Finance, Affordability, Asset Management, and Efficiency Committee

Introduction of Ordinance No. 153—Determining that the interests of Metropolitan require the use of Revenue Bonds in the aggregate principal amount of $500 million to finance a portion of Capital Expenditures

Item 9-1
September 15, 2026
Presented by: Sam Smalls

Item 9-1
Introduction of Ordinance No. 153

Subject

Introduction of Ordinance No. 153 determining that the interests of Metropolitan require the use of Revenue Bonds in the aggregate principal amount of $500 Million to finance a portion of Capital Expenditures

Purpose

Finance through the issuance of long-term debt, a portion of critical capital expenditures that exceed ordinary annual revenues

Immediate Board Action

None. This information item introduces Ordinance No. 153 by title only

Fiscal Impact

None by the introduction of Ordinance No. 153. Debt financing for CIP, however, is an important budget assumption, so the Board's action on Ordinance No. 153 at next month's Board meeting will be critical to maintaining a balanced budget

Legal & Policy Framework

- The Board has the authority to issue debt through the MWD Act Section 237 (Revenue Bond Purposes) & 1974 voter authorization for long-term revenue bonds.
- The adoption of an Ordinance authorizes the use of revenue bonds, generally, to finance Metropolitan's CIP. This authorization is required for "new money" issuances, not refundings.
- The Board retains approval over the issuance of specific series of bonds through the adoption of subsequent resolutions establishing their respective terms.
- Metropolitan's budget sets the policy framework for how it intends to fund expenditures over the biennium.

Ordinance Authorization Limit

- Because Ordinance 152 does not have enough remaining authorization to cover the amount of new money bonds required under the Adopted Budget, staff is bringing for your approval a new Ordinance (Ordinance 153).
- Staff is recommending an authorization amount of $500 million in Ordinance 153 to cover the debt contemplated in the current biennium. With the carryover from Ordinance 152 of approximately $198 million, there remains some cushion.

Ordinance No. 153

- **Authorization:** Not-to-exceed $500,000,000 aggregate principal amount of revenue bonds.
- **Relationship to Ordinance 152:** Prior $500M authorization is nearly exhausted – $302.3M issued, only $197.7M remaining. Ordinance 153 adds ~$292.3M of new capacity plus ~$207.7M for future years.
- **Funding Need:** FY 2026/27–2027/28 capital expenditures total ~$1.025B; approximately 48% is anticipated to be debt-funded (~$490M in bonds needed for the biennium).
- **Adoption:** requires a two-thirds (2/3) vote of the Board to adopt.

Sequence of Board Actions

1. **September 2026:** Introduce Ordinance No. 153 by reading title only (per MWD Act Section 64).
2. **October 2026:** Board consideration to waive full reading, vote on necessity of revenue bonds ($500M cap), and adopt Ordinance No. 153.
3. **Future Steps:** Separate Board approval and resolutions required prior to any specific bond issuance under this and/or prior Ordinances, as applicable.

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
1928