



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.

This week we're presenting a recommendation of rates and charges for 2021 to our 36-member Board of Directors. It has been **the most difficult rate proposal to create in more than a decade** at the Water Authority and only possible with the hard work of our dedicated finance team.

With a series of strategic steps, we can maintain the Water Authority's credit ratings and the integrity of the regional water supply system, which is the foundation of our economy and quality of life.

The bottom line is that rates we charge to our member agencies will rise by about 6 percent in calendar year 2021, if the Board adopts the staff recommendation at its June meeting. **While that's higher than I'd like, it's driven by several factors**, including low sales volumes and the cost of imported water from the Metropolitan Water District of Southern California.

To keep the increases as small as possible, we plan to:

- Provide **more than \$80 million in rate relief** from the Rate Stabilization Fund – a fund created for this very purpose -- over the next 24 months.
- Capitalize on historically low interest rates and strong credit ratings by lowering annual debt expenditures by **optimizing cash to restructure outstanding debt** to provide significant savings.
- **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.
- Reduce budget expenditures with a hiring freeze, reduced professional services contracts and **reprioritizing more than \$30 million in capital projects.**

In a related effort, the Water Authority has coordinated a letter from several of the region's water agencies asking Congress for additional COVID-19 actions that **provide much-needed relief for public water utilities**. Water utilities have tight budgets in the best of times, and the pandemic has only increased financial stress on agencies, communities and ratepayers. It is critical that Congress not leave public water agencies and their ratepayers behind when responding to the financial crisis, and **we have identified several practical steps that Congress can take to help.**

Thank you for your support. I'll keep you updated on these issues as we move ahead. I would love to hear from you at GM@sdcwa.org with your comments, suggestions or questions.



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San Diego County Water Authority

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