



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

Page 2

March 27, 2020

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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the Board of Directors

April 3, 2020

Mr. John Bosler, General Manager/CEO
Cucamonga Valley Water District
10440 Ashford Street
Rancho Cucamonga, CA 91730-2799

Dear Mr. Bosler:

Thank you for your letter from Cucamonga Valley Water District (CVWD) dated March 24, 2020, regarding Metropolitan's proposed budget action. We appreciate CVWD's input on Metropolitan's proposed budget and rates.

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, nor do we know the extent of the aid, if any, we may receive from our state and federal governments.

At the same time, Metropolitan needs to adopt a budget before June 2020. Like CVWD, 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 service 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.

Sincerely,

A handwritten signature in cursive script that reads "Gloria Gray".

Gloria D. Gray
Chairwoman of the Board

Mr. John Bosler
Page 2
April 3, 2020

cc: Mr. Shivaji Deshmukh
General Manager
Inland Empire Utilities Agency
6075 Kimball Ave
Chino, CA 91708

Inland Empire Utilities Agency, 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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the Board of Directors

April 3, 2020

Mr. Andy Morris, Board President
Elsinore Valley Municipal Water District
31315 Chaney Street
Lake Elsinore, CA 92530

Dear President Morris:

Thank you for your letter from Elsinore Valley Municipal Water District (EVMWD) dated April 1, 2020, regarding Metropolitan's proposed budget action. We appreciate EVMWD's input on Metropolitan's proposed budget and rates.

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, nor do we know the extent of the aid, if any, we may receive from our state and federal governments.

At the same time, Metropolitan needs to adopt a budget before June 2020. Like EVMWD, 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 to 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 service 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.

Sincerely,

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Gloria D. Gray
Chairwoman of the Board

Mr. Andy Morris
Page 2
April 3, 2020

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
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Shane Chapman, AGM/Chief Administrative Officer, Metropolitan Water District



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the Board of Directors

April 8, 2020

Mr. Ronald W. Sullivan, President
Mr. Randy Record, Board Member and Metropolitan Representative
Mr. Paul D. Jones II, General Manager/CEO
Eastern Municipal Water District
2270 Trumble Road
Perris, CA 92572-9300

Dear President Sullivan, Board Member Record, and General Manager Jones:

Thank you for your letter dated April 2, 2020. We appreciate the input from Eastern Municipal Water District (EMWD) on Metropolitan's budget and rate-setting process.

I hope you have had the opportunity to review the revised budget and rate proposal that staff recently sent to Metropolitan's Board. In response to the current COVID-19 pandemic crisis and the concerns expressed by several Metropolitan member agencies and their own agencies, Metropolitan staff proactively revised the budget and rate proposal.

The previous proposal called for an overall rate increase of 5% in 2021 and 5% in 2022. The current proposal calls for an overall rate increase of 3% in 2021 and 4% in 2022.

A number of other changes were made that are in line with actions suggested in your letter. The treated water sales assumption was increased by 50,000 AF and untreated water sales were reduced by the same amount. This was in response to information we have received from member agencies regarding the expected impact of PFAS and PFOS on groundwater supplies. The expected spend rate on capital projects in the CIP for the first year was reduced from 90% to 80% based on projections of COVID-19 delaying construction work. And staff reduced the amount of PayGo funding for the CIP as well.

Clearly, the damage from the COVID-19 pandemic crisis will be significant and far-reaching. How severe the impacts will be to the water industry is unknown at this time. We need to be responsive to the needs of our region and our communities in this time of crisis while ensuring that Metropolitan remains prepared to fulfill its mission of supplying Southern California with reliable, clean and healthy water.

I look forward to working with EMWD and all member agencies on adopting Metropolitan's budget and rates for the next two fiscal years. Thank you again for your input.

Messrs. Sullivan, Record and Jones

Page 2

April 8, 2020

Sincerely,

A handwritten signature in cursive script that reads "Gloria Gray".

Gloria D. Gray
Chairwoman of the Board

A handwritten signature in cursive script that reads "Jeff Kightlinger".

Jeffrey Kightlinger
General Manager

cc: Metropolitan Water District Board of Directors
Metropolitan Water District Member Agency Managers



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the Board of Directors

April 9, 2020

Mr. Michael Moore
Assistant General Manager – Water Services
City of Anaheim
Public Utilities Department
Anaheim West Tower
201 South Anaheim Boulevard, Suite 1101
Anaheim, CA 92805

Mr. Nabil Saba, P.E.
Water Manager
City of Santa Ana
Public Works Agency
220 South Daisy Avenue
Building A, M-85
Santa Ana, CA 92703

Ms. Meg McWade
Public Works Director
City of Fullerton
303 West Commonwealth Avenue
Fullerton, CA 92832

Dear Messrs. Moore and Saba and Ms. McWade:

Thank you for your letter dated April 7, 2020. We appreciate the input from the cities of Anaheim, Fullerton and Santa Ana on Metropolitan's budget and rate setting process.

I am glad you have had the opportunity to review the revised budget and rate proposal that staff recently sent to Metropolitan's Board. In response to the current COVID-19 pandemic crisis and the concerns expressed by several Metropolitan member agencies and their own agencies, Metropolitan staff proactively revised the budget and rate proposal.

The previous proposal called for an overall rate increase of 5% in 2021 and 5% in 2022. The current proposal calls for an overall rate increase of 3% in 2021 and 4% in 2022. I understand you are requesting that the Board decrease the rates still further. However, we believe our revised proposal protects the fiscal integrity of Metropolitan while recognizing the fiscal challenges facing our communities and member agencies.

Clearly the damage from the COVID-19 pandemic crisis will be significant and far reaching. I also appreciate that cities will be particularly hard hit. At this time, we do not know the full extent of this crisis on our region and what state and federal relief will be available. We recognize the need to be responsive to the needs of our region and our communities in this time of crisis while also ensuring that Metropolitan remains prepared to fulfill its mission of supplying Southern California with reliable, clean and healthy water.

Messrs. Moore and Saba and Ms. McWade

Page 2

April 9, 2020

I look forward to working with the Board members representing your cities and all of the Metropolitan member agencies on addressing these difficult issues and adopting a budget and rates for the next two fiscal years. Thank you again for your input.

Sincerely,

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Gloria D. Gray
Chairwoman of the Board

cc: Metropolitan Water District Board of Directors
Metropolitan Water District Member Agency Managers