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REGION: Water Authority declines to oppose pension hike

Wholesaler Metropolitan plan criticized for timing, lack of savings guarantee

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Metropolitan Water District defended its proposal to increase pension benefits by 25 percent for its employees at a meeting of the San Diego County Water Authority on Thursday.

Skeptical Water Authority board members said they weren't convinced, but they took no official action to discourage the increase, which critics say could boost water rates.

Metropolitan is the main wholesale supplier to the Water Authority, which is itself the main supplier to local water districts. Those districts sell the water at retail to business and residential customers. And Water Authority board members said they were worried that if Metropolitan's calculations turn out wrong, their customers will be stuck with the tab.

The board members took no action, but made it clear in comments that they regarded Metropolitan's plan as not well thought out and in need of more work.

Brian Thomas, assistant general manager of Metropolitan, told the board that the plan is part of a five-year deal with employee unions representing 1,900 Metropolitan employees. The plan reduces Metropolitan's expenses over the long term by cutting perks, he said.

All together, the increased pension benefits add about $70 million in expenses Metropolitan will have to pay, Thomas said. Over the five years of the deal, the extra cost will be about $9 million a year.

But when the employee concessions are factored in, Thomas said the plan will reduce Metropolitan's expenses from $20 million to $25 million over five years, and more than $100 million over 15 years.

However, Thomas conceded that the savings are guaranteed just for the five-year term of the contract, and would continue after that period, "if and only if we hold on to those concessions."

On the other hand, Thomas said, the pension benefit increases are permanent for existing employees, although they could be reduced for new employees.

That didn't sit well with board members, none of whom defended the plan.

Authority Chairman Bud Lewis, who represents the city of Carlsbad, said Thomas' presentation overlooked economic realities of the customers who ultimately foot the bill.

"I didn't hear anything about a recession, a depression, anything going on in the outside world," said Lewis, who is also mayor of Carlsbad. "In my community we have foreclosures, we have people who have lost their jobs, bad things are happening."

"The timing is lousy," said Gary Arant, a board member representing Valley Center Municipal Water District. Arant advised Metropolitan to take its plan off the table and rework it.

The Water Authority has received letters from four North County agencies represented on its board opposing the Metropolitan plan: Valley Center Municipal Water District; the city of Oceanside; Olivenhain Municipal Water District; and Rainbow Municipal Water District.

San Diego Mayor Jerry Sanders also sent a letter to the Water Authority in opposition to the plan.

A Metropolitan union representative, Mike Milliner, said the plan is fair and union benefits are not excessive.

"More than 80 percent of (Metropolitan's) member agencies have a better retirement formula than we do," said Milliner, executive president of AFSCME Local 1902, which represents about 1,500 Metropolitan employees.

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