September 10, 2020

William J. Wilson, Board President   **VIA ELECTRONIC MAIL**
Jeffrey D. Armstrong, General Manager
Rancho California Water District
42135 Winchester Road
Temecula, CA 92589-9017

Dear Messrs. Wilson and Armstrong:

Thank you for your letter regarding the Metropolitan Water District of Southern California's budget and water rates.

Metropolitan fully recognizes the changing economic conditions caused by the COVID-19 pandemic to Southern California and we appreciate all the efforts made by the retail agencies working with Metropolitan to maintain water supply reliability during this pandemic.

Working closely with our member agencies and taking steps to contain our own expenditures Metropolitan reduced its planned rate increase to 3%, a change that will not go into effect until 2021. Because the water Metropolitan delivers to you comes from up to 500 miles away, we must continue to maintain our critical water transportation infrastructure and paying for the power to move that water. Metropolitan has taken actions to cut spending in many areas by curtailing hiring, deferring projects, eliminating non-essential travel and using cash reserves. This month, staff is recommending to the Board a series of additional budget cuts for consideration and action, and we will continue to monitor our expenditures and revenue going forward.

Providing safe and reliable water to 19 million Southern Californians is Metropolitan's mission and is essential to the welfare of our people, businesses, hospitals and communities. We cannot fulfil this mission without the work and support of your agency. I appreciate your agency working together with Metropolitan and our member agencies to control costs and maintain water service during this challenging period.

Sincerely,

Jeffrey Kightlinger
General Manager

cc: Metropolitan Water District Board of Directors