

M E M O R A N D U M

DATE: April 7, 2010

TO: Honorable Mayor and Councilmembers

FROM: Patricia Allison, City Manager's Office

SUBJECT: **REQUEST BY COUNCILMEMBER KERN TO SEND A LETTER FROM THE ENTIRE CITY COUNCIL TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA REQUESTING THAT THEY FORGO WATER RATE INCREASES THROUGH COST-CONTAINMENT AND BUDGET REDUCTIONS, FOR DISCUSSION AND COUNCIL ACTION**

Backup material for this item, if any, will be distributed separately.

April 07, 2010

Mr. Tim Brick
Chairman of the Board
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, California 90054-0153

Subject: Budget Reductions/Cost Containment to Forego Water Rate Increases

Dear Chairman Brick:

As you are aware, Southern California is mired in a recession that will linger for several years to come. The State of California has a \$20.7 billion budget deficit which our leaders have been unable or unwilling to manage. Our State also has an unemployment rate of 12.5 percent (2.26 million Californians out of work), with some cities in your service area as high as 14.5 percent. The City of Oceanside, like a vast majority of local governments, has been forced to eliminate programs, lay off a substantial number of employees, and make many other tough budget choices.

Given the current situation, we are requesting that the Metropolitan Water District (MWD) implement budget reduction measures similar to other jurisdictions within your service area including eliminating programs, employees, and reducing other labor-related costs. Implementing these cost-saving measures and reducing other "fixed costs" will help delay, reduce or eliminate proposed rate increases to your member agencies and ultimately to the ratepayers of Southern California. By taking these necessary steps now in the budget and rate-setting process, the long-term fiscal health of MWD will be maintained.

We are aware of the critical importance of a reliable water supply to sustain a vibrant economy in the region. We are also cognizant that the MWD must maintain a strong credit rating.

Therefore, we ask that this letter, along with these suggestions, be presented to the MWD board for their consideration. By taking immediate action, your board can ensure your member agencies and ratepayers in Southern California are being provided the lowest possible water rates.

Sincerely,

Jim Wood
Mayor
City of Oceanside

Sincerely,

Jack Feller
Councilmember
City of Oceanside

JK/bs

Sincerely,

Jerome M. Kern
Councilmember
City of Oceanside

Sincerely,

Esther C. Sanchez
Councilmember
City of Oceanside

Draft