



*Targeting Waste • Promoting Efficiency*

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September 11, 2009

Chairman Timothy F. Brick  
Metropolitan Water District of Southern California  
P.O. Box 54153  
Los Angeles, CA 90054-0153

Dear Chairman Brick,

On behalf of the San Diego County Taxpayers Association, I'd like to register our strong opposition to the proposed five-year Memoranda of Understanding (MOU) between The Metropolitan Water District of Southern California (MWD) and AFSCME, Local 1902; the Management and Professional Employees Association; the Association of Confidential Employees; and the Supervisors Association.

The proposal to increase the already generous retirement formula of 2% at 55 to 2.5% at 55 is incomprehensible when you consider the fact that ratepayers have already been burdened with double-digit rate increases in recent years. To add insult to injury, it is our understanding that rate increases are likely to continue for the unforeseeable future. The MWD should be making all efforts to reduce labor costs not increase them, as many other public agencies are attempting to do throughout the State.

The staff report for the action item justifies the modifications to the labor agreement by comparing cost estimates of the proposed MOUs with extending the terms of the current MOUs. The comparison is misleading and inappropriate, particularly considering economic factors which should impact negotiations. The labor agreements should reflect a compensation package that is fair, equitable and sustainable, rather than being compared to the status quo which is unsustainable and excessive.

Furthermore, while the proposal to increase the retiree medical benefits vesting period from five years to 20 years to achieve 100 percent vesting is a step in the right direction, it should be noted that many public agencies and municipalities have either capped or eliminated retiree medical benefits for new employees because of skyrocketing healthcare costs.

(Continued...)

The actuarial opinion from Mr. John Bartel confirms that the proposed pension modification would increase the present value of projected benefits by \$70 million, as well as increase the actuarial accrued liability by nearly \$40 million. While there may be savings from reductions to other benefits, we think that you can do better and urge you to reject the current proposal and continue negotiations.

Sincerely,

A handwritten signature in black ink, appearing to read "Lani Lutar". The signature is fluid and cursive, with a long horizontal stroke at the end.

Lani Lutar  
President & CEO

cc: MWD Board of Directors