

**John Bosler**  
Secretary/General Manager/CEO

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**

Chairwoman and Members of the Board:

Cucamonga Valley Water District (CVWD/District) is located in Rancho Cucamonga, California and provides water and wastewater services to a diverse customer base including domestic, industrial, and institutional customers. We serve a population of approximately 200,000. CVWD meets its supply needs with a mix of local ground water and imported water purchased through Inland Empire Utilities Agency (IEUA), a member of Metropolitan Water District of Southern California (MWD). We purchase untreated water, with anticipated total MWD purchases of approximately 28,000 acre-feet next year, totaling payments of over \$21.5 million to MWD.

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. CVWD 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 CVWD, we are implementing measures to reduce the burden on our community including:

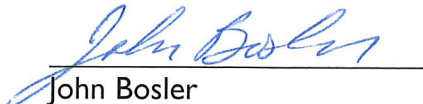
- Suspending all service shut-offs during this crisis;
- Suspending all late fees during this crisis;
- Deferring a needed July 1, 2020 rate increase until 2021;
- Implementing telework strategies that ensure all our employees are performing needed duties remotely;
- Utilizing existing reserves to buffer between increased costs and anticipated revenue shortfalls.

The single greatest rate pressure CVWD has is the proposed MWD rate increase. 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.

CVWD 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,

  
John Bosler  
General Manager/CEO

cc: Jeffrey Kightlinger, MWD General Manager  
Deven Upadhyay, MWD AGM/Chief Operating Officer  
Shane Chapman, MWD AGM/Chief Administrative Officer  
Inland Empire Utilities Agency, Board of Directors  
Shivaji Deshmukh, IEUA General Manager



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**

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**Kelli E. Garcia**  
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



**Board of Directors**  
Andy Morris, President  
Phil Williams, Vice President  
Darcy M. Burke, Treasurer  
Harvey R. Ryan, Director  
Jared K. McBride, Director



**Elsinore Valley Municipal Water District**

*Our Mission...*

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

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**General Manager**  
Greg Thomas  
**District Secretary**  
Terese Quintanar  
**Legal Counsel**  
Best Best & Krieger

April 1, 2020

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

Dear Chairwoman Gray and Members of the Board:

The Elsinore Valley MWD appreciates the service and leadership Metropolitan Water District of Southern California (MWD) provides our region, the State, and Nation on water. Elsinore Valley Municipal Water District (EVMWD/District) is located in Lake Elsinore California and provides water and wastewater service to a diverse customer base throughout the Elsinore Valley, including domestic, industrial, institutional, and agricultural customers. We serve a population of approximately 157,000 and meets the District's supply needs with a mix of local ground water, treated surface water (reservoir), and primarily imported water purchased through Western Municipal Water District (WMWD) and Eastern Municipal Water District (EMWD), both members of MWD.

We purchase both treated water and untreated water, with total MWD purchases of 16,990 acre-feet (AF) in 2019 and totaling payments of over \$20.6 million to MWD. While EVMWD has a diverse supply portfolio and has been investing heavily to develop local supplies, EVMWD anticipates its imported water purchases to increase for the next two years by approximately 3,000 AFY due to the occurrence of PFAS in its local surface water supplies. In addition, the presence of PFAS at some of EVMWD's groundwater wells will result in EVMWD incurring additional costs for the design and construction of treatment facilities for both surface and groundwater treatment.

Furthermore, COVID-19 has placed the United States and California into an unprecedented crisis, as entire sections of the economy are shut down, schools and colleges are operating through web training, and the general population has been ordered to "Shelter-in-Place" through at least April 30th. The impacts of this pandemic change daily. EVMWD is working to ensure our water supply remains safe and reliable, and wastewater is treated efficiently, given that water and sanitation/hygiene are important in the fight against the Coronavirus. We

are also ensuring our employees are safeguarded so they can continue to provide this vital service, while adjusting our ways of doing business to assist our community and customers weather this unprecedented event.

At EVMWD, several of the measures we are implementing to reduce the burden on our ratepayers include:

- Suspending all service shut offs thru at least June 1<sup>st</sup>, to be re-evaluated thereafter;
- Suspending all late fees during this crisis;
- Evaluating deferring a much-needed July 1, 2020 water rate increase until at least early 2021;
- Reviewing the fiscal year 2020-2021 Budget to explore opportunities to further reduce operating costs and in turn reduce impacts to District customers;
- Evaluating cancelling much needed Capital Improvement Projects (CIP) to reduce rate impacts on customers;
- Utilizing existing reserves to buffer revenue shortfalls; and
- Implementing alternate work schedules that ensure employees are still providing services remotely or through split crew operations, which added additional costs to operations.

In addition to the COVID-19 crisis and the localized PFAS issues, MWD's proposed rate increase of 5% poses a serious challenge to EVMWD. We can appreciate MWD's rate structure and what the impact of declining demands means in normal times. However, these are abnormal times that requires everyone to tighten their belts. It will be extremely difficult to mitigate the proposed MWD rate increase given the District is already planning to utilize reserves and other cost cutting measures until this crisis is over. Many of our local businesses are closed or closing, customers have lost their jobs, and financial resources are being stretched thin, especially given a portion of the District is disadvantaged. There are estimates of unemployment rates climbing as high as 30 percent and overall economic impacts that will be as or more severe than the great recession. Now is a time when we all need to do our part to mitigate these hardships for all.

EVMWD respectfully requests that MWD defer any planned rate increases until at least July of 2021. We ask that MWD review/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 its lower tier retail agencies and their hard-hit customers.

Please give this request your most serious consideration. If you have any questions, please contact the District General Manager at 951-674-3146, extension 8243.

Sincerely,

A handwritten signature in cursive script that reads "Andy Morris".

Andy Morris  
Board President

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

April 2, 2020



Ms. Gloria D. Gray, Chairwoman of the Board  
Mr. Jeffrey Kightlinger, General Manager  
The Metropolitan Water District of Southern California  
700 North Alameda Street  
Los Angeles, CA 90012-2944

**Subject: Proposed Rates for 2021 and 2022 and Biennial Budgets for Fiscal Years  
Ending 2021 and 2022**

Dear Chairwoman Gray and General Manager Kightlinger:

Eastern Municipal Water District (EMWD) fully supports the Metropolitan Water District of Southern California's (MWD's) rate policy objectives to provide rate certainty, predictability, stability, and affordability for customers. We are also committed to supporting MWD in making reasonable rate adjustments to achieve these goals.

Currently, MWD staff have proposed increasing the Full Service Treated Rate by 5% in 2021 and 2022, while raising the Full Service Untreated Rate by 3% and 4%, respectively. MWD member agencies and retail ratepayers will be facing unprecedented financial hardships as a result of the likely economic fallout from the novel coronavirus (COVID-19). Additionally, PFAS/PFOA regulatory requirements have adversely impacted many agencies' local groundwater availability, requiring the purchase of additional higher-cost imported treated water. Given these significant financial challenges, MWD and its member agencies should consider any and all means to minimize financial impacts on our customers through rates and charges.

While we agree that with currently forecast sales, MWD should continue with modest rate increases to cover inflationary-related expenses, in light of the extraordinary conditions that have emerged since the development of MWD staff's original rate recommendations, lower rate increase alternatives must be considered. We believe opportunities are currently available to reduce the proposed rate increases and better balance the increases between treated and untreated rates, while fully maintaining MWD's financial integrity, staffing and service levels.

In this regard, we suggest that at the April 14, 2020, Board of Directors meeting, staff be directed to work in consultation with the member agencies to return to the Board at its May meeting with one or more alternative rate proposals that will result in Full Service Rate increases for both Treated and Untreated water of 3% or less.

Board of Directors

Ronald W. Sullivan, *President* Philip E. Paule, *Vice President* Stephen J. Corona Randy A. Record David J. Slawson

2270 Trumble Road • P.O. Box 8300 • Perris, CA 92572-8300  
T 951.928.3777 • F 951.928.6177 [www.emwd.org](http://www.emwd.org)



For context, to achieve 3% Full Service Treated and Untreated rate increases for each of the two successive years, MWD staff would need to reduce the each year's proposed \$1.9 billion budget by approximately \$20 million, or approximately 1.0%. In developing alternative rate proposals to achieve this objective, we respectfully request that MWD staff analyze and consider implementation of a combination of some or all of the following:

- Over the next two years, shift from a 60% Pay Go to a 50% Pay Go (or less) for certain capital expenditures, and take advantage of bond financing rates that are at or near historic lows. The additional debt service costs at the 50% Pay Go level would translate to an estimated \$1.5 million in annual expenses. This \$1.5 million increase relative to MWD's annual debt service of \$290 million is minimal. Although over the past two weeks some instability was present in the municipal debt market, it appears rates have now stabilized at historically low levels providing an excellent opportunity to consider additional CIP debt financing.
- Reduce the Treatment Surcharge portion of the proposed rate. This could be accomplished while adhering to cost of service principles by bond financing a proportionately greater portion of the \$77.5 million Treatment Plant Reliability CIP along with other treatment infrastructure.
- Defer beyond the two year rate window other non-critical portions of the \$450 million Biennial Capital Improvement Program to further reduce the remaining Pay Go burden on the rates.
- Use additional rate stabilization reserves. Total reserves are currently at \$460 million, or \$185 million above the estimated \$275 million MWD self-imposed minimum reserve target.
- Suspend or reduce Demand Management Program funding. Although the Water Stewardship Charge (WSC) component of MWD's rates is proposed to be excluded over the next two years, suspension or reduction of Demand Management Program funding and re-designation of those funds under MWD's current State of Emergency to core operations would offset other revenue requirements. In subsequent years, the appropriateness of MWD providing on-going Demand Management Program incentives with the continuing trend of lower demands and sales should also be considered.

As a final note, we believe implementation of some or all of the options noted above would achieve the target 3% or less rate increase objective while still providing financial stability for MWD with no impact on MWD's projected 1.5X Debt Service Coverage requirements or AAA credit rating.

Ms. Gloria Gray, Chairwoman  
Mr. Jeffrey Kightlinger, General Manager  
April 2, 2020  
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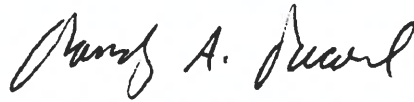
MWD and its member agencies are facing unprecedented times. The magnitude of the negative financial impacts on our customers and their ability to pay their water bills is unknown, but likely to be significant. MWD has always adhered to a regional approach where burdens – whether from water shortages or in this case, from a financial downturns – are a shared regional responsibility. Our agencies will be shouldering a significant portion of this burden with our customers and believe it is incumbent on MWD to do what it can to provide its support by minimizing rate increases.

We appreciate the opportunity to work with you on this important effort to help Southern California ratepayers during this extraordinary period in our history. If you have any questions, please contact our General Manager at 951-928-6130 or at [jonesp@emwd.org](mailto:jonesp@emwd.org).

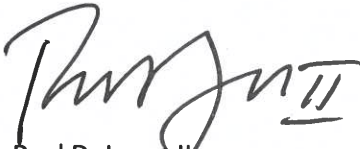
Sincerely,



Ronald W. Sullivan  
President



Randy Record  
Board Member and MWD  
Representative



Paul D. Jones II  
General Manager

Cc: MWD Member Agency General Managers  
Board Members, MWD  
Katano Kasaine, MWD

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.

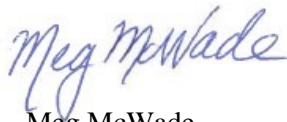
The cost of imported water supply from MWD is the largest expense for our water utilities. The staff originally proposed a 10% increase over the next two years, which will be require passing on a rate increase to our customers. In addition, our agencies are facing the loss of local groundwater supply 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





BOARD OF DIRECTORS

Brian Bowcock  
David D. De Jesus  
Carlos Goytia  
Denise Jackman  
Bob Kuhn  
John Mendoza  
Jody Roberto

GENERAL MANAGER/CHIEF ENGINEER  
Matthew H. Litchfield, P.E.

April 9, 2020

Metropolitan Water District of Southern California  
Board of Directors

**RE: Biennial Budget for FY 20/21 & FY 21/22; Water Rates & Charges for CY 2021 & CY 2022**

Dear Chairwoman Gray and Members of the Board:

I am writing on behalf of Three Valleys Municipal Water District to state we appreciate MWD staff preparing two alternatives for the Board to consider regarding upcoming rates and charges.

We appreciate staff modifying the assumptions to recognize:

- A shift to more treated water as a result of PFAS and PFOA
- A reduction of CIP expenditures that likely can be completed given the impact of COVID-19 on scheduling of construction work

We also agree that increasing debt financing is an appropriate tool to use to reduce rates at this time given the impact COVID-19 will have on the economy.

Since the Water Stewardship Rate will not be collected for 2021 and 2022, the impact of possibly delaying rate increases until July 1, 2021, as described in Option 2, would create the following situation:

- |                                  |                              |                            |
|----------------------------------|------------------------------|----------------------------|
| • January 1 <sup>st</sup> , 2021 | Untreated rate decreases 9%  | Treated rate decreases 6%  |
| • July 1 <sup>st</sup> , 2021    | Untreated rate increases 15% | Treated rate increases 11% |
| • January 1 <sup>st</sup> , 2022 | Untreated rate increases 4%  | Treated rate increases 4%  |

We don't view decreasing the rate for half the year just to have a drastic increase the other half of the year as something that would have significant impact. We feel it would be better to simply have one rate for 2021. We also wonder how this situation would affect MWD revenue assumptions, as it would incentivize agencies to wait until 2021 to purchase replenishment water they would normally purchase October - December 2020.

Based on these reasons, we would support Option 1. We appreciate your consideration of this recommendation. Please don't hesitate to contact me regarding any questions.

Sincerely,

Matthew H. Litchfield, P.E.  
General Manager/Chief Engineer

David D. De Jesus  
TVMWD MWD Representative

cc: Bob G. Kuhn, TVMWD Board President

April 9, 2020

MEMBER AGENCIES

Carlsbad  
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook  
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain  
Municipal Water District

Otay Water District

Padre Dam  
Municipal Water District

Camp Pendleton  
Marine Corps Base

Rainbow  
Municipal Water District

Ramona  
Municipal Water District

Rincon del Diablo  
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center  
Municipal Water District

Vista Irrigation District

Yuima  
Municipal Water District

OTHER  
REPRESENTATIVE

County of San Diego

Chairwoman Gray and  
Members of the Board  
P. O. Box 54153  
Los Angeles, CA 90054-0153

RE: Board Agenda Item 8-1: Proposed Biennial Budgets for FY2020/21 and 2021/22 and  
Water Rates for Calendar Years 2021 and 2022

Dear Chairwoman Gray and Board Members:

Several water agencies have written to Metropolitan Water District (MWD) expressing concern about MWD's proposed water rates and charges in light of the impact of the COVID-19 crisis on our retail water agencies and customers. We believe your response to these letters would benefit from an opportunity for full board discussion, scheduled to occur at our finance committee and board meetings next week. We want to be able to deliver on your promise that the Board of Directors will carefully consider the impacts of any rate increase after full deliberation of all alternatives.

The retail agencies who have written to MWD have explained the dire situation they face, as well as the difficult measures they are taking to tighten their own belts. These measures include deferral or cancellation of *needed* capital projects and other extraordinary actions. The Water Authority and its retail member agencies are facing the same challenges and are taking similar measures.

One week ago, the Governor signed Executive Order N-42-20 to protect consumers who may not be able to pay for their water service from shutoffs. As a result—and while we are in full support of Governor's leadership in controlling the pandemic and are not in any way questioning the necessity of his actions—we are all in an even more precarious position as we have no way of knowing what the resulting financial impacts will be.

The Assembly Committee on Budget has presented an outline of how the State budget will have to adjust to the realities of the impact of the pandemic on our State, and the process it will follow to continue to assess the situation and make difficult choices. A copy of Assembly Committee on Budget issued from Chair Ting's office is attached. As you will note, extraordinary measures are also being anticipated at the State level.

We do not believe the steps that MWD staff has taken (described in this month's Board Memo 8-1) to respond to the circumstances and to the pandemic rise to the level necessary to meet the needs of our retail agencies and the public we serve. It is imperative that MWD demonstrate it intends to be a *meaningful* part of the solution.

Chairwoman Gray and Members of the Board

April 9, 2020

Page 2

The world has changed since our Board's budget deliberations. We join in the call for MWD to step back and take one additional month to reconsider our planned expenditures from the ground up, in light of changed circumstances. This is the only way the MWD Board of Directors can help ensure that water service will indeed be available for everyone during this pandemic and in its aftermath.

We look forward to our meetings and discussion next week.

Sincerely,



Jerry Butkiewicz  
Director



S. Gail Goldberg  
Director



Michael T. Hogan  
Director



Tim Smith  
Director

Attachment: Assembly Committee on Budget Chair Ting's Statement

cc: Water Authority Board of Directors and Member Agencies

STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0092  
(916) 319-2099  
FAX (916) 319-2199

# Assembly California Legislature



## ASSEMBLY COMMITTEE ON BUDGET

PHILIP Y. TING, CHAIR  
ASSEMBLYMEMBER, NINETEENTH DISTRICT

**CHIEF CONSULTANT**  
CHRISTIAN GRIFFITH

**DEPUTY CHIEF CONSULTANT**  
NICOLE VAZQUEZ

**COMMITTEE SECRETARIES**  
IRENE VILLARRUZ  
MARCO RODRIGUEZ  
JUAN CERVANTES

**CONSULTANTS**  
FARRA BRACHT  
SUSAN CHAN  
KATIE HARDEMAN  
JENNIFER KIM  
ANDREA MARGOLIS  
MARK MARTIN  
GENEVIEVE MORELOS

The 2020-21 budget in California will have to adjust to the realities of the impact of COVID-19 on our State. The immediate needs in response to the disaster force us to pause important work and priorities that predated the pandemic. And once the State begins to recover, we will have to adapt to a very different budget process in the Assembly. This memo provides an update on what the Committee's process might look like, going forward.

When we reconvene, we will have less money and less time to adopt a balanced budget. We know that as a result of the crisis, the State will see our revenues decline, even as we must increase spending to protect Californians. We will not be able to assess the full damage to our State's economy and our revenues until August, at the earliest. In addition, we must find a way to include the public in our deliberations - which, depending on when we return, may be condensed into a few short weeks.

This new reality will likely result in the following changes to the 2020 budget process:

- **June 15 Baseline Budget:** We expect the Governor's May Revision to become a "workload" budget that reflects 2019-20, or current, service levels. This means that if subcommittees were to meet right now, almost all new January 2020 budget proposals would not be heard. When we reconvene, we will no longer be able to consider new priorities and ideas from stakeholders, advocates and Members, with the exception of COVID-19 related costs, wildfire prevention, and homelessness funding. We may even need to revisit some reductions to existing state programs at that time, given the State's fiscal condition. Subcommittees will be directed to only agendaize items necessary to build this baseline budget, or items providing direct oversight of disaster response and recovery spending. The Assembly will also likely defer all deliberations on special fund programs, like those receiving Greenhouse Gas Reduction Funds, until after June 15.



- "August Revision": With the delay in personal income tax receipts to July 15, we expect that we will not have a complete picture of our revenues until August. As a result, we expect to revisit the budget after June 15. This second round of budget deliberations will allow us to consider issues we will not have time to discuss in May and June, especially new issues related to recovery from the COVID-19 pandemic. Given the initial projections of the virus's impact on the economy, it is possible the State will need to consider sizable ongoing reductions to major programs during this time. Therefore, Subcommittees will not likely be able to revisit proposals for new investments put forward by Members, the administration, advocates, and the public prior to this public health emergency.
- Deferring the Promises of 2020: When the 2020 budget process began, the State was expecting a small ongoing surplus that offered us a chance to expand additional services to Californians. While that is likely no longer possible this fiscal year, we are in better shape to address the expected recession compared to any other point in the State's history. While we may face one or more difficult fiscal years ahead, the prudent decisions we made since the Great Recession will help us avoid the lingering structural budget problems that plagued the State before 2012. We may have some difficult choices in the coming months, but we will be able to return to the stability, optimism, and innovation that characterized the State budget over the last eight years if we remain responsible.

Thank you for your attention to this memo. As the situation evolves over the coming weeks, we will continue to update you on our thinking and planning about how to best move forward.





April 10, 2020

Chairwoman Gray and  
Members of the Board  
PO Box 54153  
Los Angeles, CA 90054-0153

RE: Board Agenda Item 8-1: Proposed Biennial Budget for Fiscal Years 2020/21 and 2021/22  
and Water Rates for calendar Years 2021 and 2022

Dear Chairwoman Gray and Board Members:

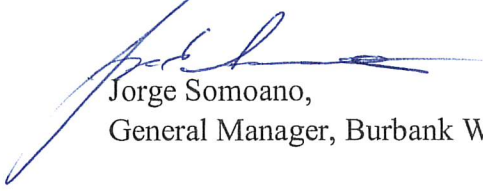
Within just the last five weeks, the COVID-19 pandemic has grown into a world-wide crisis affecting 210 countries. In this short amount of time, amidst stay-at-home orders, we have seen water sales drop and we have had to defer and cancel needed capital projects, adjust our operations and customer service activities to reduce the spread of the virus, and respond to unprecedented, but necessary, actions to protect customers from water shut-offs if they cannot pay their bills. We understand that the Metropolitan Water District (MWD) is also experiencing its own challenges in responding to the pandemic and has taken steps to lower rate increases for its member agencies. As you noted in the referenced Board Agenda Item, member agencies feel unprecedented financial stress and that the financial impact to our region and our rate payers will be significant and far reaching and none of us know what the long-term financial and social impacts will be.

Given the speed in which this pandemic has unfolded and the unprecedented economic and societal disruption that it has created, it is imperative that a full discussion and deliberation of the proposed rates and budget occur with the aim of addressing the concerns expressed by member agencies in their letters to the Board. We understand that a budget must be adopted in timely fashion, but not at the expense of the full debate that this dire situation demands.

In short, we do not believe that the proposed actions and options presented in the Board Action go far enough. Burbank Water and Power (BWP) will not increase its budget nor raise rates because of the economic hardship caused by the pandemic; we will not pass MWD's rates through to our customers. We expect MWD to do its part and bring the full measure of its resources and capital to bear as we move through this difficult time and to demonstrate to our rate payers that MWD plays a meaningful role in the solution.

We echo the call by others to take an additional month to review the proposals with the goal of maintaining current rates and appropriations.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jorge Somoano', with a long horizontal flourish extending to the right.

Jorge Somoano,  
General Manager, Burbank Water and Power

cc: MWD Board Members  
Katano Kasaine, MWD CFO  
Justin Hess, Burbank City Manager  
Richard Wilson, BWP Assistant General Manager, Water Systems

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# CITY OF SANTA ANA

April 10, 2020

Honorable Board of Directors  
Metropolitan Water District of Southern California  
700 N. Alameda Street  
Los Angeles, California 90012

**RE: Request to Defer and Decrease Proposed Water Rate Increases**

Dear Chairwoman Gray and Fellow Board Members:

The City of Santa Ana provides water and sanitary sewer services to over 44,000 customer accounts, which allows us to provide water to a diverse population of nearly 350,000 residents, as well as industrial, institutional and commercial customers. The City meets its water supply needs with a mix of local ground water from the Orange County Water District (OCWD) and imported water purchased from the Metropolitan Water District of Southern California (MWD). We purchase treated imported water from MWD, with anticipated purchases of approximately 8,750 acre-feet next year, totaling estimated payments of over \$10.5 million.

The City of Santa Ana appreciates the service and leadership MWD has consistently provided to our region, the state and nation on water supply management and infrastructure. Our country has entered an unprecedented period due to COVID-19. The impacts of this pandemic are changing daily, and the City's water department is focusing on key priorities during this time: ensuring our supply is safe and reliable; safeguarding our employees and their ability to provide vital services; and adjusting our ways of doing business to assist our community and customers in weathering this unprecedented event.

At the City of Santa Ana, we have already implemented several measures to minimize the burden on our community and continue to provide high-quality service to our customers, including:

CITY ATTORNEY  
Sonia R. Carvalho

CITY MANAGER  
Kristine Ridge

CLERK OF THE COUNCIL  
Daisy Gomez

- Suspending all service shut-offs during this crisis;
- Suspending all late fees during this crisis; and,
- Implementing telecommuting strategies to enable employees to perform needed duties remotely.

As I've been sharing with some of you for the past month, the proposed 5% MWD rate increase that was originally proposed by staff would impose a significant burden on the City of Santa Ana, its customers and residents.

The City of Santa Ana respectfully requests that MWD defer and continue to decrease any planned rate increases. We also ask that MWD review its current budget and operating methods, as well as utilize its reserves, to help manage through this crisis. In addition to the public health consequences of the Coronavirus, our community's economic base has been hurt and our residents and businesses alike deserve relief and compassion during this time.

Thank you for your consideration.

Sincerely,



Jose Solorio  
Council Member, City of Santa Ana  
Board Member, Metropolitan Water District of Southern California

**From:** [James Keegan](#)  
**To:** [DL-Board Support Team](#)  
**Subject:** MWD reduce rates COVIT 19  
**Date:** Monday, April 13, 2020 6:39:42 PM

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Dear MWD,

It is my understanding that the MWD is considering raising rates. I respectfully ask that in light of the COVIT 19 impacts to wine growers that you reduce rates.

I am a small wine grower in the Temecula Valley and it is projected that our grape sales will be severely impacted. An increase in water rates would just amplify our losses.

Please reconsider any rate increases.

Thank you.

Jim Keegan PE  
Jkeegan@lerg.com