NORTH COUNTY TIMES | THE CALIFORNIAN

WATER: Pension hike for Metropolitan draws opposition

Increase called unjustifiable amid rising rates

BRADLEY J. FIKES - bfikes@nctimes.com | Posted: Tuesday, September 22, 2009 3:30 pm

A controversial proposal to increase pension benefits for employees of Metropolitan Water District goes before the San Diego County Water Authority at its Thursday meeting.

As Southern California's water wholesaler, Metropolitan sells water to the authority, which resells it to local water districts. At the end of the pipeline are retail customers; businesses and residents, who are shouldering double-digit increases in the cost of water. The local water authority controls four seats on Metropolitan's 37-member board of directors.

The pension increase was on Metropolitan's agenda for Sept. 15, but after opposition emerged, the proposal was held over until its October meeting. The water authority is scheduled to discuss the proposal at 2 p.m. Thursday at its meeting, to be held at the authority's office at 4677 Overland Ave. in San Diego.

Metropolitan says it wants to increase pension benefits as part of a deal with four employee unions to lower its overall costs. The pension increases will cost the agency an estimated $36 million over five years. That's more than compensated for by $62 million saved by employee concessions on issues such as health care and salaries, the agency says.

However, opponents from local water districts say the savings under the contracts could be later revoked, while the pension increases would be irrevocable.

"You can undo these negotiations, give back in one contract what you gained in another," said Paul Lanspery, the water authority's deputy general manager. "Contracts are not forever."

The bad economy makes it an especially poor time to increase pensions, said Kimberly A. Thorner, general manager of Olivenhain Municipal Water District, the first local water district to officially oppose the Metropolitan plan.

"Retail agencies like OMWD are the ones that have to explain these cost increases to its customers," Thorner wrote in a Sept. 10 letter to Metropolitan. "We cannot, with a straight face, tell our customers when they come into our boardrooms that we believe MWD is doing everything it can to control costs for the long term with a proposal like this looming."

Another letter of opposition was sent Sept. 11 by Jerry Sanders, San Diego's mayor.

"With MWD enacting a 21 percent increase this current year and expecting an additional increase next year, increasing pension benefits is ill-conceived and unacceptable," Sanders wrote.

Olivenhain has since been joined by Valley Center Water District, which on Tuesday drafted a letter asking Metropolitan to delay considering the proposed contracts past October. The district also said any pension increase should be entirely funded by participating employees.

Thorner said she hasn't gotten as much official support from fellow water districts as she expected. However, she said most districts haven't had board meetings since she sent her letter. Unofficially, she said, indications are positive.

"There should be a consensus of opposition, at least from the San Diego region," Thorner said

Call staff writer Bradley J. Fikes at 760-739-6641. Read his blogs at bizblogs.nctimes.com.