



BOB FILNER
MAYOR

June 10, 2013

Mr. John (Jack) V. Foley and
Members of the Board of Directors
Metropolitan Water District of Southern California
700 North Alameda Street
Los Angeles, CA 90012-2944

Re: Board Memoranda 8-1 and 8-2 Regarding MWD's Mid-Cycle Biennial
Budget Review and Proposed Suspension of Tax Rate Limitations in order
to Maintain Tax Rates

Dear Chairman Foley and Board Members:

Last year, the city of San Diego joined with other voices in the San Diego region calling on the Metropolitan Water District of Southern California (MWD) to establish a 3% annual rate increase, rather than the 5% and 7.5% annual increases recommended by MWD staff at the time. Despite our protests, your Board approved 5% annual rate increase in 2013 and 2014 which we now learn has resulted in a 15-month over-collection of \$314 million in the first year of the two-year budget. MWD's reserve funds now exceed the Board established maximum limit by \$75 million. Clearly, the 5% rate increase adopted by your Board was excessive and has placed an unnecessary burden on the ratepayers.

I join the San Diego County Water Authority in calling on your Board to recognize the indisputable fact that the 5% annual rate increases are excessive. In light of MWD's updated financial picture, MWD's 2014 rate increase should be reduced from 5% to 3% (Board Memorandum 8-1).

For the same reasons listed above, I call on your Board to oppose the recommended action to suspend tax rate limitations in order to collect higher revenues from taxpayers (Board Memorandum 8-2). With maximum reserve limits

being exceeded, there is no justification for approving measures such as this that serve to increase MWD's revenues any further.

The unabated pursuit of fiscal policies promoting excess reserves beyond Board polices at a time when working families are struggling to pay their monthly bills is completely unacceptable. It's time for your Board to do the right thing and adjust the 2014 rates and charges downward to 3%, returning MWD's reserve amounts to below maximum reserve balance limits where they belong.

Sincerely,

A handwritten signature in black ink that reads "Bob Filner". The signature is written in a cursive, flowing style with a large initial "B".

BOB FILNER

Mayor

BF/aj