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“Water Infrastructure, Water Supply and the Price of Water”

Metropolitan Water District is the largest purveyor of water in the world. It covers six counties, 5,200 square miles and is a wholesaler to 26 member agencies. The 2008-09 \$1.98 Billion budget has revenues sources from property tax (8%), water sales (86%), power (3%), and interest income/leases (3%). \$500 Million in capital expenditures will improve and construct projects such as the Inland Feeder water line to help deliver water to Diamond Valley Lake, a regional storage facility which serves 90% of the So Cal area.

The challenges we face

- Drought on the Colorado River
- Endangered Species
- Long Term Climate changes
- Increasing population (CA estimates to 60MM in 30 years)
- Agriculture infrastructure
- Seismic risk
- Changes in California water use (agricultural to dense populations)

A recent decision by a federal judge invalidates a biological opinion based on the protection of the ‘delta smelt’ and has reduced the ability to pump water resources drastically needed for SoCal. A new canal estimated at \$5 Billion could solve the issue of keeping the sources flowing, even though it will not create a new source. A JTPA has been formed for this canal and the delta restoration and management will be overseen by a conservancy.

Inasmuch as water rates have increased less than inflation since 1997, they are estimated to increase faster than inflation for the next five years. Water rates increased effective 1/1/08 by 6%. Rates will continue to increase by an estimated 14% for 2009 and 5-10% for 2010. No moratorium on usage is foreseen in the near future as innovative methods such as using ultra low toilets and conservation-minded outside landscaping are increasing. However, anything can happen i.e. Bear & Stearns.

Conclusion: “Awareness is growing! Water is paramount! We need a comprehensive fix; we need more storage systems.”