



Our Region's Trusted Water Leader
San Diego County Water Authority

WEDNESDAY WATER TALK

by Sandra L. Kerl, General Manager



Good afternoon,
San Diego County leaders.

I've got some **great news to share that benefits just about everyone in San Diego County: Strong and steady leadership by our Board of Directors** has saved ratepayers more than \$67 million by refinancing debt priced last week in New York. That brings to \$235 million our savings on bond refundings since 2010, a significant help in reducing the overall cost of regional water security investments.

It's a valuable reminder about **the importance of maintaining fiscal stability and strategic financial management** despite the recessionary headwinds and unusually challenging circumstances we find ourselves in due to COVID-19.

Let me explain. Over the past 20 years, the Water Authority has invested in a **nationally recognized strategy to ensure water supply reliability** in this semi-arid region. That has served us well during the past two droughts, and it will benefit in future dry years as well.

The multi-billion-dollar investment will be paid over decades, much like a home mortgage. And, much like a home mortgage, **we can periodically take advantage of favorable market conditions to refinance the bonds**. That was the case last week, made possible by our Board setting rates for 2021. It was a difficult rate-setting process for everyone involved, resulting in rate increases of 4.8-4.9% for our member agencies. Our Board was very mindful and concerned about the economic hardships suffered by so many in our community as a result of the pandemic. However, the rate increases were necessary to offset rate increases by our wholesale supplier, the Metropolitan Water District of Southern California.

By adopting the rates, the Board signaled stability to the market and our strong credit ratings remained intact. That allowed us to strike when market conditions were optimal and complete two very complex refunding transactions a week earlier than planned. At the end of the day, **we saved \$27 million more than we projected in late May**.

In affirming our credit ratings over the past few weeks, **the three major rating services cited the Water Authority's strong financial leadership**, including prudent strategies to manage issues related to COVID-19, our success diversifying water supplies, our commitment to infrastructure maintenance, and our financial reserves for managing contingencies, among other factors.

While we don't know what tomorrow will bring, we do know that **we'll remain committed to sound fiscal management on behalf of stakeholders and ratepayers across our region**. Thank you for your interest and support. I would love to hear from you at GM@sdcwa.org with comments, suggestions or questions.

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