



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

April 13, 2010

Jeff Kightlinger, General Manager
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

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 Diego 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

Re: MWD's Proposed Budget for 2010/11 - OPPOSE

Dear General Manager Kightlinger:

The Water Authority delegates wish to be formally on record as opposing staff's recommended budget for 2010/11 for the reasons described in this letter.

We appreciate Business and Finance Committee Chairman Grunfeld's efforts in conducting three budget workshops, but are disappointed that staff has not included in its final proposed budget any of the measures suggested by members of the board to reduce expenditures.

During the March 23 budget workshop, the consultant jointly retained by the Water Authority, Los Angeles Department of Water and Power, City of Long Beach, and Calleguas Municipal Water District presented budget and rate scenarios illustrating that MWD could limit its current rate increase to 5%, followed by 3-6% rate increases over the next four years – and at the same time preserve MWD's debt ratios and reserves to adhere to MWD board policies. Our consultant showed that rate increases could be held at these levels by prioritizing and deferring capital projects and reducing pay-as-you-go funding. Under this scenario, all other MWD budget assumptions and expenditures would remain as proposed by staff.

Given the useful life of most MWD facilities, it is very hard to understand why MWD's capital improvement program schedule could not be adjusted to respond to the dire economic situation facing our Southern California cities, counties and ratepayers. The argument that we should spend more money now because the economy is so bad is misguided. Building capital projects before they are needed will also reduce funds available at the local level to implement water conservation and develop sorely needed local water supply reliability projects.

For these reasons, we cannot support the budget that has been proposed by staff.

Sincerely,

OTHER REPRESENTATIVE

County of San Diego

Fern Steiner

William "Bud" Pocklington

Keith Lewinger

cc: MWD Board of Directors
SDCWA Board of Directors

A public agency providing a safe and reliable water supply to the San Diego region