

DATE: 05/14/2020

RELEASE: Immediate

CONTACT: Grace Cardenas
(951) 296-6933
(951) 365-9428
cardenasg@ranchowater.com

SUBJECT: Rancho Water Board Approves Smaller Budget Amid COVID-19

Temecula, CA 05/14/2020 - Rancho California Water District's (Rancho Water/District) Board of Directors unanimously approved a revised 2020-2021 budget. The budget, for the fiscal year beginning on July 1, reduces revenues by \$1.2 million from what the District originally projected, before the COVID-19 pandemic.

“The global pandemic is causing major economic impacts including here in the Temecula Valley where many people rely on tourism, agriculture and entertainment for their livelihood,” said General Manager Jeff Armstrong. In light of the crisis and its impact on Rancho Water customers, the District's Board decided in March to delay any potential rate increases to January 2021 and to suspend water shutoffs and late payment penalty fees. This action results in a \$1.2 million dollar deficit to the budget, with potentially more budget impacts in the future.

To make up for that loss, the District will cut \$439,000 in spending mostly comprised of materials costs, support costs, and deferring operational projects. The District also heavily lobbied the Metropolitan Water District (MWD) to reduce the amount of their proposed rate increases on imported water. These efforts proved successful with MWD approving lower than previously proposed rate increases that further reduced operating expenses by \$273,000 in the next fiscal year. Over half of Rancho Water's

budget goes to buying imported water from MWD. Lastly, the District will use \$488,000 in emergency cash reserves.

“The economic impacts from COVID-19 are unknown and difficult to project,” says Assistant General Manager and CFO Rick Aragon. “Since we don’t know the timing or extent of recovery, we are focused on monitoring our budget and responding in a thoughtful and practical manner.”

Rancho Water’s years of sound financial planning has positioned them to address these financial challenges with the least possible impacts to customers. “We’re continually looking for innovative ways to strengthen Rancho Water’s financial position and to operate as efficiently as possible,” said Armstrong. “Rancho Water’s Board and staff are committed to continuing that goal as we all deal with the effects of the COVID-19 crisis.”

Each year, Rancho Water Board of Directors approves a budget that lays out how the District plans to maintain and improve the water system on behalf of its customers. The Budget provides a framework for combining District goals, operating plans, and infrastructure projects into one comprehensive document. Once approved by the Board, the District continues to closely monitor projects, expenditures, and revenues throughout the year to ensure the integrity and quality of its operation.

###

“The mission of the Rancho Water is to deliver reliable, high-quality water, wastewater and reclamation services to its customers and communities in a prudent and sustainable manner.”