

September 9, 2020

MEMBER AGENCIES

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Municipal Water District

City of Del Mar

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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

Gloria Gray, Chairwoman
Metropolitan Water District of Southern California
P.O. Box 90054-0153
Los Angeles, CA 90054-0153

RE: Rate Relief for All Southern Californians

Dear Gloria:

Thank you for your September 8, 2020 letter in response to my August 31 letter on Board Memo 8-1, concerning potential reduction of water rates planned for January 2021. Based on your letter and attachment, it appears that a positive solution may be at hand as described below.

First, your letter confirms prior indications that MWD staff has actually implemented many of the cost cutting measures the Water Authority and other board members asked be considered. Board memo 8-1 totals these post-April budget adoption cost savings at **\$11.7 million**. If staff simply takes the next step to factor these savings into an adjusted budget and rates, we are almost halfway to a \$15 per acre-foot cut on transportation rates (which requires a total \$24 million budget reduction).

The memo indicates that since April, MWD has also curtailed hiring to essential positions only, which we trust means that it will curtail the **\$7 million** cost added as new item in the budget for succession planning. Again, if staff simply factors these actual savings into the budget and rates, we are another step closer to our goal.

Finally, staff reported to the MWD Board last month that maintaining its ad valorem tax rate would generate **\$8 million** more in tax revenues than were assumed in the budget. Your letter says consideration of this additional revenue in order to achieve rate relief is “unrealistic.” I asked our staff to go back and double check whether that is the case, and it appears not. As you can see by the attachment to this letter, MWD has never at any time in the recent past collected less in tax revenues than budget assumptions, including during the Great Recession. Please let us know if the information included on the attachment is in any way incorrect; if not, this \$8 million, added to the \$11.7 million and \$7 million adjustments identified above reaches the goal of reducing costs by **\$26.7 million** or more.

Southern California unemployment rates are at record high levels—indeed, Metro-Los Angeles unemployment rate of 17.5 percent in July is almost four times what it was one year ago. All MWD has to do is adjust the budget and rates now rather than wait until next June after the rates have already been imposed.

Chairwoman Gray
September 9, 2020
Page 2

The Water Authority and its member agencies and ratepayers greatly appreciate the action your Board took in April to consider rate relief this month based on how our communities are faring. We know now that we are in for a long haul with COVID-19. We would love to report back to our region that MWD pressed hard to bring one last percentage of rate relief to Southern California.

Sincerely,

A handwritten signature in black ink that reads "Jim Madaffer". The signature is written in a cursive, flowing style.

Jim Madaffer
Board Chair

Attachment

cc: Water Authority Board of Directors
Metropolitan Water District Board of Directors
San Diego County Water Authority Member Agencies
Metropolitan Water District Member Agencies

Actual Tax Revenues Collected Consistently Higher Than Budget Even during Great Recession

