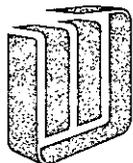


FILED by order
of the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held ... JAN 14 1992

9-3(i)

Karen E. Duff
Executive Secretary

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

December 31, 1991

To: Board of Directors
From: General Manager
Subject: General Manager's Report for December 1991

OFFICE OF THE GENERAL MANAGER

During the month, I and my assistants participated in the following activities, either singly or with staff as noted.

METROPOLITAN ATTENDEES	DATE	AGENCY/ORGANIZATION	PURPOSE/TOPIC
Carl Boronkay and staff	12/2	Lester Snow, Gen. Mgr., SDCWA; Jim Wickser and Rich Atwater	Discuss Seymour bill in legislature
Carl Boronkay, Dick Balcerzak, and Paul Singer	12/4	Meet with field employees at pumping plants and at Skinner filtration plant	Provide update on issues of importance to Metropolitan
Carl Boronkay and Dick Balcerzak	12/5	Memorial services for Director Brooks Morris	Represent Metropolitan's executive management
Carl Boronkay	12/11	Calif. Urban Water Conservation Council	Attend initial meeting of Steering Committee
		Governor's Water Policy Task Force	Meeting attendee
	12/12	Colorado River Water Users Association	Meeting attendee
Dick Balcerzak, Greg Taylor and staff	12/2	Eastside Reservoir properties	Inspection and review tour
Dick Balcerzak and Paul Singer	12/3	Director Miller and Calleguas Municipal Water Dist. staff	Discuss capacity of Service Connection CA-2

METROPOLITAN ATTENDEES	DATE	AGENCY/ORGANIZATION	PURPOSE/TOPIC
Dick Balcerzak, Gary Snyder, and Jay Malinowski	12/5	Garvey Reservoir Restoration Project, Monterey Park	Participants at the public meeting in preparation for the Draft EIR
Dick Balcerzak, Gary Snyder, Paul Singer and Bert Becker	12/6	Member Agency Managers	Meeting attendees
Duane Georgeson	11/26	Calif. Chamber of Commerce, Agriculture Committee	Speech re: MWD's agric'l water transfer policies
	12/4	SWC/DWR briefing on SWP financing; mtg. w/ D.N. Kennedy, Dir., DWR; SWC Bay/Delta Policy Group Mtg.	Meetings' participant
	12/5	Dir. of DWR, D. N. Kennedy	Water supply outlook
Duane Georgeson and staff	12/6	Reps. from Ariz. Dept. of Water Resources; and Exec. Dir. of Colo. River Bd. of Calif., G. Zimmerman	Various Colorado River-related issues
Duane Georgeson	12/9	Cable News Network	Water supply situation interview and possible 6th year of drought
Greg Taylor	11/22	Attend meeting hosted by Supervisor Kay Cenicerros (Dist. 3-Riverside)	Discuss study to create a natural corridor in southwestern Riverside County
	11/27	Lake Mathews Steering Com. on the Storm Water Detention Basin, Riverside Flood Control	Review project status
	12/3	Public-school issues consultant	Hemet School District and Eastside Reservoir
	12/4	MWD-hosted workshop on the drought	Represent MWD management
	12/4	Governor's Natural Communities Conservation Planning Program	Attendee
	12/6	Board and staff of Eastern Municipal Water District	Discuss status of Eastside Reservoir & Hemet schools

OPERATIONS

Water Supply. The eight-pump flow on the Colorado River Aqueduct (CRA) was reduced to a six-pump flow during the week of December 2 for performance testing of Units Nos. 5, 7, and 8.

Water storage in the terminal reservoirs is listed below, along with the projected storage by the end of the indicated months. Storage in Lake Mathews as of December 10 was 136,000 acre feet (AF); in Lake Skinner it was 34,600 AF.

ACTIVE STORAGE IN TERMINAL RESERVOIRS (ACRE-FEET)

Reservoir	Dec. 1 Storage	Dec. 1 Storage % Of Capacity	Projected Storage By Dec. 31	Projected Storage By Jan. 31, 1992	Reservoir Capacity (AF)
Lake Mathews	134,500	74%	150,000	150,000	182,000
Lake Skinner	38,100	87%	37,000	37,000	44,000

Active storage in the State Water Project's (SWP) Southern California reservoirs on December 1 totalled 567,007 AF, or 85 percent of capacity. Active storage as of December 10 was 574,800 AF. The individual reservoirs and their respective storage values follow, along with projected storage values for the respective months.

ACTIVE STORAGE IN SWP SOUTHERN CALIFORNIA RESERVOIRS (ACRE-FEET)

Reservoir	Dec.1 Storage	Dec. 1 Storage % Of Capacity	Projected Storage by Dec. 31	Projected Storage by Jan. 31, 1992	Reservoir Capacity (AF)
Pyramid Lake	139,041	84%	140,000	160,000	166,000
Lake Castaic	244,623	81%	250,000	266,000	305,000
Silverwood Lake	68,259	93%	67,000	68,000	74,000
Lake Perris	115,084	93%	120,000	120,000	124,000

Metropolitan took delivery of 83,300 AF of State project water (SPW) in November. For the month of December, it was projected that 65,000 AF of SPW would be required to meet Incremental Interruption and Conservation Plan target demands and replenishment operations. Total deliveries to date of SPW to Metropolitan in 1991 are about 580,000 AF, including State Water Bank (Bank) deliveries of 215,000 AF.

Total San Luis storage as of December 10 was approximately 773,300 AF or about 38 percent of capacity. The Department of Water Resources' (DWR) share of San Luis storage is 436,700 AF. Storage in Lake Oroville as of December 10 was approximately 1,323,300 AF or about 38 percent of capacity. The inflow into Oroville ranged around 1,700 cfs; outflow about 1,500 cfs.

System Operations. No SPW is being delivered to the Diemer and Weymouth filtration plants. Lake Skinner contains a ten percent blend of SPW. Water sales for November were 181,709 AF, which is 24 percent or 56,986 AF less than the November 1990 record of 238,695 AF.

Hydroelectric Operations. Hydroelectric generation ranged between 40 and 50 megawatts. Total power production in November was 30.4 million kWh, which is equivalent to the power generated by burning 17 thousand barrels of crude oil.

Shutdowns and Interruptions. The Rialto Pipeline was shut down for eight days to install a new meter; a portion of the West Orange County Feeder was shut down for installation of an insulating kit; and damage due to a traffic accident was repaired at Beverly Hills Service Connection BH-1. San Joaquin Reservoir was placed back in service on November 19.

CONSTRUCTION AND MAINTENANCE

SUBJECT	WORK IN PROGRESS/DESCRIPTION	STATUS OR PURPOSE
CRAPRP Phase VIII	Work completed. Final performance tests on remaining units starts January 6, 1992	Phase IX is schedule to begin on January 21, 1992
Evaluation of electrical cleaning solvent	14 possible replacements to trichloroethane have been tested; three judged acceptable	Lab and field tests sheduled for January and February
Service Connection USG-3	Enlargement/construction project	Project is 75% complete
Machining for DWR	San Luis Pump Unit No. 1; Oso Unit No. 7, and Edmonston Pump Unit No. 3	All work complete

Safety and Security. Inspection and evaluation of security requirements for the WCT Building were completed. Security-device issues were identified and additional work for an integrated security system is ongoing, as are meetings with the City of Los Angeles to resolve anticipated traffic-flow problems around the WCT Building. For the LAHQ Building, the city fire department approved the submitted emergency plan. Also, police and fire agencies' response capabilities were assessed for chlorine transportation routes.

RESOURCES

Interstate Water Bank. California's conceptual approach for implementation of an Interstate Water Bank was discussed by the Colorado River Board, Metropolitan staff, and representatives of the Colorado River Commission of Nevada, Southern Nevada Water Authority, and the City of Henderson. Topics included the reliability with which 7.5 million acre feet should be delivered to the Lower Division states, the provision of additional water supplies to the Lower Division states without any shortages to the Central Arizona Project through year 2020, interstate offstream storage, and a cooperative water exchange arrangement between California and Nevada to desalt seawater to augment Nevada's water supply.

Power Operations. The CRA pumping operation was maintained at an 8-pump flow during most of the month. From November 17 to 22, flow was reduced to seven pumps (7.7 average for the month) for performance testing of Unit No. 5 at Hinds under Phase VIII of the Colorado River Aqueduct Pump Rehabilitation Project (CRAPRP). Load shedding totalling 110 megawatts was attributed to unseasonably warm temperatures in the Los Angeles basin. During November, 101.4 thousand AF was pumped, and 206.8 million kWh hours of electrical energy was used for the pump operation. Projections for December averaged a 7.8 pump flow with 210 million kWh, pumping approximately 105 thousand AF of river water. No disturbances or outages were reported.

Energy Operations. Energy purchases supplemental to Hoover and Parker supplies in November totalled \$1.7 million for 96.5 million kWh. Approximately 50 percent was purchased from Tucson Electric Power, 24 percent from the Salt River Project, and 14 percent from Western Area Power Administration's Navajo project under the Western Systems Power Pool. The rate to Metropolitan for supplemental purchases was 17.55 mills/kWh during November, and the cost savings for purchases from supplemental energy suppliers was about \$1.1 million. For December, approximately 114 million kWh of supplemental energy will be needed to meet the projected 7.8-pump flow operation.

Hydroelectric Operations. Total daily power generation ranged from 36.3 to 50.7 megawatts with all plants (except Coyote Creek) operational except for two scheduled outages and three nonscheduled outages. Total energy generation for November was 30.4 million kWh with a gross revenue of over \$1.2 million. The projection for December was 32 million kWh and \$1.29 million for generation and revenue.

Power Contracts. Metropolitan filed its four-year progress report on the Conservation and Renewable Energy program as required by the Hoover Power Plant Act and the Hoover Contract. The report described progress on CRAPRP, the Local Projects Program, and the Urban Water Management Plan. Projections for energy generated from all 14 hydroelectric power plants is 438.7 million kWh in 1992 and 441.0 million kWh in 1993. The contract with Edison for economy energy transactions on an hourly basis was executed and raises to twelve the number of economy agreements Metropolitan has executed for the purpose of reducing CRA power costs.

Water Reclamation Projects. Seven applications are being processed for the Local Projects Program, and several amendments to existing joint participation agreements are being executed. Since its inception, approximately 51,000 AF of reclaimed water has been produced for landscaping and golf course irrigation, nurseries, and industrial use.

STATE WATER PROJECT AND CONSERVATION

Water Conservation. Water management studies of a refinery and a dye company have been completed and will provide a foundation for case studies in future industrial conservation efforts. Results of the walk-through audits will be forwarded to member agencies. Several urban conservation programs are in progress including an Offset Program which addresses conservation of the water supply in areas under development, and alternative financing options for conservation programs, including retrofits, through private sector financing companies.

Water Transfers and Exchanges. The EIR/EIS for the Arvin-Edison/Metropolitan Water Storage and Exchange Program will be ready for public review in mid-January, 1992; work is in progress with the Cross Valley/Exchangors and Arvin/Edison to finalize agreements necessary to facilitate the long-term program; and the "Principles for an Agreement" with Western Hills Water District are in the development phase.

Bay/Delta Hearings. The State Water Resources Control Board (SWRCB) decided to use the Department of Fish and Game's (DFG) striped bass population model as a tool for developing alternative protection measures for fish and wildlife uses. Once developed, the alternative measures will be included in the SWRCB's draft EIR. The State Water Contractors Bay/Delta Hearing fishery and hydrologic experts filed written responses challenging the DFG approach. Metropolitan's additional concerns about the SWRCB decision addressed a preliminary DWR analysis of draft Alternative Four, known as the maintenance alternative. Metropolitan's position is that Alternative Four, along with the flows that DFG is proposing, could empty SWP and Central Valley Project reservoirs annually.

Delta Smelt Listing. Metropolitan is preparing testimony to express its concerns about listing the Delta Smelt as a threatened species; the testimony to be provided at the hearing due in January 1992, sponsored by the U. S. Fish and Wildlife Service.

State Water Project. An interim arrangement was entered into between Metropolitan and DWR to meter low flows on the Rialto Pipeline at the Devil Canyon Power Plant. As part of the East Branch Enlargement, a modification was made downstream of the power plant and the low-flow meter can't be used until the valving arrangement at the site is modified.

ENGINEERING

SPEC. NO. OR FACILITY	SCOPE/PURPOSE	STATUS
Skinner plant	Expand a landfill	Preliminary design continues
	Install entrance gate, fencing, and parking lot	Final design continues
	Install acoustic flowmeters in the outlet conduit to provide accurate flow measurement capabilities	Preliminary design complete
	Install emergency generator	Consultant design work continues
Diemer plant	Relocate entrance gate and security system to prevent unauthorized entry	Final design to begin upon receipt of consultant report and Board approval

SPEC. NO. OR FACILITY	SCOPE/PURPOSE	STATUS
La Verne Water Quality Lab	Expansion to accommodate staff increases	Preliminary design continues
Weymouth and Diemer plants	Install emergency generators	Consultant design work continues
Mills plant	Expansion No. 2 -- expand from 150 mgd to 326 mgd for Riverside Co. growth & State Water Treatment Rule compliance regulations	Final design continues
	Site development work for Expansion No. 2	Final design continues
	Construct finished water reservoir under Expansion No. 2	Final design continues
	Construct two buildings to house water quality monitoring equipment	Preliminary design continues
Five filtration plants	Ozonation retrofitting	Preliminary study continues *
	Install ammonia and chlorine analyzers to ensure compliance with SWTR requirements	Final design continues
All facilities	Chemical Containment Program for reducing risk of chemical releases at Metropolitan facilities	Study continues
	Implement procedures and systems for chlorine neutralization and prevention of chlorine release incidents in compliance with Cal/OSHA and Uniform Fire Code requirements	Study continues
Domenigoni Reservoir	Storage reservoir construction	Engineering studies began

* Individual ozonation retrofitting projects will be conducted for each filtration plant in addition to the overall study.

SPEC. NO. OR FACILITY	SCOPE/PURPOSE	STATUS
Garvey Reservoir	Consider disposition and repair work alternatives Environmental Impact Report	Studies continue Draft EIR distributed for public comment 10/30, due back 12/13
Lake Mathews area	Construct bypass canal to reduce pollution at lake and provide emergency delivery capacity to Lower and Upper Feeders	Feasibility study continues
Rialto Pipeline	Install cathodic protection system	Final design continues
Distribution system	Evaluation of water quality data, especially following a major earthquake, under the Emergency Preparedness Action Plan	Preliminary design continues
Orange Co. Feeder	Relocate for San Joaquin Hills transportation corridor	Preliminary design continues
Etiwanda Power Plant	Construct power plant at Etiwanda Control Structure	Final design continues
San Jacinto Tunnel, West Portal	Seismic modifications	Preliminary design continues on new phase
All pumping plants, discharge pipelines	Seismic modifications	Consultant study continues
All pumping plants, pump buildings	Seismic modifications	Final design continues
Olinda PCS	Vibration monitoring study	Consultant study continues
Rio Hondo PCS	Replace metal building	Preliminary design continues
San Fernando Tunnel	Construct Ser. Con. LA-36 for L.A./Glendale/Burbank (Reimbursable)	Preliminary design complete; waiting final design deposit
West Valley Feeder	Enlarge Ser. Con. CA-2	Final design continues
L.A. Headquarters	Replace sunscreens, seismic upgrade, space requirements	On hold pending Board decision of future site location

SPEC. NO. OR FACILITY	SCOPE/PURPOSE	STATUS
Desalination pilot plant study	Demonstration plant 5-mgd capacity	Consultant study continues
Spec. 1243, Soto Street	Reroof maintenance center	Advertised 12/12/91
Spec. 1245	Pipe and fittings for Mills	Bid opening 12/12/91; letter to Board recommending award of \$1,050,000 contract
Spec. 1249, Weymouth plant	Renovate softener building roof	Bid opening 12/12/91; letter to Board recommending award of \$1,050,000 contract

PLANNING

Water Demands. A series of water demand alternatives was prepared for the special Engineering and Operations Committee meeting scheduled for December 17, to help evaluate the impact that varying demographic and economic futures have on regional water demands. Assistance was provided by the Center for Continuing Study of the California Economy and consisted of developing three scenarios of projected demographic growth in Metropolitan's service area.

Drought '91 Activities. Water conservation savings are estimated for each month in 1990 and 1991. For November 1991, unadjusted water use data from 20 of the 24 agencies showed a reduction in retail consumption of about 10.9 percent against November 1990. Monthly average high temperature in November 1990 was 75.2 degrees Fahrenheit (F); in 1991, it was 75.5 degrees F -- 0.3 degrees cooler than 1990 and about 4.2 degrees warmer than the 30-year average of 71.3 degrees F. There was 0.44 of an inch of rainfall recorded in November 1990, 0.04 of an inch for November 1991, and the 30-year average November rain is about 1.87 of an inch. Adjusted for population growth and climate, November 1991 showed a net 9 percent saving relative to 1990 water use, and 15 percent relative to the pre-drought 1987 water use.

In accordance with Assembly Bill 11X, to amend the Urban Water Management Act to include a Drought Management Plan, estimates were prepared of water supply and demand using 12-, 24-, and 36-month projections of probable minimum supplies and demands, including consideration for conservation.

Central Pool Augmentation and Water Quality Project. Final engineering, geotechnical, and environmental studies are being prepared for treatment plant and tunnel alternatives; a draft EIR/Environmental Assessment (EA) is nearly ready for review; and an increase in the capital appropriation is required, as anticipated, and will be requested at the January Board.

Inland Feeder. A joint EIR/EA is under preparation by Metropolitan and the U. S. Forest Service; the decision process is ongoing for the preferred project alternative; and land which is potentially threatened by development in the project area is being monitored.

San Diego Pipeline No. 6. Reports summarizing October's scoping meetings are being prepared, and specific investigations continue of the anticipated hydrogeologic impacts of construction and operation of the pipeline. Preparation of the draft EIR continues, with internal review scheduled for March 1992.

Henry J. Mills Filtration Plant Expansion. Trapping of the Stephens' kangaroo rat (SKR) for the relocation study at Lake Mathews, Lake Skinner, and the Shipley Reserve will be complete by the end of February 1992.

San Joaquin Reservoir Improvement Project. The revised draft EIR was issued to the San Joaquin Reservoir Advisory Committee for review and comments, and a decision matrix was developed to address selection of a project alternative.

Eastside Reservoir. Implementation of specific mitigation programs was started for biological, cultural, and air quality resources, in accordance with the final EIR.

Garvey Reservoir. The Board will be requested to certify the final EIR at its January meeting because no significant new environmental issues arose during the just-completed public review period.

Lake Skinner Bypass Pipeline and SKR Barrier. The bypass pipeline is in place and construction complete pending the internal coating process. Construction has progressed evenly due to the salvage trapping program for the SKR. The SKR barrier is complete, and animal removal plans coordinated with U. S. Fish and Wildlife Service personnel.

Lake Mathews Dam/Detention Basin Project. A draft is due in January from the consultant on the environmental analysis for the project.

San Gabriel Basin Groundwater Cleanup and Conjunctive Use Project. In cooperation with Resources Division, a Final Negative Declaration and Initial Study for the wellhead treatment facility, pilot plant, and demonstration plant was completed. However, action to authorize appropriations for the pilot project will be deferred due to Metropolitan's current fiscal situation. However, the Negative Declaration will be presented to the Board for certification in January. Work continues on an implementation plan for the overall groundwater cleanup conjunctive use project.

Desalination Demonstration Program. A November-approved revision by the Board to Appropriation No. 604 allows the study to continue for three months pending review of overall project funding priorities. A proposed work program involving a preliminary screening of alternatives and identifying key institutional and environmental issues was provided to the Engineering Division, part of Planning Division's integration efforts into the overall project course of action.

Data Base Modelling and Support Activities. The distribution system planning model (MWD-DIST) is being tested, following successful development achieved by imbedding delivery system flows in a linear programming optimization procedure.

INFORMATION SYSTEMS

Telecommunications. A sideband radio system is being installed at Gene Headquarters to provide voice communications between LAHQ and Gene in the event of an emergency outage in the microwave and/or public telephone systems. Also, a lowband radio system is being installed in District vehicles to allow mobile radio communication with LAHQ.

The Computer Virus Protection Task Force met to discuss new issues which could affect the integrity of Metropolitan's computer systems such as the disabling of software by users, viruses possibly spread through vendor' and consultant' personal computers when logging on to Metropolitan's communications network, and through employees logging into the system via home computers.

ADMINISTRATIVE SERVICES

Purchasing and Stores. Purchase orders and agreements totalling \$4.67 million were issued, and Central Stores' inventory was valued at \$8.1 million, a decrease of \$32,000 from the previous month. Modifications were made to the Procurement System text and tables in preparation for Stock Item Implementation in January.

Headquarters Services. Final furniture counts and requisition information was provided by representatives for the WCT Building occupation. Six office relocations for four divisions were completed among the LAHQ, Pasadena, and La Verne facility locations. Personnel from three LAHQ groups and two outside contracted services were utilized for the moves. Also, additional lighting capability was provided for the Commerce warehouse.

Office Services. Three divisions coordinated resources for the proposed Water Rate Increase Presentation to ensure accurate, up-to-date, and high-quality graphics materials. Also, Office Services support activities for almost 7,000 assignments during the year included normal customer service requests, coding computer files, records retention, screening purchase agreement invoices, and processing management requests with District vendors.

PERSONNEL

Employee Relations. Meetings were held with representatives of the four employee associations to begin collective discussions on the new "2 percent at 55" retirement formula being offered to public agencies. Subsequent meetings are intended to determine the extent to which the associations are willing to pay for the costs associated with the possible implementation of the new formula.

Human Resource and Development. In response to a Board of Director's initiation, a New Directors' Orientation session was organized. Also, a new training program was introduced entitled "Seven Habits of Highly Effective People". It was presented twice during November with very positive results. "Excellence in the Public Sector" and "Total Quality Management" programs were presented to senior management, also successfully.

LIABILITY CLAIMS/WORKERS' COMPENSATION CASES	
Liability or property claims	9 incidents
Property damage or bodily injury from third parties	15 claims
District-initiated small claims court actions	0 claims
Claims against the District by the third party	1 claims
Workers' Compensation: Claims received during current reporting period	17 claims
Fiscal year to date total: No lost-time cases = 48 Lost-time cases = 36 First aid = 14	98 claims

RIGHT-OF-WAY AND LAND

Eastside Reservoir/Domenigoni Site. Of the approximate 151 parcels located within the reservoir take line, 20 have been acquired. Two consultants were selected to provide relocation planning and assistance for project displacees. Ownerships likely to be affected for the proposed pipeline paralleling the existing San Diego Canal from the Domenigoni Reservoir northerly to the Casa Loma Canal have been identified.

Inland Feeder. Preparation began of preliminary maps and legal descriptions for fee, permanent and temporary easements for the proposed pipeline across the Campus Crusade for Christ parcel.

PUBLIC AFFAIRS

Media. Board review of the District's revenue requirements and alternatives for the \$50 million firm revenue source attracted considerable coverage from local and regional media

outlets during the month. San Diego County and Los Angeles area newspapers detailed Metropolitan's budget process as it evolved in committee meetings.

Southern California's water supply conditions drew significant media interest as drought conditions continued into the sixth consecutive year. Newspapers reported information from the U. S. Bureau of Reclamation that Metropolitan would receive a full Colorado River Aqueduct entitlement in 1992, and the State's DWR initial announcement that Metropolitan might receive only 20 percent of its SWP order for 1992, about 375,000 AF.

Government Relations. A tour, sponsored by the Engineering Division, was given of Garvey Reservoir for Monterey Park city officials, citizens, and the press. Literature and other handouts were made available. Assemblywoman Gwen Moore (D), Chair of the Assembly Utilities and Commerce Committee, held a special hearing in Los Angeles on urban water rates. Staff developed an action plan for the hearing and presentations were made by Board Chairman Krieger and Assistant General Managers Georgeson and McGuire.

FINANCE

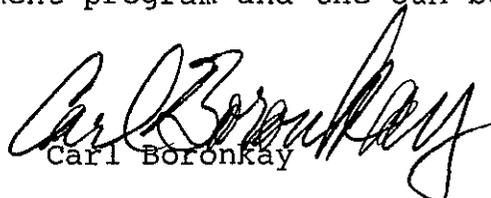
1992-93 Revenue Requirements. In written communication to the Board at the end of November, an estimate of the water revenue requirement for 1992-93 was presented. Based on the decreased cost projections associated with Alternative 5 (of the five alternatives presented to the Special Budget, Finance and Insurance, and Engineering and Operations Committees in November), it was determined that total revenues required during 1992-93 could be reduced from \$924.6 million to \$828.7 million.

Tax collection estimates for '92-'93 set at same tax rate as for '91-'92.....	\$ 85.0 million
Interest on investments, power recoveries, miscellaneous receipts' projection.....	\$ 73.8 million
New firm revenue source income to be raised during '92-'93.....	\$ 50.0 million
TOTAL GROSS WATER REVENUE REQUIREMENT.....	\$619.9 million
Adjustment for monies from the Water Rate Stabilization Fund towards '92-'93 costs.....	\$ 70.0 million
NET WATER REVENUE REQUIREMENT.....	\$549.9 million

Firm Revenue Sources. Based on discussions at Board committees and on information provided by the consultant, two firm revenue alternatives are under consideration: The first is to levy a uniform parcel charge on all properties within the District's service area that would produce \$50 million in firm revenue. The second alternative would collect \$50 million in firm revenue from a combination of a uniform parcel charge together with a service charge directly on the member agencies. The charges would be structured so as to collect \$25 million from each source. Additional information will be provided to the Board in January.

Consequences of a Zero Rate Increase. At the request of the Board, staff completed a report on the consequences of a zero rate increase for fiscal year 1992-93, analyzing the operational and financial risks to Metropolitan which would be associated with a zero rate increase.

Request for Proposal (RFP) for Revenue Design Study. Consultant services to conduct a Metropolitan revenue design study are in the selection process. Requirements will be to address and develop alternative revenue and rate structures related to Metropolitan's finances; to review and comment on water demand and supply forecasting methods, the debt structure and financing mechanisms, equity considerations, and the interrelationship between the capital improvement program and the O&M budget.


Carl Boronkay