



Key Budget Assumptions

Fiscal Year Ending	Adopted	Proposed	
	2018	2019	2020
Overall increase January	4.0%	3.0%	3.0%
Total Water Transactions*	1.70 MAF	1.65 MAF	1.75 MAF
State Water Project Allocation	50%	50%	50%
Colorado River Aqueduct Diversions	1.04 MAF	0.84 MAF	0.92 MAF
Capital Investment Plan (CIP)	\$200 M	\$200 M	\$200 M
PAYGo (60% of CIP)	\$120 M	\$120 M	\$120 M

* Includes water sales, exchanges, and wheeling



Highlights of the Proposed Biennial Budget

- 💧 Debt service costs decrease by \$13 million over the biennial budget period compared to the FY 2017/18 budget and trend lower over the remaining years of 10-year forecast.
- 💧 Planned capital spending of \$500 million over the biennium to ensure facilities are well maintained and reliable.



Highlights of the Proposed Biennial Budget (cont.)

- 💧 Increased support for the Conservation Credits Program, with proposed spending to increase by \$5 million (to \$43 million) annually.
- 💧 It is proposed that the remaining balance in the Water Management Fund be transferred to the Water Stewardship Fund to provide additional support for the Conservation Credits Program



California WaterFix

- The biennial budget and ten-year forecast incorporates:
 - Funding for Metropolitan's share of California WaterFix costs as approved by the Board in October 2017
- In the event that the state Department of Water Resources makes changes to how California WaterFix is implemented, any impacts on water rates and the ten-year financial forecast will be provided to the Board



Proposed Budget Revenue Requirement for FY 2018/19 & FY 2019/20

Fiscal Year Ending	2017/18 Adopted	2018/19 Proposed	2019/20 Proposed
Departmental and Other O&M	395	450	469
Variable Treatment	25	27	28
State Water Project (without Variable Power)	447	407	434
State Water Project Variable Power	153	160	169
CRA Power	54	46	53
Supply Programs	82	61	54
Demand Management	76	89	86
Debt Service	344	332	331
PAYGO	120	120	120
Change in Required Reserves	25	32	41
Subtotal Expenditures	1,721	1,724	1,784
Revenue Offsets	146	165	166
Total Revenue Requirement	1,574	1,559	1,618

* \$ in millions

** Totals may not foot due to rounding



Proposed Metropolitan Rate & Charges

Rates & Charges Effective Jan. 1	2018 (Current)	2019	% Change	2020	% Change
Tier 1 Supply Rate (\$/AF)	\$209	\$209	0%	\$208	0.5%
Tier 2 Supply Rate (\$/AF)	\$295	\$295	0%	\$295	0.0%
System Access Rate (\$/AF)	\$299	\$326	9.0%	\$346	6.1%
Water Stewardship Rate (\$/AF)	\$55	\$69	25.5%	\$65	(5.8%)
System Power Rate (\$/AF)	\$132	\$127	(3.8%)	\$136	7.1%
Full Service Untreated Volumetric Costs (\$/AF)					
Tier 1	\$695	\$731	5.2%	\$755	3.3%
Tier 2	\$781	\$817	4.6%	\$842	3.1%
Treatment Surcharge (\$/AF)	\$320	\$319	(0.3%)	\$323	1.3%
Full Service Treated Volumetric Costs (\$/AF)					
Tier 1	\$1,015	\$1,050	3.4%	\$1,078	2.7%
Tier 2	\$1,101	\$1,136	3.2%	\$1,165	2.6%
Readiness-to-Serve Charge (\$M)	\$140	\$133	(5.0%)	\$136	2.3%
Capacity Charge (\$/cfs)	\$8,700	\$8,600	(1.1%)	\$8,800	2.3%
Overall Rate Increase			3.0%		3.0%



Timeline: Proposed Biennial Budget and Rates Process

