

The Water Authority, the Desal Partners and Poseidon have been discussing approaches that would allow the Project to move forward. In order to guide the development of an appropriate arrangement, staff developed the following principles:

- The level of cost to the participating agencies must match the level of benefit received by those agencies.
- The Water Authority incentives are for Member Agencies and ultimately for the ratepayers. The Water Authority cannot subsidize private investors.
- There must be an appropriate and balanced allocation of risk between the Water Authority and the private developer.
- The Water Authority must receive a benefit that correlates to its participation.
- Timing should not force a decision which may not be in the best interest of the Water Authority Member Agencies or ratepayers.

Based on these discussions and the principles of a partnership, three alternative public-private partnership approaches have emerged. The approaches are as follows:

- 1) Combination Grant/Loan with guaranteed repayment obligation. Under this approach, the Water Authority would loan the Desal Partner Agencies the requested amount of LWSDP funding that exceeds the qualified amount. The Desal Partners would be obligated to repay the loan with 50 percent of loaned amounts repaid in equal installments over 10 years and 50 percent of loaned amounts repaid from expected savings that the Desal Partners would see in future years. In addition, the loan amounts and repayment schedules would be fixed, and not subject to actual receipt of the expected savings. If MWD terminates the SDP agreement, the MWD backstop funding could be added to the loan amount. Addition of MWD funding to the loan amount would result in a dramatic increase in the repayment obligation of the Desal Partner agencies.

This approach would meet the Principles by ensuring the Desal Partners pay more than non-participating member agencies. Because the Desal Partners receive the benefits of owning the local supply, they would pay more than the Water Authority rate for the supply. As a loan to the Desal Partners, this would not provide a direct subsidy to a private company. Since the repayment obligation would be fixed, the Water Authority would not be taking any risk that the escalation of water rates is delayed past current projections. Guaranteed repayment in the early years would also help offset rate increases to other member agencies necessary to fund the loan.

- 2) Combination Grant/Loan to Desal Partners and future acquisition of real property interests and other assets. Under this approach, the Water Authority would have a direct relationship with Poseidon that could include the potential future acquisition of real property interests and other assets. This would combine the fixed repayment loan features of Option #1, but would reduce the amount repaid by the Desal Partners by the value of real property or other assets that would be provided by Poseidon to the Water Authority.

Similar to Option #1, this approach would ensure that the non-participating agencies will pay less than the Desal Partners that own the local supply, and repayment would be fixed for the member agency component of the loan. The transfer of real property assets by Poseidon would meet the criteria of not providing a direct subsidy to a private company, but would require additional exploration to determine whether a balance in cost and risk allocation could be achieved.

- 3) Direct Water Purchase Relationship between the Water Authority and Poseidon with Potential acquisition by the Water Authority of real property interests and other assets. This option would result in the Water Authority as the direct purchaser of desalinated seawater from the Project. The Water Authority would then resell the water to all member agencies. It may also have the real property value features of Option 2. This approach would require that the Desal Partners and Poseidon terminate their agreements.

Under this approach, as the purchaser of the desalinated seawater, all member agencies will pay equally and equally receive the benefit of the reliable local supply. Since it is a purchase of water by the Water Authority, there would be no incentive funding involved or direct subsidy of a private company. There is also a correlation between payments made and benefits received. It will require additional exploration with Poseidon to determine if costs and risks could be equitably allocated since the avoided pricing structure in the current Water Purchase Agreements is financially infeasible without the incentive funding.

There are legal and structural issues associated with each of the options. Upon receiving direction, staff will more fully identify those issues and return to the Board at its July meeting with a fuller report.

Prepared by: Robert Yamada, Water Resources Manager  
Prepared & Reviewed by: Ken Weinberg, Director of Water Resources  
Approved by: Maureen A. Stapleton, General Manager



June 18, 2010

**Attention: Water Planning Committee**

**CLOSED SESSION:  
Conference with Legal Counsel – Threatened Litigation  
Government Code §54956.9(b) – One Case**

**Purpose**

This memorandum is to recommend that the committee by motion hold a closed session, pursuant to Government Code §54956.9(b) to discuss the above-referenced matter at the June 24, 2010 Board meeting.

A closed session has also been included on the agenda of the formal Board of Directors' meeting. Unless the Board desires additional discussion, it is not staff's intention to ask for a closed session with the full Board at that time, but staff may request action to confirm directions given or action recommended by the committee.

Prepared by: Daniel S. Hentschke, General Counsel



June 18, 2010

**Attention: Water Planning Committee**

**CLOSED SESSION:  
Conference with Real Property Negotiator  
Government Code §54956.8**

**Property: Real property interests for Carlsbad Desalination Facility, Conveyance and Distribution Pipelines, and Aqueduct connection**

**Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric Sandler, William Busch**

**Negotiating Parties: Poseidon Channelside, LLC**

**Under Negotiation: Price and terms of acquisition**

**Purpose**

This memorandum is to recommend that the committee by motion hold a closed session, pursuant to Government Code §54956.8 to discuss the above-referenced matter at the June 24, 2010 Board meeting.

A closed session has also been included on the agenda of the formal Board of Directors' meeting. Unless the Board desires additional discussion, it is not staff's intention to ask for a closed session with the full Board at that time, but staff may request action to confirm directions given or action recommended by the committee.

Prepared by: Daniel S. Hentschke, General Counsel





June 16, 2010

**Attention: Water Planning Committee**

**Water Resources Report**

**Purpose**

This report includes the following exhibits for May 2010:

- Rainfall totals for the month and water year to date
- Deliveries to Member Agencies (Exhibit A)
- Water Use by Member Agencies (Exhibit B)
- Storage Available to Member Agencies (Exhibit C)
- Firm Water Deliveries to Member Agencies (Exhibit D)
- Summary of Water Authority Member Agency Operations (Exhibit E)

<b>RAINFALL TOTALS (inches)</b>						
<b>Station</b>	<b>May 2010</b>		<b>2009-2010 WATER YEAR (October 2009 through September 2010)</b>			
	<b>Actual</b>	<b>Normal</b>	<b>Actual</b>	<b>Normal</b>	<b>Departure</b>	<b>% Normal</b>
Lindbergh Field (N.O.A.A.)	<b>0.01</b>	<b>0.20</b>	<b>10.53</b>	<b>10.35</b>	<b>0.18</b>	<b>102</b>
Lake Cuyamaca (Helix W.D.)	<b>0.00</b>	<b>1.12</b>	<b>38.67</b>	<b>33.16</b>	<b>5.51</b>	<b>117</b>
Lake Henshaw (Vista I.D.)	<b>0.08</b>	<b>0.65</b>	<b>31.98</b>	<b>26.03</b>	<b>5.95</b>	<b>123</b>

Sources: National Weather Service, Helix Water District, Vista Irrigation District.

# MONTHLY WATER RESOURCES REPORT

## Water Deliveries to Member Agencies

(acre-feet)

### MAY 2010

AGENCY	May		12 Months Ended May	
	2010	2009	2010	2009
Carlsbad M.W.D.	1,749.4	1,852.2	17,143.6	20,214.0
Del Mar, City of	96.8	105.3	1,130.2	1,212.1
Escondido, City of	2,035.4	1,827.4	19,965.2	21,859.7
Fallbrook P.U.D.	1,675.8	1,486.1	13,234.4	15,664.1
Helix W.D.	2,972.3	3,620.5	31,327.8	46,179.9
Lakeside W.D.	306.2	357.3	3,321.2	4,013.1
National City, City of <sup>1</sup>	400.2	422.5	2,916.8	4,476.7
Oceanside, City of	2,453.9	2,857.2	25,160.7	31,065.6
Olivenhain M.W.D.	2,003.2	2,171.9	19,728.4	24,106.8
Otay W.D.	2,855.9	3,081.1	31,017.3	35,503.6
Padre Dam M.W.D.	1,112.0	1,320.4	12,428.8	14,995.8
Pendleton Military Reservation	6.6	4.6	65.3	84.9
Poway, City of	1,032.5	1,076.7	10,952.3	14,476.6
Rainbow M.W.D.	1,968.0	2,713.0	22,293.6	26,604.3
Ramona M.W.D.	454.2	700.5	7,346.3	8,293.6
Rincon Del Diablo M.W.D.	594.7	684.9	6,262.9	7,676.9
San Diego, City of <sup>1</sup>	18,190.8	18,759.7	184,835.1	209,671.5
San Dieguito W.D.	29.1	126.9	2,248.0	4,259.5
Santa Fe I.D.	546.1	554.8	5,536.2	8,570.2
South Bay I.D. <sup>1</sup>	1,013.9	1,144.6	11,587.7	17,492.5
Vallecitos W.D.	1,567.5	1,764.4	16,192.3	19,743.1
Valley Center M.W.D.	2,772.4	3,542.7	29,367.8	35,695.0
Vista I.D.	1,165.2	1,598.1	15,488.1	16,120.2
Yuima M.W.D.	108.0	216.5	2,488.7	2,396.7
Deliveries To SDCWA Agencies <sup>1</sup>	47,110.1	51,989.3	492,038.7	590,376.4
Deliveries To SDCWA Storage <sup>2</sup>	160.2	241.2	3,070.7	20,318.5
<b>TOTAL MEMBER AGENCY DELIVERIES</b>	<b>46,949.9</b>	<b>51,748.1</b>	<b>488,968.0</b>	<b>570,057.9</b>
Deliveries To Other Agencies	70.6	65.9	771.9	862.7
Deliveries From SDCWA Storage	0.0	0.0	0.0	0.0

<sup>1</sup> May 2010 deliveries to SDCWA storage accounts include 160.2 AF to city of San Diego reservoirs. May 2009 deliveries to SDCWA accounts include 208.4 AF to Helix W.D. and 32.8 AF to city of San Diego reservoirs.

<sup>2</sup> Deliveries to SDCWA storage accounts are deducted to calculate member agency deliveries.

**PRIMA**

**Water Resources Department**

**MONTHLY WATER RESOURCES REPORT**  
**Estimated Water Use by Member Agency**  
 (acre-feet)

**MAY 2010**

AGENCY	Imported Source S.D.C.W.A.		Local Sources						May Totals	
	2010	2009	Surface Water		Groundwater		Reclaimed Water		2010	2009
			2010	2009	2010	2009	2010	2009		
Carlsbad M.W.D.	1,635.4	1,766.2	0.0	0.0	0.0	0.0	384.4	395.4	2,019.8	2,161.6
Del Mar, City of	96.8	105.3	0.0	0.0	0.0	0.0	8.8	11.3	105.6	116.6
Escondido, City of	1,988.4	2,068.7	167.9	579.7	0.0	0.0	40.5	56.6	2,196.8	2,705.0
Fallbrook P.U.D. <sup>1</sup>	1,257.3	1,419.1	0.0	0.0	0.0	0.0	42.8	66.7	1,300.1	1,485.8
Helix W.D.	3,012.4	3,263.2	12.1	84.6	0.0	11.6	0.0	0.0	3,024.5	3,359.4
Lakeside W.D.	306.2	357.3	0.0	0.0	59.7	76.2	0.0	0.0	365.9	433.5
National City, City of <sup>2</sup>	392.3	422.5	0.0	12.5	268.9	213.2	0.0	0.0	661.2	648.2
Oceanside, City of <sup>2</sup>	2,453.9	2,857.2	0.0	0.0	179.3	134.0	0.0	0.0	2,633.2	2,991.2
Olivenhain M.W.D.	2,003.2	2,171.9	0.0	0.0	0.0	0.0	33.9	24.7	2,037.1	2,196.6
Otay W.D.	2,855.9	3,081.1	0.0	0.0	0.0	0.0	288.8	408.9	3,144.7	3,490.0
Padre Dam M.W.D.	1,102.3	1,324.7	0.0	0.0	0.0	0.0	28.8	45.1	1,131.1	1,369.8
Pendleton Military Reservation <sup>3</sup>	77.2	70.5	0.0	0.0	650.0	761.5	125.0	155.0	852.2	987.0
Poway, City of	1,153.2	1,241.1	0.1	20.2	0.0	0.0	0.0	0.0	1,153.3	1,261.3
Rainbow M.W.D.	2,063.0	2,642.0	0.0	0.0	0.0	0.0	0.0	0.0	2,063.0	2,642.0
Ramona M.W.D.	574.8	702.9	0.0	0.0	0.0	0.0	91.1	105.1	665.9	808.0
Rincon Del Diablo M.W.D.	594.7	684.9	0.0	0.0	0.0	0.0	212.3	267.0	807.0	951.9
San Diego, City of	16,920.6	16,277.1	605.8	2,682.1	0.0	0.0	500.0	700.4	18,026.4	19,659.6
San Dieguito W.D.	29.1	126.9	581.6	514.1	0.0	0.0	62.9	70.9	673.6	711.9
Santa Fe I.D.	547.5	551.7	636.2	817.7	0.0	0.0	111.0	107.3	1,294.7	1,476.7
South Bay I.D. <sup>2</sup>	993.6	1,144.6	0.0	33.9	231.6	214.7	0.0	0.0	1,225.2	1,393.2
Vallecitos W.D.	1,538.5	1,731.2	0.0	0.0	0.0	0.0	0.0	0.0	1,538.5	1,731.2
Valley Center M.W.D.	2,772.4	3,542.7	0.0	0.0	0.0	0.0	34.0	34.0	2,806.4	3,576.7
Vista I.D.	1,165.2	1,598.1	605.6	394.6	0.0	0.0	0.0	0.0	1,770.8	1,992.7
Yuima M.W.D.	108.0	216.5	0.0	0.0	74.4	67.3	0.0	0.0	182.4	283.8
<b>TOTAL USE</b>	<b>45,641.9</b>	<b>49,367.4</b>	<b>2,609.3</b>	<b>5,139.4</b>	<b>1,463.9</b>	<b>1,478.5</b>	<b>1,964.3</b>	<b>2,448.4</b>	<b>51,679.4</b>	<b>58,433.7</b>
<b>PERCENT CHANGE</b>	<b>-8%</b>		<b>-49%</b>		<b>-1%</b>		<b>-20%</b>		<b>-12%</b>	

<sup>1</sup>De Luz figures included in Fallbrook P.U.D. total.

<sup>2</sup>Brackish groundwater use included in groundwater totals.

<sup>3</sup>Pendleton's imported water use includes water delivered by South Coast Water District.

**PRIMA**

**Water Resources Department**

**MONTHLY WATER RESOURCES REPORT**  
**Reservoir Storage**  
 (acre-feet)  
**MAY 2010**

MEMBER AGENCY	Reservoir	Capacity	% of		% of		Change During Month
			MAY 2010	Capacity	MAY 2009	Capacity	
Carlsbad M.W.D.	Maerkle	600	489	82%	493	82%	129
Escondido, City of <sup>1</sup>	Dixon	2,606	2,365	91%	2,259	87%	7
	Wohlford	6,506	2,629	40%	2,615	40%	169
<b>Subtotal</b>		<b>9,112</b>	<b>4,994</b>	<b>55%</b>	<b>4,874</b>	<b>53%</b>	<b>176</b>
Fallbrook P.U.D.	Red Mountain	1,335	1,017	76%	1,068	80%	369
Helix W.D.	Cuyamaca	8,195	899	11%	844	10%	(955)
	Jennings	9,790	8,941	91%	8,976	92%	(115)
<b>Subtotal</b>		<b>17,985</b>	<b>9,839</b>	<b>55%</b>	<b>9,820</b>	<b>55%</b>	<b>(1,070)</b>
Poway, City of	Poway	3,330	2,940	88%	2,934	88%	(138)
Rainbow M.W.D.	Beck	625	164	26%	212	34%	12
	Morro Hill	465	39	8%	136	29%	(89)
<b>Subtotal</b>		<b>1,090</b>	<b>203</b>	<b>19%</b>	<b>348</b>	<b>32%</b>	<b>(77)</b>
Ramona M.W.D.	Ramona	12,000	3,789	32%	3,349	28%	(210)
San Diego, City of <sup>2</sup>	Barrett	37,947	33,662	89%	26,240	69%	423
	El Capitan	112,807	66,638	59%	51,630	46%	1,725
	Hodges	30,251	18,666	62%	18,894	62%	(1,565)
	Lower Otay	49,510	30,016	61%	28,131	57%	109
	Miramar	7,184	5,493	76%	5,465	76%	164
	Morena	50,206	8,842	18%	6,518	13%	(1,441)
	Murray	4,818	3,499	73%	3,840	80%	(576)
	San Vicente	89,312	23,462	26%	25,272	28%	(336)
Sutherland	29,684	9,338	31%	3,815	13%	494	
<b>Subtotal</b>		<b>411,719</b>	<b>199,618</b>	<b>48%</b>	<b>169,805</b>	<b>41%</b>	<b>(1,003)</b>
San Dieguito W.D./Santa Fe I.D.	San Dieguito	883	826	94%	813	92%	120
Sweetwater Authority	Loveland	25,400	14,626	58%	11,628	46%	850
	Sweetwater	28,079	12,394	44%	5,380	19%	(120)
<b>Subtotal</b>		<b>53,479</b>	<b>27,020</b>	<b>51%</b>	<b>17,008</b>	<b>32%</b>	<b>730</b>
Valley Center M.W.D.	Turner	1,612	1,612	100%	1,563	97%	-
Vista I.D. <sup>3</sup>	Henshaw	51,774	14,520	28%	7,971	15%	(580)
<b>MEMBER AGENCY TOTAL WATER IN STORAGE</b>		<b>564,919</b>	<b>266,867</b>	<b>47%</b>	<b>220,047</b>	<b>39%</b>	<b>(1,554)</b>
SDCWA Accounts (Source: CWA Monthly Storage Reports)	El Capitan		14,035		13,895		(92)
	Lower Otay		6,324		7,142		(70)
	San Vicente		13,683		13,791		44
	Sweetwater		6,615		8,118		(130)
<b>Subtotal</b>			<b>40,657</b>		<b>42,945</b>		<b>(248)</b>
<b>TOTAL WATER IN STORAGE</b>		<b>564,919</b>	<b>307,523</b>	<b>54%</b>	<b>262,991</b>	<b>47%</b>	<b>(1,802)</b>
<b>OTHER AGENCIES</b>							
Metropolitan Water District	Skinner	44,264	41,621	94%	39,431	89%	4,352
	Diamond Valley	800,000	397,229	50%	355,104	44%	13,936
State Water Project	Oroville	3,537,600	2,493,582	70%	2,282,265	65%	380,028
<b>TOTAL OTHER WATER IN STORAGE</b>		<b>4,381,864</b>	<b>2,932,432</b>	<b>67%</b>	<b>2,676,800</b>	<b>61%</b>	<b>398,316</b>

<sup>1</sup> City of Escondido storage does not include water allocated to Escondido Mutual Water Company or its rights to a portion of the unallocated water in Lake Henshaw.

<sup>2</sup> Includes reserves subject to City's outstanding commitments to the San Dieguito W.D., and the California American Mutual Water Company. SDCWA has storage contracts in City of San Diego reservoirs in the amount of 40,000 a.f. if capacity is available.

<sup>3</sup> Vista I.D. storage includes both allocated and unallocated water in Lake Henshaw.

**PRIMA**

**MONTHLY WATER RESOURCES REPORT**  
**Estimated Tier 1 Deliveries to Member Agencies**  
 (acre-feet)

**Through May 2010**

<b>AGENCY</b>	<b>CY2010 Tier 1 Threshold <sup>1</sup></b>	<b>CYTD Firm Deliveries <sup>2</sup></b>	<b>% of Tier 1 Threshold</b>
Carlsbad M.W.D.	18,228.5	6,279.1	34.4%
Del Mar, City of	1,408.3	358.8	25.5%
Escondido, City of	23,496.9	5,483.7	23.3%
Fallbrook P.U.D.	11,716.9	3,386.1	28.9%
Helix W.D.	38,421.4	13,727.2	35.7%
Lakeside M.W.D.	4,718.2	1,017.9	21.6%
Oceanside, City of	28,848.1	8,058.5	27.9%
Olivenhain M.W.D.	18,876.4	6,181.9	32.7%
Otay W.D.	32,173.0	10,076.6	31.3%
Padre Dam M.W.D.	14,310.8	3,789.7	26.5%
Pendleton M.R./South Coast	1,141.3	357.5	31.3%
Poway, City of	13,563.8	3,046.8	22.5%
Rainbow M.W.D.	23,470.5	4,473.8	19.1%
Ramona M.W.D.	8,067.0	2,433.2	30.2%
Rincon Del Diablo M.W.D.	7,307.0	1,811.3	24.8%
San Diego, City of	215,438.4	62,290.1	28.9%
San Dieguito W.D.	4,692.0	583.1	12.4%
Santa Fe I.D.	7,882.8	1,302.0	16.5%
Sweetwater Authority	13,094.7	4,873.3	37.2%
Vallecitos W.D.	14,476.9	5,099.3	35.2%
Valley Center M.W.D.	24,801.0	5,126.3	20.7%
Vista I.D.	17,550.5	5,732.0	32.7%
Yuima M.W.D.	94.0	16.7	17.8%
<b>MEMBER AGENCY TOTAL</b>	<b>543,778.4</b>	<b>155,504.9</b>	<b>28.6%</b>
<b>Less: QSA deliveries calendar year to date</b>		<b>(61,541.7)</b>	
<b>Plus: CWA purchases for own account <sup>3</sup></b>		<b>1,064.5</b>	
<b>Estimated Tier 1 deliveries calendar year to date</b>		<b>95,027.7</b>	<b>17.5%</b>

<sup>1</sup>Tier 1 threshold is equal to all firm deliveries up to 90% of a member agency's historic maximum year firm demand. (Does not yet include Calendar Year 2010 IAWP opt-out demands.)

<sup>2</sup>Firm deliveries are net of IAWP certifications received.

<sup>3</sup> Includes forced deliveries and deliveries made through temporary carryover storage agreements.

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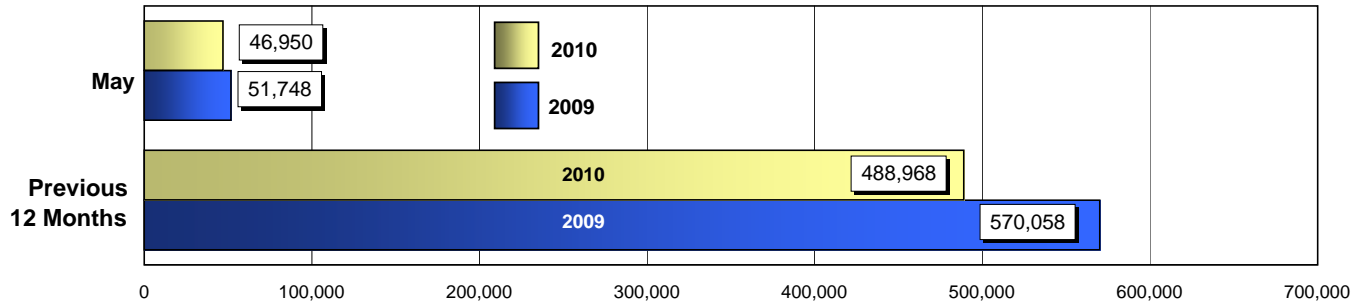
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# MONTHLY WATER RESOURCES REPORT

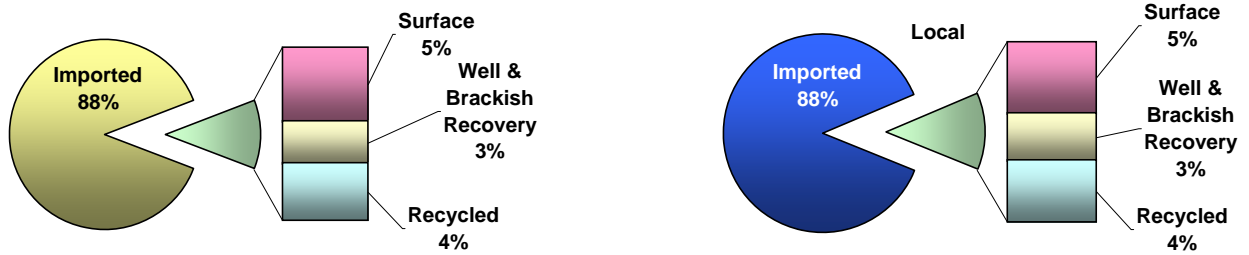
## Summary of Water Authority Member Agency Operations

MAY 2010

### Member Agency Deliveries (AF)



### Member Agency Water Use



MAY 2010

Previous 12 Months

### Member Agency Storage (AF)

