



March 24, 2020

Metropolitan Water District of Southern California
Board of Directors
P.O. Box 54153
Los Angeles, CA 90054-0153

SUBJECT: CALL FOR ACTION

Board of Directors

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Director of Human Resources

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District Secretary

James B. Gilpin
Best Best & Krieger LLP
General Counsel

Chairwoman and Members of the Board:

Rancho California Water District (Rancho Water/District) is located in Temecula California and provides water service to a diverse customer base including domestic, industrial, institutional, and agricultural customers. We serve a population of approximately 150,000. Rancho Water meets its supply needs with a mix of local ground water and imported water purchased through Eastern Municipal Water District (EMWD) and Western Municipal Water District (WMWD), both members of Metropolitan Water District of Southern California (MWD). We purchase both treated water and untreated water, with anticipated total MWD purchases of approximately 41,000 acre-feet next year, totaling payments of over \$39 million to MWD and placing RCWD as a top 5 retail agency purchaser of MWD water annually.

The District appreciates the service and leadership MWD has provided to our region, the State, and Nation on water. The Nation has entered an unprecedented period due to COVID-19. The impacts of this pandemic are changing daily. Rancho Water is facing the same challenges as all other water providers do during this time. Ensuring our supply is safe and reliable, safeguarding our employees and their ability to provide their vital services, and adjusting our ways of doing business to assist our community and customers weather this unprecedented event.

At Rancho Water, we are implementing measures to reduce the burden on our community including:

- Suspending all service shut-offs during this crisis;
- Suspending all late fees during this crisis;
- Deferring a needed July 1, 2020 rate increase until at least 2021;
- Implementing telework strategies that ensure all our employees are performing needed duties remotely and no employee is on administrative pay sitting idle;
- Employees volunteering to defer merit and pay increase until after the crisis has ended;
- Reevaluating our proposed fiscal year 2020-2021 Budget to explore opportunities to further reduce costs and in turn reduce impacts to our customers; and
- Utilizing existing reserves to buffer between increased costs and anticipated revenue shortfalls.

The single greatest rate pressure Rancho Water has is the proposed MWD rate increase. We appreciate MWD's rate structure and what the impact of declining demands means in normal times. However, these are not normal times. Currently, we have no way to totally mitigate the proposed MWD rate increase and can only utilize reserves until this crisis is over and our customer rates can be adjusted. In this time of crisis many of our local businesses are closing, customers are losing their jobs, and financial resources are being stretched. There are estimates of unemployment rates climbing as high as 30 percent and overall economic impacts that will be more severe than the great recession. Now is a time when we all need to do our part to mitigate these hardships and help.

Rancho Water respectfully requests that MWD defer any planned rate increases until at least July of 2021. We ask that MWD evaluate its budget, operating methods, and utilize its reserves to help manage through this crisis. MWD ultimately has the underlying ability to avoid putting this financial burden on a Southern Californian population that cannot absorb it at this time.

Please give this request serious consideration.

Sincerely,

RANCHO CALIFORNIA WATER DISTRICT



William J. Wilson
Board President

cc: Jeffrey Kightlinger, MWD General Manager
Deven Upadhyay, MWD AGM/Chief Operating Officer
Shane Chapman, MWD AGM/Chief Administrative Officer
Paul D. Jones, EMWD General Manager
Eastern Municipal Water District Board of Directors
Craig Miller, WMWD General Manager
Western Municipal Water District Board of Directors

