



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the Board of Directors

March 27, 2020

Mr. William J. Wilson, Board President
Rancho California Water District
42135 Winchester Road
Temecula, CA 92589-9017

Dear President Wilson:

Thank you for your letter from Rancho Water dated March 24, 2020, regarding Metropolitan's proposed budget action.

We appreciate Rancho Water's input on Metropolitan's proposed budget and rates. Rancho Water is one of Metropolitan's larger sub-agencies and our agencies have worked closely and collaboratively together over the years on many programs.

We all face uncertainty at this time due to the unprecedented nature of the COVID-19 pandemic. We share your concern about the impact this pandemic will have on our agencies, our industry and all of our region. None of us can say today what the ultimate impacts will be after this is over and we have seen the impacts and the aid we receive from our state and federal governments.

At the same time, Metropolitan needs to adopt a budget before June 2020 with rates that will go into effect January 1, 2021. Like Rancho Water, Metropolitan has taken numerous actions to cut costs, freeze staffing and use financing where possible to keep proposed rates within the projected range of 3-5 percent despite having higher costs and lower revenues. Due to the lowest regional water sales in nearly 40 years, Metropolitan's revenues this past year were more than \$200 million less than budgeted. We understand that we are not unique in this regard as our entire industry is facing these challenges together.

Our Board will carefully consider the impacts of any rate increase weighing both the need to ensure water supply reliability into the future and the challenges faced by the retail agencies within our service area that have been greatly exacerbated by the ongoing pandemic. Thank you again for your comments and input.

Mr. William J. Wilson

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Sincerely,

A handwritten signature in cursive script that reads "Gloria Gray". The signature is written in black ink and is positioned above the printed name and title.

Gloria D. Gray
Chairwoman of the Board

cc: Mr. Paul D. Jones
General Manager
Eastern Municipal Water District
2270 Trumble Road
Perris, CA 92570

Mr. Craig Miller
General Manager
Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518

Eastern Municipal Water District Board of Directors
Western Municipal Water District Board of Directors

Metropolitan Water District Board of Directors
Jeffrey Kightlinger, General Manager, Metropolitan Water District
Deven Upadhyay, AGM/Chief Operating Officer, Metropolitan Water District
Shane Chapman, AGM/Chief Administrative Officer, Metropolitan Water District