

April 7, 2020

Chairwoman Gloria Gray
Metropolitan Board of Directors
P.O. Box 54153
Los Angeles, CA 90054-0153

Dear Chairwoman Gray,

Thank you for your leadership in helping to navigate through these unprecedented times. As with all water providers, the cities of Anaheim, Fullerton and Santa Ana are facing similar reduced water sales and increased costs as Metropolitan Water District (MWD). Our cities serve a population of more than 830,000 and the coronavirus has already had a significant effect on these water customers. We hear from our customers daily how the coronavirus has impacted their ability to pay rent and utility bills, and even with moratoriums, costs are mounting for our customers. In just the past four weeks we have deferred over 2500 customer bills due to the coronavirus and anticipate major impacts to our cities over the next two years. Our cities are making plans to reduce our budgets to offset the need to increase water rates during this difficult economic time. These budget mitigations will require using our reserves and making difficult decisions on our operation for several years.

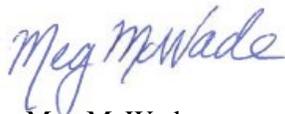
The cost of imported water supply from MWD is the largest expense for our water utilities. The staff originally proposed a 10% increase over the next two years, which will be require passing on a rate increase to our customers. In addition, our agencies are facing the loss of local groundwater supply due to new PFAS regulations. The loss of local supply will make the proposed MWD rate increase even more impactful to our customers, and will likely result in calls to the Governor's office to take action to mitigate such actions when Proposition 218 notices are issued.

The April 13, 2020 Finance and Investment Committee will consider two additional options for the rate increase. Both the alternative rate increases result in a 7 % increase over two years. We appreciate MWD's consideration to help reduce your budget and rate increase. However, we would request you evaluate options to further reduce or altogether suspend the proposed rate increase to 5% over two years. Providing this option will be valuable for our agencies to plan and provide an acceptable level of service to our water customers.

Sincerely,



Michael Moore
City of Anaheim



Meg McWade
City of Fullerton



Nabil Saba
City of Santa Ana

