

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 Diabolo 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
 - Yuma 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.¹ 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

¹ 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.

From: [Andrea Barrios](#)
To: [DL-Board Support Team](#)
Subject: No New Taxes to Pay for Tunnels
Date: Sunday, August 16, 2020 1:18:36 PM

Good Afternoon,

I am asking the committee to withhold a recommendation to continue the existing ad valorem tax rate of 0.0035. If the committee feels it must recommend the tax, it should be with the added instruction that the tax revenues may NOT be spent on the Delta Conveyance project in any form.

- If we need additional funding because of COVID and recession costs, that should be made clear to ratepayers. It should be made clear why the rate limitation is not suspended and what the money raised will be spent on.
- Do not submit the letter from MWD staff recommending to maintain the ad valorem property tax rate for FY 2021/22 without a solid plan that ensures water resourcing that takes into account climate change and emphasizes local jobs and regional resilience. We need a plan that ensures taxes won't be raised to further pay for wasteful, expensive, imported water projects like the Delta Tunnel.
- You are putting the cart before the horse, continuing raised property taxes in an economic crisis, when the Integrated Resources Plan is nowhere near ready.
- None of this tax money should be used for any aspect of a new Delta conveyance or tunnel. An environmental impact report for a proposed tunnel will not be ready until the end of the year, and then the project needs layers of permitting that may never occur.
- The board needs to make clearer what the money is funding--and disclose that to the public--before taking a vote to raise taxes.

Thank you,

Andrea Barrios

From: [Ann Dorsey](#)
To: [DL-Board Support Team](#)
Subject: Comment regarding the ad valorem property tax
Date: Sunday, August 16, 2020 8:41:50 PM

Ms. Castro,

Please forward my comments below to the MWD Board of Directors.

Thank you,

Ann Dorsey

MWD Board of Directors,

I am writing to urge the Board of Directors to not raise the ad valorem property tax rate for FY 2021/22. Water use has declined and is predicted to continue to do so. There is enough water stored now that with increased water efficiency and recycling it will be possible to meet future needs with stored water instead of imported water. This is the goal. It is imperative that water needs be met locally without the need for imported water. **Wasteful, expensive and environmentally damaging imported water projects like the Delta Tunnel** are unnecessary and should not be built. In fact, no further money should be spent on this or similar projects. Furthermore, not only is the tax increase unnecessary, to impose increased expenses when millions are struggling financially because of the COVID – 19 pandemic is unconscionable.

Sincerely,

Ann Dorsey
Northridge, CA 91325

From: [Alice Neuhauser](#)
To: [DL-Board Support Team](#)
Subject: Fw: MWD Ad Valorm Tax Increase
Date: Monday, August 17, 2020 9:22:30 AM

Ladies and Gentlemen,

I called into the Finance & Insurance Committee Meeting this morning. I gave my comment but it wasn't clear that my comment was heard. The phone line was terrible.

I oppose the continuation of the ad valorem rate adopted last year as it is essentially a tax hike.

There is no clear, publicly transparent description of what the bill will pay for; there isn't even an existing resource plan.

No ad valorem rate continuation be recommended or adopted unless there is a stipulation that the funds cannot be spent on any aspect of a new Delta Conveyance.

Thank you,

Alice Neuhauser

Alice P. Neuhauser
P: 310-275-7505
apntrc@msn.com



Please consider whether it is necessary to print this email.