



The Metropolitan Water District of Southern California

NEWS RELEASE

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**MONTHS OF OPEN, PUBLIC MEETINGS REFLECTED IN
TWO-YEAR METROPOLITAN BUDGET, NEW WATER RATES
Cost cuts, need to rehabilitate, update aging infrastructure,
conservation programs key parts of spending plan**

After months of discussion and deliberation in a series of public meetings and workshops, Metropolitan Water District's Board of Directors today approved a two-year spending plan and associated water rates.

Cost containment as well as critically important investments in replacing and upgrading aging infrastructure, maintaining conservation programs and enhancing the quality of water served to 19 million Southern Californians in the face of changing weather and supply conditions are the foundation of a \$1.78 billion budget for fiscal year 2012-13 and a \$1.89 billion spending plan for 2013-14.

In a related action, the board approved a 5 percent increase in the district's base wholesale water rate in 2012-13 and 5 percent increase in 2013-14.

"This two-year budget is the result of an open and collaborative process that began in January and included candid discussions over a number of various budget and rate variations," Metropolitan board Chairman John V. Foley said. "It allows Metropolitan to meet key priorities to ensure reliable water supplies while keeping the cost of our wholesale supplies as low as possible."

Metropolitan General Manager Jeffrey Kightlinger said the budget reflects the district's commitment to reducing and containing costs. He noted the agency decreased its capital program by \$165 million, or 23 percent, by deferring growth-related projects, while maintaining its water system and delivering high-quality supplies. He said the budget also upholds the agency's strong commitment to funding regional conservation programs. Metropolitan also has reduced its staff by more than 160 positions in the last three years, he said.

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“For 70 years, we have delivered safe, reliable and affordable water to consumers and businesses throughout six Southland counties. That service continues to support the region’s trillion dollar economy,” Kightlinger said. “However, like many basic services today, our costs are increasing for a number of reasons. One of the biggest is the constant need to repair and upgrade our aging system to ensure the continued reliable delivery of water.”

Kightlinger explained that the district’s large and comprehensive water system is aging, with more than 40 percent of MWD facilities older than 60 years. For example, the district’s 242-mile Colorado River Aqueduct was completed in 1939 and the F.E. Weymouth Water Treatment in La Verne in 1941.

The age and wear of Metropolitan’s facilities, stretched over a 5,200-square-mile service area from Ventura County in the north to San Diego County in the south, has compelled the district to shift more of its capital investments into maintaining and improving existing infrastructure, he said.

“In fiscal year 1998-99, the district spent \$30 million a year—5 percent of total capital expenditures—to sustain our water system. By comparison, we estimate spending more than \$280 million—or more than 50 percent of our capital budget—on refurbishment and replacement over the next two years,” Kightlinger said.

Other elements of the budgets include continued funding for conservation programs at \$20 million a year and another \$33 million annually for the district’s Local Resources Program, which provides incentives for programs and projects including recycling projects by local water agencies.

“Metropolitan has worked diligently for more than 20 years on important and innovative conservation programs,” Kightlinger said. “Working with our member agencies, we have been successful in helping establish a Southern California water ethic that serves as an example throughout the state and the nation.”

In addition, to ensure Metropolitan’s imported water supplies continue to meet increasingly stringent state and federal regulatory regulations, the district is investing more than \$1 billion to retrofit its five treatment plants to ozone. The two-year spending plan calls for \$143 million for continued retrofits at the district’s Robert B. Diemer plant in Yorba Linda and the Weymouth plant, with \$4 million in work remaining at the Robert A. Skinner and Henry J. Mills treatment plants in Riverside County.

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Costs also include planning and environmental measures to secure a long-term solution for the Sacramento-San Joaquin Delta to ensure reliable water supplies and habitat restoration in the Delta. Metropolitan and other water districts are spending nearly \$250 million to develop the Bay Delta Conservation Plan, the blueprint for the long-term Delta fix. About 30 percent of Southern California's overall water supply comes across the Delta and is delivered to Metropolitan through the state water system.

As part of today's action, the board established rates and charges that will become effective January 2013 and January 2014, respectively, for all components of the district's tiered rate structure.

For more information on Metropolitan, visit the district's website, www.mwdh2o.com.

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The Metropolitan Water District of Southern California is a 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.