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1966 Olivenhain Road, Encinitas, California 92024 | Phone (760) 753-6466 | Fax (760) 753-5640 | www.omwd.com

March 7, 2007

Lester Snow, Director
Department of Water Resources
1416 9th Street, Suite 1115-1
Sacramento, CA 95814-5515

Re: March 12 Funding Area Meeting – San Diego

Dear Director Snow:

The purpose of this letter is to provide you with written comments in advance of the March 12 meeting in San Diego to discuss the status of San Diego's IRWMP process and issues for resolution in connection with Prop 84 implementation.

At the outset, we support the region's efforts to secure a fair share of Prop 50 funding. Since all of our ratepayers pay for state bonds, we believe that funding processes should take into account some component of roughly proportional geographic or per capita distribution of bond proceeds. The requirements for "north-south" distribution do not go far enough to protect all of the state's ratepayers when a geographic area the size of San Diego can fail to receive any allocation of bond proceeds. It will be difficult for our ratepayers to continue to support statewide bond measures if they are not able to realize a fair share of the authorized funding.

That having been said, we recognize that, like some other areas of the state, we are behind the IRWM "planning curve" in San Diego. The balance of this letter will address the steps we believe should be taken in San Diego and by the Department to ensure the most effective long term administration of the IRWM program under Prop 84 and subsequent funding measures.

Current IRWM planning for Prop 50 – Olivenhain has supported and continues to support the preparation of a regional master plan for the San Diego funding area. Through our membership at the San Diego County Water Authority, we have recently authorized additional planning funds in the amount of \$600,000 to complete a regional plan for Prop 50. Although limited to Prop 50 and with full understanding that the Department's guidelines are being revised, we believe that this master plan will establish a broad regional structure within which *statutory* IRWMP's may evolve in the future. We do not believe that the current San Diego process is feasible for long term administration of the IRWM program under Prop 84 and subsequent funding measures for the reasons discussed below.



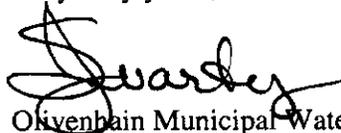
Definition of "region" – As you know, the Integrated Regional Water Management Planning Act of 2002 ("the Act") does not define the terms "region," "regional" or "integrated." DWR's Prop 50 Guidelines defined "region" only as a "geographic area." We believe DWR's prior administrative decision to allow only one IRWMP per region under Prop 50 was inconsistent with the Act, and, actually impeded the ability of regional water management groups to develop local integrated plans. We are grateful that DWR has reconsidered its prior directive in this regard with its expressed intent to allow multiple IRWMP's in a funding area. We strongly support this approach because we believe it will accelerate IRWM implementation in those local areas where effective planning is already underway.

Olivenhain is a perfect example of such an area. Our agency was and is already working collaboratively and in an integrated fashion with the stakeholders in the Escondido Creek Watershed, which includes the San Elijo Lagoon Conservancy, The Escondido Creek Conservancy, and other various cities, water agencies, and interested parties. Our Board of Directors has supported the developmental steps, including the preparation of an agreement for an IRWMP, with other agencies and stakeholders in the Escondido Creek Watershed. We believe that support for this kind of local planning effort is not only consistent with the Act, it is best calculated to achieve the "raised" IRWM standards DWR has already announced for Prop 84.

Governance – While we are grateful to the three MOU parties (City of San Diego, County of San Diego and San Diego County Water Authority) for taking the lead on IRWMP for the San Diego region during a time of uncertainty how this program would develop, Olivenhain does not believe that the current governance structure is feasible to establish future funding priorities under Prop 84 or otherwise. One of the challenges is that these agencies are themselves competitors for IRWM funding, which could create a conflict in the administration of the Plan and in establishing funding priorities. Subject to the important role such a regional master plan can play, as described above, we would recommend that DWR continue to administer a competitive grant process for planning and implementation funding under Prop 84 and subsequent bond measures.

We very much appreciate the efforts of the Department of Water Resources in this and other critical areas supporting California's water supply reliability. We look forward to meeting with you on March 12 and will be happy to answer any questions you may have at any time.

Very truly yours,



Olivenhain Municipal Water District

By: Susan J. Varty
Board President

cc: Tracie Billington, DWR
Escondido Creek Watershed Alliance Members