



RAMONA MUNICIPAL WATER DISTRICT

105 Earlham Street
Ramona, CA 92065-1599

Phone: (760) 788 – 2251
Fax: (760) 788 – 2202

iawp@rmwd.org

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1 Important Breaking News for IAWP Water Accounts!

2 Local users of certified agricultural water can soon opt to escape from mandatory cutbacks on agricultural
3 water usage. There are 247 local accounts that have signed an agreement with the Metropolitan Water
4 District of Southern California (“MWD”) to reduce their retail agricultural water deliveries if called upon
5 during a drought. Beginning on January 1, 2008, MWD issued a call for a 30% reduction. Now MWD
6 will allow these accounts to voluntarily opt-out of the program, effective January 1, 2009

7 MWD’s Interim Agricultural Water Program (“IAWP”), which started in 1994, currently offers a discount
8 to individual growers having at least one acre of irrigated cash crops in exchange for a written
9 commitment by the owner to honor cutbacks if called upon. The County Water Authority (“CWA”) has a
10 piggy-back program which it calls the Special Agricultural Water Rate (“SAWR”) that offers additional
11 discounts to local growers who have signed up for MWD’s IAWP.

12 MWD has the contractual right to impose a penalty on the Ramona Municipal Water District (“RMWD”)
13 at the end of 2008 if RMWD’s 247 IAWP accounts, as a group, fail to reduce their combined annual
14 deliveries by at least 30% from the base year deliveries. The certified base year consumption was 5,332
15 acre feet in fiscal year 2006-07, starting on July 1, 2006. During the first nine months of 2008,
16 consumption by RMWD’s 247 IAWP accounts totaled only 1,273 acre feet---a long way from the
17 annual penalty trigger amount of 3,732 acre feet. (An acre foot = 325,851 gallons or 435.6 hundred cubic
18 feet [HCF]).

19 How the 2009 Opt-Out(s) will work

20 RMWD will be required to notify MWD and CWA prior to the end of this year how many of its IAWP
21 accounts have requested an Opt-Out in writing. There will be two different kinds of Opt-Outs, both
22 effective as of January 1, 2009. An IAWP account can reject Opt-Outs for calendar year 2009 or: (1) can
23 Opt-Out of IAWP and stay in SAWR or (2) can Opt-Out of both. Opt-Outs made cannot be reversed.
24 Failure to formally request either Opt-Out option by the January 1, 2009, deadline will void all Opt-Out
25 opportunities for the balance of calendar 2009 and the account will stay enrolled in both the IAWP and
26 the SAWR. The next window to request Opt-Outs will close on January 1, 2010.

27 CWA’s SAWR continuation is for only 2009 and 2010---its continuation is labeled “transitional.” After
28 December 31, 2010, CWA will make a determination whether to eliminate the discount, or to continue it
29 or to offer a new program.

30

31 The RMWD Board of Directors at its regular public meeting on Tuesday, November 25th at 7:30 PM in
 32 the Ramona Community Center, 434 Aqua Lane, will review and establish the calendar year RMWD
 33 2009 discounts and penalties. Growers are encouraged to attend and may speak to the Board of Directors
 34 prior to their voting. If the Directors decide to simply pass through the MWD/CWA discounts and
 35 penalties to the growers, the applicable RMWD calendar 2009 discounts and penalties will be as follows:

Pass through discount for calendar 2009		
	UNTREATED USE	TREATED USE
IAWP discount	\$90 per acre foot	\$114 per acre foot
SAWR discount*	\$95 per acre foot	\$ 95 per acre foot
Penalties if still participating in both IAWP and SAWR		
	UNTREATED USE	TREATED USE
if over 70% of base year	\$736 per acre foot	\$926 per acre foot

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37 To recap, opting out of both eliminates all penalties and also eliminates all discounts. Opting out of just
 38 IAWP eliminates all agricultural penalties and keeps the SAWR discount for 2009 and 2010, but
 39 thereafter it is uncertain whether the CWA discounts will be continued. Please note that the amount of
 40 the discounts and penalties listed here are estimates provided to RMWD by MWD and CWA and are
 41 subject to the final determination of the RMWD Board of Directors.

42 Prospects for additional cutbacks

43 Depending on the amount of winter precipitation, MWD may require full service retail customers to cut
 44 back consumption to an amount lower than the base year, potentially starting in the summer of 2009. If
 45 that occurs, accounts that remain in the IAWP program will be subject to both the current 30% cutback in
 46 addition to the percentage of cutbacks imposed on full service customers. Accounts that have opted out of
 47 the IAWP program prior to MWD’s call for full service cut backs will be required to cut back by the same
 48 percentage as full service customers who were never in the IAWP program.

49 Future Actions

50 As soon as possible after the RMWD Board of Directors set the discounts and penalties for 2009, RMWD
 51 will be mailing a packet to each of the 247 accounts seeking a written decision on the Opt-Outs. Affected
 52 customers are urged to attend the meeting on November 25 at 7:30 PM and to occasionally check
 53 RMWD’s website at www.rmwd.org for the latest updates.

54 RAMONA MUNICIPAL WATER DISTRICT

55 Ralph McIntosh
 56 General Manager
 57 11-17-08
 58

59 **The SAWR discount includes a \$44 per acre foot factor for a Water Authority Storage Discount. The Water Authority Storage*
 60 *Discount shown is an estimate by the San Diego County Water Authority and is subject to change after the volume of RMWD opt-*
 61 *outs is known.*