



San Gorgonio Pass Water Agency

A California State Water Project Contractor
1210 Beaumont Avenue • Beaumont, CA 92223
Phone (951) 845-2577 • Fax (951) 845-0281

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State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

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I represent the San Gorgonio Pass Water Agency, a State Water Contractor and wholesale water agency in northwestern Riverside County. We serve a 228 square mile service area comprised of the cities of Calimesa, Beaumont, and Banning, and the communities of Cherry Valley, Cabazon, and Poppet Flat. Our current population is approximately 95,000. Much of our region consists of disadvantaged communities.

In 1962, the Agency, created by the Legislature the year before, contracted with the California Department of Water Resources for 15,000 acre-feet of water. The Department had performed water studies of the region and had determined that this was the most that the Agency could contract for, since the region would never need any more water than this. Two years later, the Department let it be known that the Feather River Project, as it was called at the time, was not fully subscribed and made 532,000 acre-feet available to existing Contractors, as they were called, and allowed each to increase its contractual amount up to a maximum of 15%. The Agency's engineer, Max Bookman, determined that the Agency could afford this additional cost, but barely. At the time, the region was largely rural and agricultural, and had a very small tax base. The additional 15%, or 2300 acre-feet, put the Agency in financial peril for a number of years, but it was always able to make its annual debt service payments for the Project.

Because the San Gorgonio Pass region was located some 20 miles east of the terminus of the Feather River Project, today called the State Water Project, the Agency had to raise the money to construct the twenty miles of pipe to bring water to the region. Since the additional 2300 acre-feet of water used up most of the financial resources of the region, the Agency did not begin construction of this system of pipes and pump stations until the 1970's. At an average elevation of close to 3000 feet, the region is 1000 feet higher than the delivery point at Devil Canyon in San Bernardino (elevation 1932 feet); thus the conveyance to the region had to include both pipes and pump stations, adding to both the capital and operating costs.

Because of our relatively low tax base, small size, and distance from the SWP delivery point, the Agency did not receive any water from the State Water Project until 2003, some 40 years after signing a contract, when Phase 1 of the East Branch Extension was finally completed. This facility was only sufficient to convey approximately half of the Agency's

contracted amount, as we did not have the tax base at the time to construct a larger facility. This water came at a serendipitous time, however, as the region's major groundwater basin, the Beaumont Basin, was adjudicated in 2004. This adjudication meant that local water purveyors and overlayers could not continue to overdraft the basin—imported water had to be purchased and recharged into the basin. This has been going on for 13 years. Many of these 13 years, including the last four, have been drought years, meaning that not enough supplemental water was available to make up for the amount pumped. Thus, local retail water agencies have been withdrawing from storage over the past four years, and they only had roughly ten years to put water in storage. This is a perilous and non-sustainable pattern for our region.

Adding more pressure on water supplies, developers are lining up to construct more houses in our service area. There continues to be a shortage of housing in Southern California, particularly in the Inland Empire (San Bernardino and Riverside Counties), and land use planning agencies and home-builders are anxious to construct more homes to alleviate this shortage so that young families can have a home of their own. At this point in our region, water supplies are a constraining factor in this process. While local retail water agencies are doing their best to develop recycled water supplies, implement conservation measures, and educate the public on outdoor water use, there is still a huge dependence on the State Water Project to import water to recharge the local groundwater basin. And this dependence will continue, and likely increase, as more homes are constructed.

The Inland Empire, including the Agency's service area, is among the fastest growing areas in Southern California. This is due to the large amount of relatively inexpensive land and the relative proximity to jobs in Riverside, San Bernardino, and even Los Angeles and Orange Counties. Most of the homes constructed in our service area are for the first-time home buyer. Approximately 75% of the growth in our region is organic—that is, is due to live births in the area, as opposed to net in-migration. If we are going to have homes for the people that are being born in our region, we must continue to be able to depend on the State Water Project. Because it is so hot and dry in our region, our per capita usage is higher than the state average—even with the conservation measures implemented by local water agencies.

One thing we are blessed with in our region is great groundwater basins. These basins can serve as storage reservoirs for imported water. Because of these basins, we will be able to store more water in wet years when it is available, and use that water in dry years when it is not. My Agency is in the midst of a \$9 million conjunctive use project that will do exactly that—construct a new recharge facility that will be used to store more water. In order to be able to do that, we need the California Water Fix, which will enable the State Water Project to deliver more water in wet years. For our region, wet year deliveries will be a key to a

sustainable future, since our local groundwater basins are able to serve as large storage reservoirs.

We are now completing work on Phase 2 of the East Branch Extension so that we can convey our entire State Water Project contracted amount. The Agency's Board committed the funding for this construction prior to the 2008 and 2009 Biological Opinions that reduced the reliability of the State Water Project. We are spending over \$100 million on a facility that, if the California Water Fix were not to be implemented, may be a white elephant. That facility, shared with the San Bernardino Valley Municipal Water District, another State Water Contractor and wholesale water agency, assumes a high reliability for the State Water Project, because that was the case when the decision was made to construct it.

We are working with local retail water agencies to implement the Sustainable Groundwater Management Act, SGMA. As you know, the primary purpose of this law is to ensure the long-term sustainability of groundwater basins in California. Each basin must develop a long-term groundwater sustainability plan, or GSP. The long-term plan for sustainability of groundwater basins in Southern California is almost certain to be the importation of water from outside of our region. The State Water Project is the most developed of these sources, and we have a contract with the State to purchase this water on a long-term basis.

Our region will soon need additional supplemental water supplies over and above our State Water Project supply, especially since this supply has, over the past decade, been reduced greatly in reliability. Those additional supplies will have to be purchased at a great cost to our region's taxpayers and water customers. We are willing to do this in order to assure a sustainable future for our residents; however, for every acre-foot of State Water Project water that is taken away by a reduced reliance, we have to purchase an equal amount at a much higher cost.

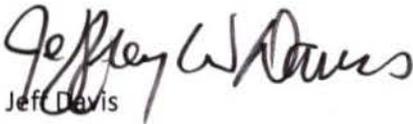
Our estimate is that it will cost our residents, businesses, and property owners between \$6000 and \$10,000 per acre-foot to procure these long-term water supplies. This is in addition to the operating and maintenance costs of pumping the water to our region, as well as debt service on the State Water Project facilities. This is a huge burden on our taxpayers if the reliability of the State Water Project continues to decline and more and more water supplies have to be purchased. This is an additional tax on young families trying to raise their children with a reasonable standard of living. This is a far greater cost to our local taxpayers than it would be to construct the California Water Fix. The Cal Water Fix, is, simply, the cheapest source of new water for our region, at less than \$2000 per acre-foot. Implementation of this project, combined with our local conjunctive use project, will reduce the amount of money we will have to spend on additional water rights by tens of millions of dollars over the next two decades. While we recognize that the Cal Water Fix does not

represent a new supply, it does represent the opportunity to import more water in wet years, which will be a huge benefit to our region.

Already, many of the communities within our region are classified as disadvantaged communities. Compounding their financial peril, local property owners pay among the highest tax rates within any State Water Contractor in order to make our annual debt service payments. Next year, my Agency will pay nearly \$20 million to Sacramento to pay for the State Water Project, whether we get a drop of water or not. At an average reliability of 60%, the cost of this water to our region is approximately \$2400 per acre-foot. If the California Water Fix is not implemented and the reliability of the project is decreased, the cost per acre-foot increases, and additional costs will be added to procure new water rights for our region. To expect the residents of disadvantaged communities to pay more for additional water supplies when it is within our power to maintain reliability of the State Water Project by constructing the California Water Fix is unfair and, one could argue, bordering on immoral.

On behalf of the homeowners, business owners, and residents of the San Geronio Pass who depend on the State Water Project, who have paid taxes to pay for the debt service on that project since the 1960's, who are struggling financially, and who have invested millions of dollars in groundwater storage facilities to take advantage of wet years, we ask that you grant this petition so that the California Water Fix can become a reality and bring some relief to our taxpayers.

Sincerely,


Jeff Davis