



San Diego County Water Authority

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

February 22, 2016

Randy Record and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O.Box 54153
Los Angeles, CA 90065-0153

MEMBER AGENCIES

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City of Del Mar
City of Escondido
City of National City
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City of Poway
City of San Diego
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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 Dieguito 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
OTHER
REPRESENTATIVE
County of San Diego

RE: Finance & Insurance Committee Workshop #2
Renewed Request for Budget Information and Cost of Service Report

Dear Chairman Record and Board Members,

We have reviewed the material distributed for tomorrow's Workshop #2 and find that it consists solely of a PowerPoint presentation, not the information we have previously requested.

We are asking again for the budget detail underlying the broad cost categories included in the budget document and PowerPoint presentation (i.e, O&M, debt service, State Water Contract, CRA power, supply programs, demand management and CIP). As a board member, it is not possible to understand what costs MWD is incurring (or why) or formulate questions based on this scant information. Clearly, this level of detailed information exists and was used to tally the budget numbers included in these broad cost categories. Similarly, a cost of service analysis must exist, at least in draft form, in order for staff to have proposed the various rate increases and decreases for 2017 and 2018, described in last month's Board Memo 9-2 and proposed biennial budget; we renew our request for any cost of service analysis so far produced, whether in draft or final form.

We also requested detailed, side by side budget numbers comparing the adopted budget for 2014/15 and 2015/16 to projected actuals for those years (and to the proposed budget). The slides staff has presented lack any detailed comparison of adopted budget to projected actual for 2014/15 and 2015/16, even at the 50,000 foot, "categorical" level. Again, we request the budget detail information for both adopted budget and projected actual for these rate years.

One of our main responsibilities as board members is to maintain the financial accountability of our organization. As board members, we act as trustees of the MWD's assets and must exercise due diligence to oversee that this organization is well-managed and that its financial condition is sound. It is not possible to fulfill our responsibility as board members based on the limited information provided by staff. There is little point in having a large number of workshops if detailed budget information is not going to be provided.

MWD Chairman Record and Members of the Board

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We would like to pick up a copy of the additional budget detail and draft cost of service report used to assign costs and calculate the rates included in the proposed biennial budget when we are at MWD for Workshop #2, tomorrow.

Sincerely,



Michael T. Hogan
Director



Keith Lewinger
Director



Fern Steiner
Director



Yen C. Tu
Director