



*Taxpayers watchdog since 1945*

707 Broadway, Suite 905, San Diego, CA 92101 • P: (619) 234-6423 • F: (619) 234-7403 • [www.sdcta.org](http://www.sdcta.org)

March 7, 2014

Jack Foley  
Chairman of the Board  
Metropolitan Water District of Southern California  
PO Box 54153  
Los Angeles, CA 90054

Re: Proposed Fiscal Year 2015/2016 Budget & Rates

Dear Chairman Foley:

On behalf of the San Diego County Taxpayers Association (SDCTA), I am writing to offer our recommendation to the Metropolitan Water District's (MWD) regarding the proposed Fiscal Year (FY) 2015 and 2016 budget.

After reviewing the proposed budget and rates to be considered, SDCTA believes that the MWD can operate efficiently and effectively without having to adopt the proposed 1.5 percent rate increase for the upcoming fiscal year. At the February 10, 2014 Budget and Rate Workshop at the Finance and Insurance Committee, MWD staff stated the first year's rate increase would generate approximately \$22 million in revenue.

The proposed budget also includes the expenditure of \$320 million in excess revenues toward MWD's retiree healthcare liability, cash payments toward capital projects and drought relief projects. SDCTA believes these are worthwhile fiscally sound expenditure priorities, and dollars can still be allocated to these line items without having to raise rates.

We further recommend that the expenditure of reserves take place over a two year period, allowing the Board to revisit its budget prior to the start of FY 2016 to determine if it is further possible to eliminate the need to raise rates by 1.5 percent during that year.

Like other regions throughout southern California, the San Diego region has done its part in reducing consumption while watching rising water rates that disproportionately impacting our most vulnerable residents. MWD has positioned itself to provide short-term relief to all ratepayers, and we respectfully request the Board of Directors grant that to them for the upcoming year.

If you have any questions, please contact me at (619) 234-6423 or at [sean@sdcta.org](mailto:sean@sdcta.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "S Karafin", written over a light blue horizontal line.

Sean Karafin  
Economic Policy Analyst

cc: MWD Board of Directors  
Jeffrey Kightlinger