



CENTRAL BASIN MUNICIPAL WATER DISTRICT: A PUBLIC AGENCY TURNAROUND SUCCESS STORY

Central Basin Municipal Water District has a long history of ensuring water supply is sustainable, safe and affordable. The District provides recycled and imported water to cities and retail water agencies in southeast Los Angeles. The District's service area is 227 square miles, encompassing 24 cities and serving nearly 2 million people.

In 1952, the District was formed by a vote of the people to mitigate the over-pumping of underground water resources in the region. In 1954, the District became a member agency of Metropolitan Water District to use imported water to curtail the use of diminishing groundwater supplies. In 2015, the District began supplying recycled water to provide regional water reliability.

The District is also a proud partner of the Metropolitan Water District of Southern California's Pure Water Southern California, a new, large-scale local recycled water project that will turn wastewater into high-quality drinking water. Once completed, it will produce 150 million gallons of water daily, becoming one of the largest advanced water treatment plants in the world.

After years of internal strife and fiscal instability Central Basin MWD ends the chaos in a sweeping turnaround starting in August 2020. Below are some highlights:

- Adoption of a strategic plan and complete rightsizing of the District resulting in monthly average operating cash and unrestricted reserves at levels not seen since 2016, with the District making contributions to its unrestricted budget reserves (\$15 million dollars) further stabilizing its long-term financial outlook.
- Despite a projected statewide drought, the District approved a 14% reduction in imported water rates for cities and other customers in its service area as well as keeping recycled water rates unchanged for two years.
- The District improved its previous poor credit rating by several notches to an A3 rating by Moody's Investors Service for the District's Standby Charge Refunding Revenue Bonds resulting in a successful bond refunding saving taxpayers and the District millions in debt service payments without extending the term of the debt.
- The District has fully implemented the recommendations of the 2015 CA State Audit, complied with the governance changes required by AB1794, and its annual independent audits continue to validate the organizational and fiscal improvements.
- The Board of Directors adopted strict governance protocols to ensure board meetings are efficient and professional while conducting District business.
- The District has rebuilt the trust and respect of the cities, mutual water companies, investor owned utilities, and all of the customers its serves.
- The District has approximately \$18 million dollars in local drought-response shovel ready recycled water projects that will help offset the use of drinking water for non-potable purposes, which will preserve drinking water for its customers including the nearly 70% of its service area considered to be under-served communities.