

CHARTING A STEADY FINANCIAL FUTURE

METROPOLITAN'S BIENNIAL BUDGET FOR FY 2018/19
AND FY 2019/20

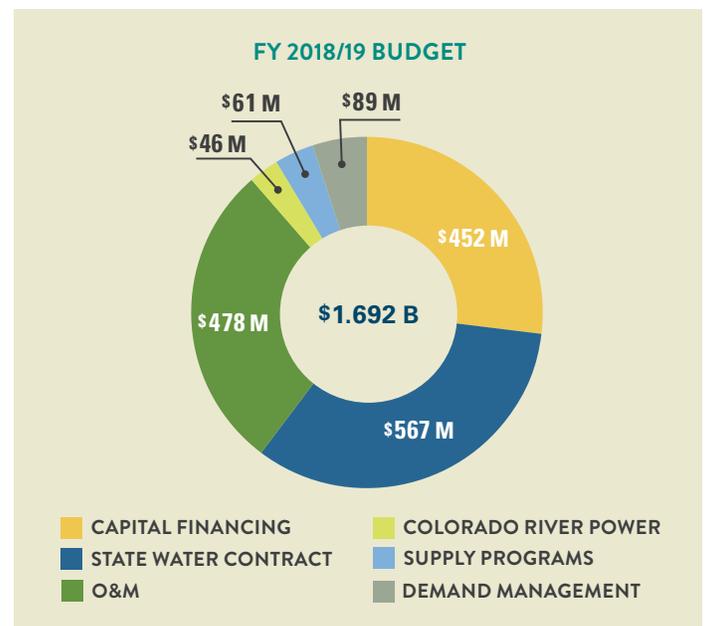


The Metropolitan Water District of Southern California is the largest wholesale water service provider in the nation with a vast system of aqueducts, pipelines, hydropower and treatment facilities delivering water into its six-county service area and throughout the service area. To keep this system in good operating condition and plan for the region's future water needs, Metropolitan maintains an annual operating budget of approximately \$1.7 billion.

The adopted FY 2018/19 and FY 2019/20 biennial budget, with annual overall rate increases of 3 percent, advances investments in refurbishments and system upgrades to improve the reliability of local and imported supplies, ensure public health and safety, and plan for the future while managing costs through steady, modest rate increases that reflect the cost of service.

Highlights of the Biennial Budget:

- ◆ Plans capital spending of \$500 million to ensure the region's water facilities are well-maintained, reliable and seismically sound.
- ◆ Increases investment in financial incentives for conservation, including consumer rebates.
- ◆ Funds Metropolitan's share of California WaterFix to modernize the state's water system in the Sacramento-San Joaquin-Delta.
- ◆ Decreases annual debt service costs by \$13 million.
- ◆ Offsets increases in operations and maintenance costs by incorporating lower State Water Project charges.



California's precipitation is highly variable from year-to-year, reinforcing the urgency to invest in a modernized State Water Project, more storage, local water projects and conservation.

Investments in Reliability:



INFRASTRUCTURE UPGRADES

Reinvests in nearly 400 capital projects for greater reliability



ENVIRONMENTAL STEWARDSHIP

Invests in balanced supply and efficiency programs to provide reliability and environmental benefits



SECURITY AND SAFETY

Builds seismic resilience, addresses physical and cyber threats



NEW PROJECTS

Makes strategic investments in both imported and local supplies and conservation



WORKFORCE DEVELOPMENT

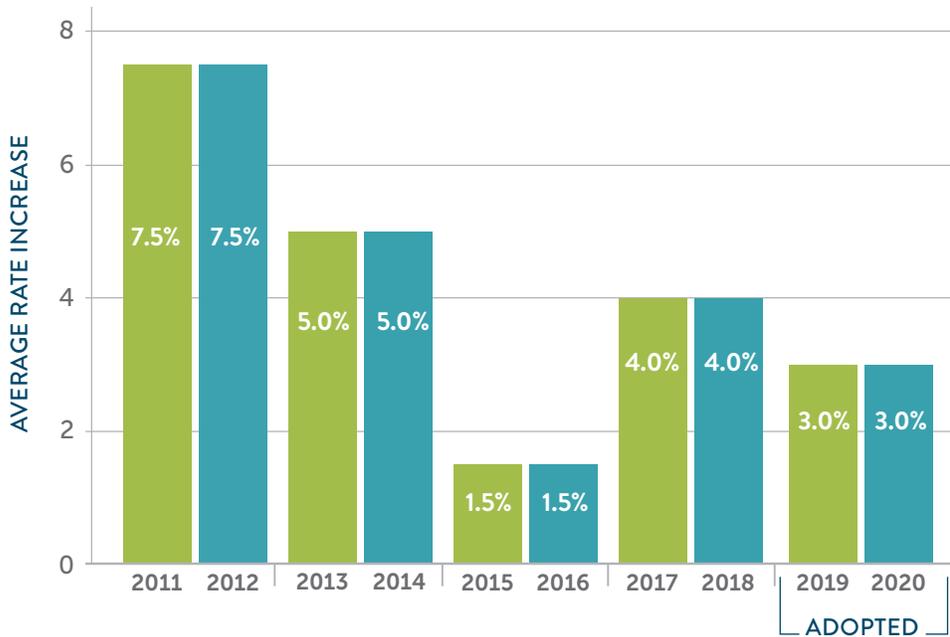
Prepares future workforce, fosters inclusion and promotes safe workplaces



CLIMATE CHANGE ADAPTATION

Implements strategies for infrastructure, water systems and ecosystem

HISTORIC AND PROPOSED OVERALL RATE INCREASES



Metropolitan is systematically rehabilitating and upgrading its network of pipelines, pumps and treatment facilities to dependably deliver high quality water today and into the future.

General Manager's Strategic Priorities:

- ◆ Enhance Infrastructure Safety, Security and Resiliency
- ◆ Prepare for More Extreme Hydrology
- ◆ Ensure Imported Supply Reliability
- ◆ Maximize Local Resources
- ◆ Promote Environmental Stewardship and Sustainability
- ◆ Foster Leadership and Strengthen Workforce Capabilities
- ◆ Maintain Sound Business Practices and Fiscal Integrity

OUR MISSION

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.

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.

Spotlight

RELIABILITY

Meets the demands of a growing Southern California and its expanding \$1.3 trillion-plus economy



PROJECTED WATER TRANSACTIONS

1.65 million acre-feet (FY 2018/19)
1.75 million acre-feet (FY 2019/20)



10-YEAR FINANCIAL FORECAST

The current 10-year forecast for rate increases is 4% annually, within the targeted range of 3-5% to recover anticipated costs and finance essential investments



CAPITAL PROJECTS

60% of CIP projects are funded from operating revenues, rather than debt financed



CREDIT RATING

Metropolitan maintains some of the nation's highest credit ratings among government agencies

