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11

12  
13 **BEFORE THE**  
14 **STATE WATER RESOURCES CONTROL BOARD**  
15 **STATE OF CALIFORNIA**

16 In re Petition of Imperial Irrigation District and ) **EXPERT WITNESS STATEMENT OF**  
San Diego County Water Authority for ) **MAUREEN STAPLETON**  
17 Approval of Long-Term Transfer of Conserved )  
Water and Changes in Point of Diversion, Place )  
18 of Use and Purpose of Use Under Permit No. )  
7643 )  
19 )

20 **I. INTRODUCTION**

21 I am Maureen Stapleton, General Manager of the San Diego County Water Authority  
22 (SDCWA). As General Manager, I am responsible for implementing the policies of our Board of  
23 Directors, managing a staff of over 200 employees, and carrying out the statutory responsibilities of  
24 the SDCWA, the most important of which is to provide a safe, reliable water supply to the 2.8  
25 million people within our service area. I have served as the SDCWA General Manager since  
26 January 1996. Prior to joining SDCWA, I worked for the City of San Diego for nine years, serving  
27 as Assistant City Manager from 1991 to 1996. Before that, I was Assistant City Manager for the  
28 City of Claremont. I have a bachelor's degree from California Polytechnic University in Pomona

1 and a master's degree in public administration from the California State University Consortium at  
2 Long Beach.

3 This testimony provides the SWRCB with a brief overview of the organization of the  
4 SDCWA, its powers and responsibilities and the geographic extent of its service area. It describes  
5 the water supply demands of the entire SDCWA service area and the importance of water supply  
6 reliability to the SDCWA, its member agencies, and all of San Diego County. It recounts the history  
7 of the development of the Agreement for Transfer of Conserved Water by and between IID and  
8 SDCWA and the Quantification Settlement Agreement, and describes the benefits of those agree-  
9 ments to San Diego County, Southern California, particularly the MWD service area, and the State  
10 as a whole. Lastly, it explains the importance of the several findings requested by Petitioners.

11 **II. ORGANIZATION OF SDCWA, POWERS AND RESPONSIBILITIES, AND SER-**  
12 **VICE AREA**

13 SDCWA was organized and created in 1944 under the County Water Authority Act of the  
14 State of California (CWA Act) (Stats. 1943, c. 545), and is a California government agency. The  
15 CWA Act empowers SDCWA to acquire water and water rights, construct and operate water  
16 delivery works, and exercise other functions associated with providing water within its service area.  
17 SDCWA does not have the authority to approve either land use plans or building permits; such  
18 authority is exercised by the County of San Diego and the incorporated cities within the SDCWA  
19 service area.

20 SDCWA is composed of 23 member public agencies, each of which is represented on the  
21 SDCWA governing body, its Board of Directors, with voting rights for each member agency deter-  
22 mined by a formula contained in the CWA Act. Under the provisions of the CWA Act, SDCWA is  
23 currently authorized to have 34 Directors, with each member agency entitled one Director, except  
24 that the City of San Diego is entitled to 10 Directors, and Helix Water District and Otay Water Dis-  
25 trict are each authorized two Directors. The service area of SDCWA consists of the areas of each of  
26 the member agencies that were originally included at the time of formation and those that have been  
27 annexed.

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1 SDCWA's boundaries extend from the border with Mexico in the south to Orange and  
2 Riverside counties in the north, and from the Pacific Ocean to the foothills that terminate the coastal  
3 plain in the east. With a total of 908,959 acres (1,420 square miles), the SDCWA service area  
4 encompasses the western third of San Diego County, but contains about 96 percent of the County's  
5 population.<sup>1</sup> As of 2001, the population served by SDCWA was about 2.8 million.<sup>2</sup> The prominent  
6 land use in the SDCWA service area is urban and suburban, mostly contained in SDCWA's largest  
7 member agency, the City of San Diego, and in municipal and water district member agencies serving  
8 the other cities in our service area. There is also a large agricultural presence, with diverse crops  
9 such as citrus, avocados, tomatoes, strawberries, flowers, and nursery crops. Large areas of land are  
10 also devoted to military use, with most of that acreage located at the Camp Pendleton Marine Corps  
11 Base and the Miramar Marine Corps Air Station.

### 12 **III. SDCWA'S SERVICE AREA WATER DEMAND**

13 Prior to formation of the SDCWA in 1944, the San Diego region relied entirely on local  
14 water resources. SDCWA was created because local resources had become inadequate, and a  
15 regional agency was needed to import water to the area. Since it began deliveries in 1947, SDCWA  
16 has supplied imported water to its member agencies. Imported water makes up between 75 and 95  
17 percent of the region's water supply in any given year. Currently, SDCWA procures all of its  
18 imported water from the Metropolitan Water District of Southern California (MWD), and between  
19 75 and 100 percent of that supply comes from the Colorado River. SDCWA is a member agency of  
20 MWD, having annexed to MWD in 1946. SDCWA purchases of imported water from MWD vary  
21 from year to year, mainly due to weather conditions and availability of local supplies, and peaked at  
22 646,645 acre-feet during the drought year of 1990. During periods of wet weather, imported water  
23 deliveries have been considerably less.

24 To fulfill its water supply responsibilities, SDCWA must plan for the future. Based on area  
25 growth projections provided by the San Diego Association of Governments (SANDAG), and on our  
26 estimates of future area water needs and the development of local water supplies, we have projected

27 <sup>1</sup> SDCWA Exh. 9: San Diego County Water Authority, *Water Resources Plan* (Feb., 1997).

28 <sup>2</sup> SDCWA Exh. 10: San Diego County Water Authority, *2001 Annual Report*.

1 that average imported water needs in 2020 will be approximately 589,500 acre-feet per year.

2 SDCWA delivers imported water to its member agencies through two aqueducts containing  
3 five large-diameter pipelines, and a number of branch pipelines. The aqueducts follow general  
4 north-to-south alignments, and the water is delivered largely by gravity. Delivery points from MWD  
5 are located about six miles south of the Riverside/San Diego County line.

6 SDCWA and its member agencies have taken great strides in maximizing the efficiency of its  
7 water supplies and the potential of local water resources. A variety of water conservation programs,  
8 with financial assistance packages provided by SDCWA, its member agencies, MWD, and outside  
9 sources, has reduced water demand significantly, and we are continually expanding the scope of pro-  
10 gram coverage in accordance with our Urban Water Management Plan.<sup>3</sup> We are also maximizing  
11 the local water supply through projects that emphasize groundwater development and storage, water  
12 reclamation, and desalination.<sup>4</sup>

13 **IV. THE IMPORTANCE OF WATER SUPPLY RELIABILITY**

14 The SDCWA Board of Directors has the responsibility to provide each of its member  
15 agencies with adequate water supplies not only for their current needs, but to meet their expanding  
16 and increasing needs in the future.<sup>5</sup> SDCWA has known throughout its history that we must have  
17 access to an adequate amount of imported water, but just as importantly we have recognized that our  
18 water supply must be reliable. Because MWD has so far been our only source of imported water,  
19 SDCWA has almost since its inception urged MWD to ensure that its member agencies have a suffi-  
20 cient supply of imported water under all foreseeable circumstances. SDCWA was instrumental in  
21 the adoption by MWD in 1952 of what is referred to as the Laguna Declaration, which has been  
22 continually in force and is today contained in the MWD Administrative Code at Section 4202:

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25 <sup>3</sup> SDCWA Exh. 7: San Diego County Water Authority, *2000 Urban Water Management Plan* (Dec., 2000).

26 <sup>4</sup> The SDCWA Director of Water Resources, Kenneth Weinberg, will elaborate on our programs for water conservation  
27 and enhancement of local supplies in his separate testimony to the SWRCB. (SDCWA Exh. 2: Expert Witness Testi-  
28 mony of Kenneth Weinberg.)

<sup>5</sup> County Water Authority Act § 5(11) (Stats. 1943, c. 545).

1 The District is prepared, with its existing governmental powers and its  
2 present and projected distribution facilities, to provide its service area  
3 with adequate supplies of water to meet expanding and increasing  
4 needs in the years ahead. When and as additional water resources are  
required to meet increasing needs for domestic, industrial, and municipal water, the District will be prepared to deliver such supplies.<sup>6</sup>

5 The Laguna Declaration was first issued when MWD's only source of imported water was the  
6 Colorado River.

7 In the 1970's, MWD also began drawing water from the State Water Project (SWP), which  
8 transports water from northern California. In 1964, MWD's claims to a secure Colorado River  
9 entitlement were effectively cut in half by a United States Supreme Court decision,<sup>7</sup> and during the  
10 1980's, environmental and infrastructure constraints threatened the ability of state water contractors  
11 to receive their full SWP allotments. By the mid-1980's, SDCWA was very concerned whether  
12 MWD could fulfill its promise to meet its member agencies' water needs. SDCWA explored the  
13 possibility of purchasing Colorado River water to replace a portion of its MWD supplies in 1984 and  
14 1985, but encountered institutional barriers and opposition that made such purchases infeasible at  
15 that time.

16 The drought of 1987-1992 demonstrated that SDCWA fears regarding the reliability of the  
17 MWD water supply were well founded. In March 1991, due to water cutbacks by MWD, SDCWA  
18 issued an ordinance declaring a water shortage emergency and imposing a 50 percent reduction in  
19 deliveries to its member agencies.<sup>8</sup> Although March rains in that year made it unnecessary to carry  
20 out the 50 percent reduction, MWD continued to implement a conservation program that resulted in  
21 a 31 percent reduction in water deliveries to SDCWA, and required SDCWA to continue water use  
22 restrictions in its service area.<sup>9</sup> The drought finally ended with the wet weather of early 1993.

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24 <sup>6</sup> MWD Admin. Code § 4202.

25 <sup>7</sup> *Arizona v. California* (1964) 376 U.S. 340.

26 <sup>8</sup> SDCWA Exh. 29: SDCWA Ordinance No. 91-1 (adopted Mar. 14, 1991); see also SDCWA Exh. 32: Metropolitan  
27 Water District, *Memorandum re. Incremental Interruption and Conservation Plan, Recommendation of an Appropriate  
Stage* (Oct. 2, 1991); SDCWA Exh. 33: Metropolitan Water District, *Adjustments Under the Incremental Interruption  
and Conservation Plan* (Feb. 25, 1992).

28 <sup>9</sup> SDCWA Ordinance No. 91-6 (adopted Sept. 20, 1991).

1 As bad as the 1991 cutbacks were, they were caused by shortages in only one of MWD's two  
2 supply sources, the SWP. At that time, MWD was able to continue to fill its Colorado River  
3 Aqueduct, although about 700,000 acre-feet of that amount came from unused apportionments of  
4 other lower Colorado River Basin States. MWD could receive the extra water at that time because  
5 Arizona and Nevada were not using their full entitlements, and therefore that water became available  
6 to MWD. However, it was becoming clear that Arizona and Nevada would soon be taking their full  
7 allotments, and MWD's Colorado River supply, along with its SWP supply, would depend on the  
8 unpredictable availability of surplus during periods of wet weather. SDCWA was determined to  
9 bolster its imported water reliability through diversification of supply before this happened.

10 **V. WATER TRANSFER AGREEMENT WITH IMPERIAL IRRIGATION DISTRICT**

11 After the experience of the 1987-1992 drought, SDCWA renewed its interest in obtaining  
12 more reliable Colorado River supplies. The obvious potential seller was the Imperial Irrigation  
13 District (IID), which holds senior priority rights to over three million acre-feet per year of Colorado  
14 River water. IID's senior priority rights would be satisfied in years when California would receive  
15 no unused apportionment from other states or surplus water. Further, IID's water rights are senior to  
16 MWD's rights and would be satisfied in drought conditions even when MWD's portion of Cali-  
17 fornia's basic (non-surplus) year allotments would be curtailed.

18 SDCWA initiated discussions with IID in 1995, resulting in a Memorandum of Under-  
19 standing between SDCWA and IID in September 1995 (1995 MOU).<sup>10</sup> The 1995 MOU set out the  
20 parameters for good faith negotiations between the parties for a long-term water transfer agreement.  
21 In July 1996, SDCWA and IID released a "Summary of Draft Terms" for public review and com-  
22 ment to be considered in the continuing negotiations. In December 1997, SDCWA and IID released  
23 another draft agreement for public review, and on April 29, 1998 signed the Agreement for Transfer  
24 of Conserved Water (Water Transfer Agreement).<sup>11</sup>

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27 <sup>10</sup> SDCWA Exh.11: Memorandum of Understanding between Imperial Irrigation District and San Diego County Water Authority (dated Sept. 19, 1995).

28 <sup>11</sup> IID Exh. 7: Agreement for Transfer of Conserved Water by and between the Imperial Irrigation District and the San Diego County Water Authority (dated April 29, 1998).

1 During the entire period from the signing of the 1995 MOU until the execution of the Water  
2 Transfer Agreement in April 1998, SDCWA and IID engaged in continuous negotiations to bring  
3 about a water transfer that was unprecedented in its amount and duration. As General Manager, I led  
4 the SDCWA negotiation team under the direction of our Board of Directors, and devoted a large  
5 portion of my time to the effort. Our main objective were to secure a "drought-proof" long-term  
6 water supply at a price that would be competitive with the price of water we pay MWD.

7 Originally our desire was to obtain up to 500,000 acre-feet per year from IID, but that  
8 amount was reduced when IID evaluated its limitations on producing conserved water for transfer.  
9 IID, on the other hand, wanted to produce transfer water mainly through the voluntary conservation  
10 efforts of its landowners, and needed a price that would cover anticipated costs and provide the land-  
11 owner some return. As executed, the Water Transfer Agreement reflects a series of compromises as  
12 to the transfer amount, price, duration of the agreement, and allocation of risks. Because the term of  
13 the agreement is 75 years, it contains provisions that allow for variations in price and duration based  
14 on future developments that we cannot at present predict with confidence. The transfer amount  
15 stated in the agreement is between 130,000 and 200,000 acre-feet per year as an initial amount, with  
16 the potential of an additional 100,000 acre-feet subject to future agreement by the parties.

17 The Water Transfer Agreement also contains contingencies, or conditions precedent, that  
18 must be satisfied before the water transfer can be implemented. Among the conditions precedent are  
19 voluntary landowner agreements to provide at least 130,000 acre-feet per year of transfer water,  
20 satisfaction of all environmental requirements, limitations on environmental mitigation costs,  
21 securing of transportation of the transfer water from the Colorado River to the SDCWA service area,  
22 and approval of the transfer along with certain findings by the SWRCB.

23 In November 1998, subsequent to execution of the Water Transfer Agreement between IID  
24 and SDCWA, SDCWA entered into an Exchange Agreement<sup>12</sup> with MWD to cover the transporta-  
25 tion of the transfer water. Under the Exchange Agreement, SDCWA will deliver up to 200,000 acre-  
26 feet per year of water transferred from IID to MWD's Colorado River Aqueduct at Lake Havasu. The

27 <sup>12</sup> SDCWA Exh. 14: Agreement between the Metropolitan Water District of Southern California and the San Diego  
28 County Water Authority for the Exchange of Water (dated Nov. 10, 1998).

1 water will be taken there by MWD, and MWD will provide an equal amount of water to SDCWA at  
2 its point of delivery to SDCWA in north San Diego County. Although this in large part solves the  
3 transfer water transportation issue, some decisions remain to be made regarding a difference in dura-  
4 tion between the Water Transfer Agreement and the Exchange Agreement. The environmental con-  
5 ditions precedent in the Water Transfer Agreement are in the process of being met, with draft  
6 environmental documents having been published in January 2002.

7 **VI. THE QUANTIFICATION SETTLEMENT AGREEMENT**

8 The Water Transfer Agreement was the catalyst for a more comprehensive approach to Cali-  
9 fornia's Colorado River issues, and formulation of what are known as California's Colorado River  
10 Water Use Plan (the California Plan)<sup>13</sup> and the Quantification Settlement Agreement (QSA).<sup>14</sup> With  
11 the execution of the Water Transfer Agreement, MWD and the Coachella Valley Water District  
12 (CVWD) questioned whether IID could transfer water to SDCWA without their consent as junior  
13 Colorado River water rights priority holders. Moreover, all four agencies recognized that the  
14 IID/SDCWA water transfer alone would not fully solve California's Colorado River concerns with  
15 the impending loss of unused allocation and surplus water. By 1998, California had become accus-  
16 tomed to using up to 5.2 million acre-feet of river water per year, although its basic apportionment is  
17 only 4.4 million acre-feet. Most of the 800,000 acre-feet of excess water has been used to fill  
18 MWD's Colorado River Aqueduct in past years. The Colorado River Board, the state agency with  
19 oversight of California's Colorado River issues, also recognized that the additional water would not  
20 be available in the future and that further action was needed.

21 After more intense negotiation among the four water agencies and other members of the  
22 Colorado River Board, the Colorado River Board formulated the California Plan, which is the road-  
23 map indicating how California can live within its 4.4 million acre-foot basic allocation. Then, on  
24 October 15, 1999, IID, MWD, and CVWD published the Key Terms for a Quantification Settlement  
25 Agreement, which will allow for the implementation of many of the actions identified in the Cali-  
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27 <sup>13</sup> SDCWA Exh. 15: Colorado River Board of California, (Draft) *California's Colorado River Water Use Plan* (May  
11, 2000).

28 <sup>14</sup> IID Exh. 22: Quantification Settlement Agreement (draft, May 6, 2001).



1 fomia Plan. The QSA is a wide-ranging complex agreement that meets the needs of IID, MWD,  
2 CVWD, and SDCWA and covers water transfers, adjustment of Colorado River water use  
3 accounting for the agreement term, and clearance for other related transfers. The IID/SDCWA  
4 Water Transfer Agreement is by far the largest water transfer incorporated into the QSA, and is the  
5 linchpin for the QSA's success.

6 **VII. BENEFITS OF THE IID/SDCWA WATER TRANSFER AGREEMENT**

7 The Water Transfer Agreement benefits the SDCWA service area, MWD and its member  
8 agencies, and the State of California. The circumstance that prompted SDCWA's interest in the  
9 Water Transfer Agreement was the lack of reliability and diversification of our imported water  
10 supplies, graphically illustrated by the shortages we faced in the early 1990's. As serious as those  
11 shortages were, they would have been much greater if the Colorado River Aqueduct had not at that  
12 time been able to deliver its full capacity of about 1.25 million acre-feet.

13 Today, unless we diversify our supplies and improve our water supply reliability, the impacts  
14 of a new drought would be compounded by shortages not only from the SWP, but also from the  
15 Colorado River. In fiscal 2001, SDCWA purchased almost 600,000 acre-feet of water from MWD,  
16 and about 75 percent of that water came from the Colorado River. The 200,000 acre-feet we now  
17 anticipate being able to purchase from the Water Transfer Agreement will replace a large portion of  
18 the supplies MWD presently receives on the River and therefore will significantly reduce the risk of  
19 future shortages. The \$117 billion dollar economy of the San Diego region assumes and depends on  
20 a reliable water supply. The Water Transfer Agreement provides the San Diego region with an  
21 "insurance policy" against the economic impacts associated with drought and stabilizes the price of a  
22 significant portion of SDCWA's supplies. As such, it takes great strides toward achieving SDCWA's  
23 water supply reliability goal.

24 Because SDCWA is a MWD member agency, an acquisition of reliable water by SDCWA  
25 will benefit MWD and all its member agencies also. At present, MWD provides SDCWA with over  
26 400,000 acre-feet of Colorado River water alone in a given year. The Water Transfer Agreement  
27 will make up to one half of that quantity available to SDCWA and in doing so will help fill the  
28 Colorado River Aqueduct with a reliable water supply, while at the same time relieving MWD of a

1 portion of its current water supply obligations. This will allow MWD significant relief in re-allocating its available water among all of its member agencies, a great benefit to all of southern California.  
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4 Without the Water Transfer Agreement and other critical components of the California Plan, the Secretary of the Interior, as the Colorado River watermaster, and other Colorado River users are not likely to support future surplus declarations nor agree to new operating criteria for the Colorado River that would make more water available to MWD. It must also be remembered that the MWD service area contains about half the population of the State of California. California has a responsibility to provide the water supplies needed to sustain its economy and yet California has a limited water supply with which to meet these needs. If the urban Southern California coast loses a significant portion of its Colorado River supplies, there will be intense pressure to compensate for that loss with water from the state's other major water source, the Bay-Delta in Northern California.  
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13 California and other involved parties are now engaged in a long-term difficult effort, the CALFED process, to implement a comprehensive solution including ecosystem restoration and allocation of Northern California supplies in the face of expanding statewide needs. Southern California holds the largest percentage of SWP water rights, and if forced to make up lost Colorado River water supplies it could demand even more water from Northern California. This would endanger the already fragile CALFED process, and is a situation that all Californians must avoid.  
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19 **VIII. BENEFITS OF THE QUANTIFICATION SETTLEMENT AGREEMENT**

20 The QSA not only incorporates the Water Transfer Agreement and resolves MWD and CVWD concerns relating to the transfer of water from IID to SDCWA, but also implements other programs to firm up MWD's Colorado River water supplies. This includes transfers of large amounts of water from IID to MWD as a result of canal-linings and other water conservation activities, which, like the Water Transfer Agreement, will provide needed Colorado River supplies to urban coastal southern California. The QSA also opens the door for MWD to implement other Colorado River water transfers, most prominently with the Palo Verde Irrigation District and the Arizona Water Banking Authority.  
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1 Just as importantly, the QSA and the promise of additional water transfers have become the  
2 vehicle under which the Secretary of the Interior has implemented special Interim Surplus Guide-  
3 lines<sup>15</sup> for the Colorado River that will ensure surplus supplies are made available to California  
4 through the Colorado River Aqueduct for the next 15 years while California implements programs to  
5 bring the state within its 4.4 million acre-feet basic apportionment. Continuation of the surplus,  
6 however, is conditioned on execution of the QSA and meeting certain benchmarks for reduction in  
7 agricultural use of river water. If the deadlines stated in the Interim Surplus Guidelines are not met,  
8 the guidelines will be suspended and we all must then deal with an immediate loss of 700,000 acre-  
9 feet of water to Southern California.

10 **IX. FINDINGS REQUESTED FOR THE BENEFIT OF THE IMPERIAL IRRIGATION**  
11 **DISTRICT**

12 The Joint Petition now pending before the SWRCB requests that in addition to approving the  
13 subject transfers and associated actions, the Board make certain findings regarding IID's water rights  
14 and IID's current and projected uses of water. The purpose of the requested findings is to confirm  
15 that IID's existing water uses, upon implementation of the water transfers and other QSA actions,  
16 will not be subject to future reductions for a period of time, and that the water transfers will not  
17 affect IID's water rights.

18 These assurances are important and necessary when viewed in light of the delicate balance of  
19 obligations and benefits among the four participating water agencies in the Water Transfer Agree-  
20 ment and the QSA. The bulk of the water that will be transferred to SDCWA pursuant to the Water  
21 Transfer Agreement and to MWD and CVWD pursuant to the QSA will derive from the senior water  
22 rights of IID. As a result, IID has agreed and obligated itself to make do with 500,000 acre-feet less  
23 per year than it now uses. In return for this very significant contribution to solving California's  
24 Colorado River problems, the assurances requested for IID appear to be reasonable and appropriate.  
25 Further, the QSA will not in any way affect senior water rights holders on the river, and will benefit  
26 the junior priority holders, MWD and CVWD.

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28 <sup>15</sup> SDCWA Exh. 16: Colorado River Interim Surplus Guidelines, 66 Fed. Reg. 17, 7772-7782 (Jan. 25, 2001).


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1 X. CONCLUSION

2 It is my opinion that the Water Transfer Agreement, an essential component of SDCWA's  
3 water supply plan, fulfills three key objectives for SDCWA: acquiring an independent, alternate,  
4 long-term water supply that provides drought protection and increased reliability for municipal,  
5 industrial and agricultural uses; diversifying its sources of water supply and reducing its current  
6 dependence on a single source of imported water in order to enhance the reliability of its water  
7 supply; and establishing a stabilized, competitive price for a significant portion of its water supply.  
8 As such, the Water Transfer provides a great benefit for all San Diegans. Moreover, the Water  
9 Transfer Agreement, together with the QSA, incorporate crucial elements of the California Plan, and  
10 therefore will also provide numerous benefits beyond San Diego County – to MWD and southern  
11 California, and to all of California. In the absence of the proposed transfer, California's ability to  
12 achieve the important goals of the California Plan will be impaired resulting in the potential for  
13 grave statewide water shortage problems.

14 I declare under perjury pursuant to the laws of the State of California that the foregoing is  
15 true and correct.

16 Executed on March 22, 2002, at SAN DIEGO, California.,

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18   
19 Maureen A. Stapleton, General Manager  
San Diego County Water Authority

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