

August 15, 2020

MEMBER AGENCIES

Carlsbad  
Municipal Water District  
City of Del Mar  
City of Escondido  
City of National City  
City of Oceanside  
City of Poway  
City of San Diego  
Fallbrook  
Public Utility District  
Helix Water District  
Lakeside Water District  
Olivenhain  
Municipal Water District  
Otay Water District  
Padre Dam  
Municipal Water District  
Camp Pendleton  
Marine Corps Base  
Rainbow  
Municipal Water District  
Ramona  
Municipal Water District  
Rincon del Diablo  
Municipal Water District  
San Dieguito Water District  
Santa Fe Irrigation District  
South Bay Irrigation District  
Vallecitos Water District  
Valley Center  
Municipal Water District  
Vista Irrigation District  
Yuima  
Municipal Water District  
OTHER  
REPRESENTATIVE  
County of San Diego

Chairwoman Gray and  
Members of the Board of Directors  
Metropolitan Water District of Southern California  
P. O. Box 54153  
Los Angeles, CA 90054-0153

RE: Board Memo 7-1 – Adopt resolution establishing the tax rate for fiscal year 2020/21

Dear Chair Gray and Board Members:

As you know, we have objected many times to the imposition of property tax as a result of MWD's suspension of the tax rate limitations contained in Section 124.5 of the MWD Act (including the actions taken earlier this year), for reasons that have been stated in detail.<sup>1</sup> We stand by these expressed views; however, many facts have changed over the past few months.

Although not described in Board memo 7-1, we believe that maintaining the tax rate this year is in fact essential to MWD's fiscal integrity within the meaning of the MWD Act due to 1) risk of lower than budgeted water sales in the current biennial budget; 2) the devastating financial impacts of the COVID-19 pandemic on Southern California water ratepayers; and 3) the opportunity this will afford to provide rate relief when the budget comes back in September.


We realize to some extent this could have been avoided since the action is necessary in part due to water sales projections and the failure to consider or implement alternatives to ad valorem taxes; however, under all of the circumstances, we believe it is in the best interest of MWD and our member agencies and ratepayers at this time to maintain the tax rate as described. Going forward, we look forward to this issue being addressed as part of rate review.

Most of the work on the budget was completed well before COVID-19 began its aggressive expansion across California. Although the proposed overall rates were reduced by 2 percent and 1 percent for 2021 and 2022, respectively, neither MWD staff nor our board had a real opportunity to scrub the budget the way the Water Authority and most of our retail agencies have done, to look for more budget cuts and rate relief. We sincerely hope that staff will bring back budget adjustments in September that reflect what staff has indicated it has already done but which is not reflected in the budget, and provide further needed relief to all member agencies and MWD ratepayers.

Sincerely,



Jerry Butkiewicz  
Director



S. Gail Goldberg  
Director



Michael T. Hogan  
Director



Tim Smith  
Director

cc: San Diego County Water Authority Board Members and Member Agencies

<sup>1</sup> See letters dated April 9, 2020, August 17, 2019, August 19, 2018, August 14, 2017, August 15, 2016, August 15, 2015 and August 16, 2013 all of which are in the possession of MWD.