



The Metropolitan Water District of Southern California

NEWS RELEASE

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**METROPOLITAN BOARD ADOPTS TWO-YEAR BUDGET,
EQUITABLY BALANCING REVENUES, FAIR RATE INCREASES
Spending plan earmarks \$100 million toward water-saving rebates, programs,
sustaining momentum from nation's largest conservation program**

A two-year spending plan that strikes a balance between equitably generating revenues to invest in the Southland's water future and managing rates through modest increases reflecting the cost of service was approved today by Metropolitan Water District's Board of Directors.

The board adopted a \$1.65 billion budget for fiscal year 2016-17 and a \$1.69 billion budget for fiscal year 2017-18, with associated 4 percent average increases in Metropolitan's wholesale water rates in calendar years 2017 and 2018.

As part of the budget action, Metropolitan's governing body continued the water-saving momentum created by the agency's current \$450 million conservation program—the largest of its kind in the nation—by allocating at least \$100 million toward rebates for water-efficient devices over the next two fiscal years.

“As the historic drought clearly demonstrates, weather and available water supplies can vary dramatically in these changing times,” said Metropolitan board Chairman Randy Record. “This budget offers Metropolitan a stable financial strategy, which is essential to managing reliable imported supplies to our 26 member agencies, the 19 million people they serve and half the state's economy.”

Today's action follows months of open meetings, including five board workshops and a public hearing, along with hundreds of pages of detailed financial information made available during the process.

Among budget spending controls, the district will hold the line on staffing and strategically spread out capital costs on repairs and upgrades in coming years, according to Metropolitan General Manager Jeffrey Kightlinger.

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“Our objective is to pay for long-term investments with a prudent combination of long-term fixed funding sources and water sales revenues,” Kightlinger said. “Today, the district maintains some of the highest credit ratings for government agencies in California by maintaining adequate reserves and limiting debt.”

Metropolitan’s biennial budget and rates anticipate water sales of 1.7 million acre-feet each of the next two fiscal years. The established rates and charges will become effective Jan. 1, 2017 and 2018 for all elements of the district’s tiered rate structure. That structure breaks down Metropolitan’s rates into separate charges that reflect wholesale costs to treat, deliver and develop water supplies.

Today’s action also called for the formation of a board working group to explore more fixed revenue streams to cover fixed treated water costs.

For more information on Metropolitan, visit the district’s website at mwdh2o.com.

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The Metropolitan Water District of Southern California is a state-established cooperative of 26 cities and water agencies serving nearly 19 million people in six counties. The district imports water from the Colorado River and Northern California to supplement local supplies, and helps its members to develop increased water conservation, recycling, storage and other resource-management programs.