



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.

As the pandemic lingers long past what we initially anticipated, we continue to adjust our timelines and processes to accommodate the potential for additional weeks or months of telework. At the same time, we continue pursuing our core mission of providing a safe, reliable water supply for the San Diego region at an affordable cost because **it will be a foundation of the region's economic recovery.**

One of those core functions is **setting rates for the year ahead, based on numerous factors such as the cost of electricity, the cost of transporting water over long distances, and the cost of debt associated with the major water reliability investments our region has made over the past 30 years.** Setting budgets and rates is challenging every time – but this was extraordinary given all the complex and competing factors.

The good news is that the Water Authority's Board of Directors in late June adopted **rate increases for 2021 that are 30% lower than initially proposed** following a series of refinements by staff. As adopted, the all-in rates charged to the Water Authority's 24 member agencies will increase by 4.8% for untreated water and 4.9% for treated water in calendar year 2021.

**The increases were driven by reduced water sales, higher rates and charges from the Metropolitan Water District of Southern California and regional investments in supply reliability.**

The rates adopted by the Board are **the result of strategic measures** that include:

- Providing more than \$80 million in rate relief from the Rate Stabilization Fund over the next 24 months.
- Capitalizing on historically low interest rates and the Water Authority's strong credit ratings by restructuring debt at a significant savings.
- Planning to withdraw stored water to reduce water purchases while maintaining water reserves for future years – the result of careful planning and investments over more than two decades.
- Trimming budget expenditures with a hiring freeze, reduced professional services contracts and reprioritizing more than \$30 million in capital projects.

In addition, **staff will return to the Board this fall with any additional opportunities to reduce the adopted rates**, such as a decrease in rates set by MWD or the acquisition of federal or state economic stimulus funds.

Thank you for your interest and support. I would love to hear from you at [GM@sdcwa.org](mailto:GM@sdcwa.org) with comments, suggestions or questions.



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