

Good afternoon, San Diego County leaders.

It's pretty clear at this point that 2021 is going down as a **historically dry year**, particularly in Central and Northern California. One indication is that the allocation from the State Water Project is at a recordlow 5%.

It's also clear that through our water region's supply investments over the past couple decades, ite San Diego County is positioned to weather this year and additional dry years, as long as we continue to maintain the efficient water use that has become a hallmark of our regional ethic. Given those two realities, the Water Authority is **investigating a water deal** this year that will both help our neighbors in drought-stricken areas and potentially generate revenue that can reduce upward pressure on water rates.

This opportunity is available because in 2008, the Water Authority secured extra water for the region in preparation for potential future droughts. At the time, we collaborated with the Metropolitan Water District of Southern California to secure 16,000 acre-feet of groundwater stored in a Kern County water bank. Thanks to other investments such as the San Vicente Dam Raise and the Carlsbad Desalination Plant, we haven't needed to tap that reserve for more than a decade.

The Water Authority's draft 2020 Urban Water Management Plan shows that regional investments in a "water portfolio approach" to supply management and a sustained emphasis on water-use efficiency: mean that San Diego County will continue to have sufficient water supplies through the 2045 planning horizon – so the region's residents and economy remain safe even during multiple dry years. Given the extraordinarily low availability from the State Water Project, and the location of our stored groundwater in the Central Valley, the Board directed us to see what partnerships can be developed with others who need water.

At the same time, the Water Authority continues to pursue authorization to **store water supplies in** Lake Mead, which is declining due to a two-decade drought in the Colorado River Basin. If the Water Authority could store water there, it would also **open up the potential for other water management strategies** to improve Lake Mead water levels and water supply reliability for the Basin States.

A final bit of good news: This month, we completed a series of **bond refundings that will save** ratepayers **\$48 million** – the latest in a long series of debt refinancing moves that help reduce the cost of critical infrastructure investments.

Stay tuned as we move ahead, and I'll keep updated on how these opportunities develop.

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