

## Valley Center Board Meeting

Comments from Meena Westford on behalf of Metropolitan Water District of Southern California

April 17, 2017

- Good afternoon, President Broomell and members of the Board. My name is Meena Westford. I am here representing Metropolitan Water District of Southern California. I appreciate the opportunity to speak to you today.
- I feel that I must briefly comment on the presentation you just received and the San Diego County Water Authority's expensive negative PR campaign against Metropolitan and its directors.
- The presentation mischaracterizes Metropolitan's financial practices and investment decisions in recent years, including investments supported by the Water Authority
- As an example, *Metropolitan does have a long range finance plan. It is in the form of a Ten-Year Financial Forecast that is incorporated into every biennial budget*
- *On the topic of rate increases, there are two important issues to note.*
- *First is that water agencies across the country have seen rate increases in the face of declining water use due to conservation and aging infrastructure.*
- *Metropolitan's rate increases have averaged 4.4 percent over the last 20 years*

- *The second point is that the Water Authority's own rates and charges for treated water are about 60 percent higher than Metropolitan's rates. The difference is even greater for untreated water which is about 90 percent higher than that of Metropolitan.*
- *During the recent historic drought years, member agencies purchased far more water from Metropolitan than originally anticipated because their own supplies were limited. That is not charging too much for water. That is called meeting demand.*
- *And as for our investments, they benefit the San Diego region.*
- *To support the reliability of imported supplies from the Colorado River and avoid future uncertainties in its Palo Verde fallowing program, Metropolitan purchased land in that valley.*
- *Water Authority representatives on Metropolitan's Board voted in favor of this investment and it was unanimously approved by the Board.*
- *To drive down outdoor water use during California's historic drought and lock-in long term conservation, Metropolitan funded the nation's largest conservation and turf removal program. The rebates were extremely popular in San Diego County*
- *And Metropolitan purchased five islands in the Sacramento-San Joaquin Delta with multiple potential values consistent with the state's co-equal goals of a restored Delta ecosystem and a reliable water supply from*

*the State Water Project, which provides roughly 30% of Southern California's water.*

- These are the investments that the Water Authority now criticizes.
- *While we have seized on opportunities to make strategic investments, Metropolitan's resulting debt load is far lower than that of the Water Authority.*
- *Our high credit ratings from Wall Street, which have been reaffirmed after all these investments, are proof that Metropolitan is on the right financial track as we look to make progress together.*
- *We at Metropolitan are proud of our 70-year relationship with San Diego County*
- There are great values in our partnership.
- *For example, Thanks to the wet winter in the Sierra, Metropolitan is delivering more water from its northern State Water Project supply than it has in years, which will help reduce salinity for North County customers.*
- *Having access to two distinct imported supplies also helps maintain reliability long term.*
- *Second, although the Water Authority is in court challenging our rates, there is great value in the exchange agreement that facilitates the Water Authority's purchase of its own supplies from the Imperial Irrigation District.*
- *The exchange agreement provides numerous benefits over wheeling and guarantees an exchange of water for the lifetime of the Water Authority's purchase from IID .*
- Lastly, we have the power of collective action to make strategic investments. An example is a possible new

reservoir in the Sacramento Valley known as Sites Reservoir that could help maintain supplies from Northern California.

- We were pleased to see that the Water Authority board delegates at Metropolitan recently voted to provide planning money to help advance this proposal to a decision-making stage.
- In closing I would like to offer to you an open invitation to have Metropolitan's General Manager Jeff Kightlinger, come and discuss with you the important, pressing water issues we, as a Southland, face now and into the future.
- *Thank you.*