



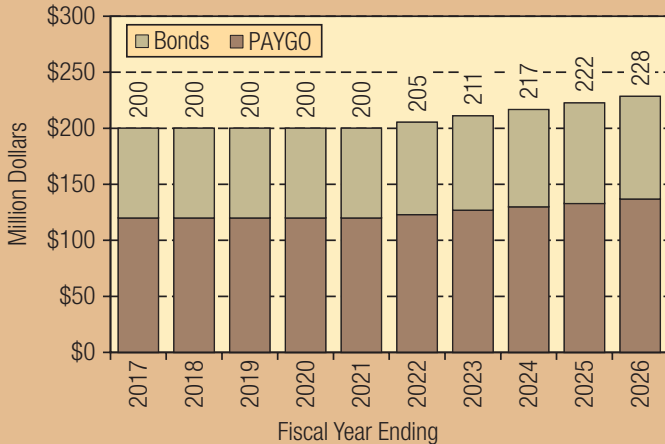
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA



Charting a Steady Financial Future

Weather and available water supplies can vary dramatically in these changing times. For the Metropolitan Water District of Southern California, a stable financial strategy is essential to managing imported water supplies to member agencies serving six counties, 19 million people and half of the state's economy. Metropolitan adopts two-year budgets. The 2016-17 and 2018-19 spending plan is scheduled to be adopted by the District Board of Directors in April after a series of public workshops. The emerging proposal reflects a careful balance between generating revenues in a fair manner to invest in the region's water future and managing rates through steady, modest increases that reflect the cost of service.

Capital Investment Plan Funding



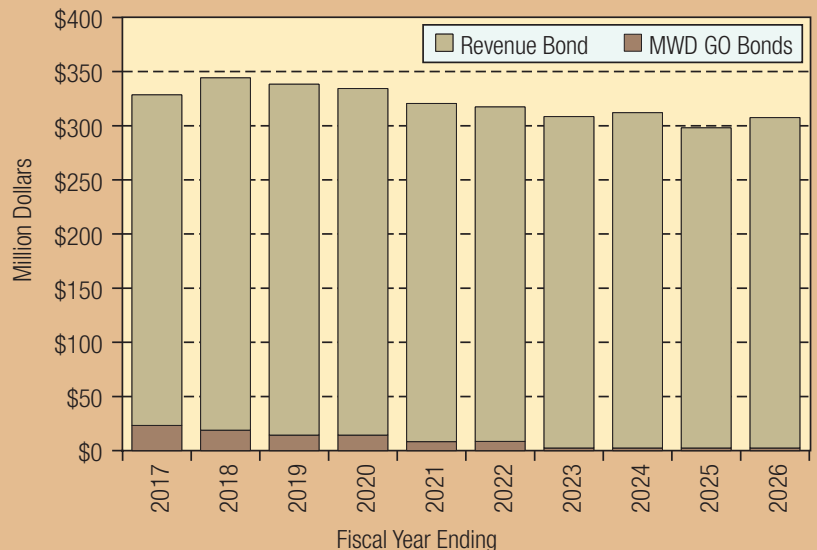
Investing Strategically and Cost Controls

Metropolitan has made historic strategic investments in conservation and Colorado River initiatives that will have long-term benefits for the region. Metropolitan proposes to hold the line on staffing and strategically spread out capital spending on repairs and upgrades in the years ahead as measures to control spending. Capital expenses will be primarily funded on a pay-as-you-go basis. Potential investments such as modernizing the Northern California delivery system would be phased in over time.

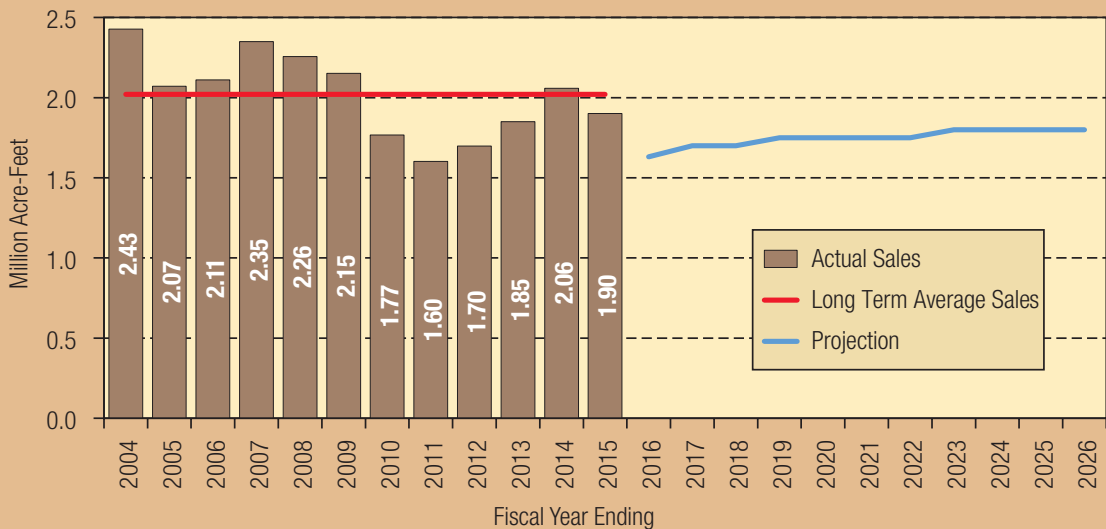
Managing Debt

Metropolitan maintains some of the state's highest credit ratings for government agencies by maintaining adequate reserves and limiting its use of debt. Future debt service levels will fluctuate modestly and stay within existing ranges. The goal is to pay for long-term investments with a prudent combination of long-term funding sources as well as annual rate revenues.

Debt Service



Water Sales



Making Realistic Water Sales Projections

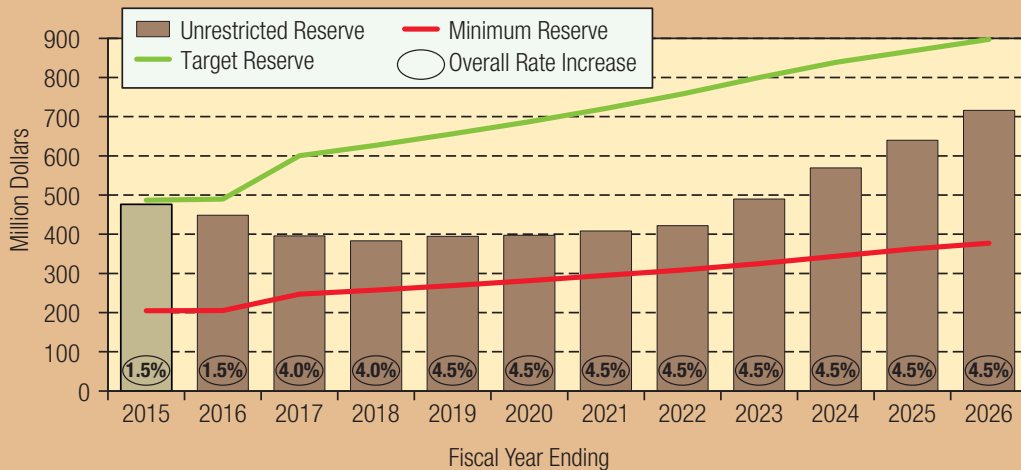
Metropolitan’s primary source of revenue comes from annual water sales. Revenues can vary depending on the weather year. Metropolitan makes conservative estimates on likely sales as a way to help ensure that revenues are adequate to cover expenses throughout the budget year.

Metropolitan is looking to maintain the reliability of imported supplies and promote conservation and development of local supplies as a cost-effective water management strategy.

Gradually Raising Rates

Metropolitan proposes 4 percent overall rate increases for the next two years and projects 4.5 percent rate increases into the future to invest in local supplies, conservation and upgrades to imported water systems in Northern California and the Colorado River. A steady rise in rates can prevent fluctuations that are more disruptive to the District’s member agencies and the Southland economy.

Projected Rate Increases & Financial Metrics



About Metropolitan

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

Mission Statement

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.



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