

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

RESOLUTION 8367

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
IMPOSING WATER STANDBY CHARGES ON LAND

WHEREAS, pursuant to a 1984 legislative grant of authority embodied in Section 134.5 of the Metropolitan Water District Act, the Board of Directors (the "Board") of The Metropolitan Water District of Southern California ("Metropolitan") may impose from time to time water standby charges on land within Metropolitan;

WHEREAS, the amount of revenue to be raised by water standby charges shall be as determined by the Board;

WHEREAS, water standby charges may be imposed by Metropolitan against individual parcels within its service area through the exercise of the water standby charge powers specified in the County Water District Law;

WHEREAS, those powers authorize a district to fix a water standby charge of not to exceed \$10 per acre per year for each acre of land, or \$10 per year for each parcel of land

less than an acre within the district to which water is made available for any purpose by the district, whether the water is actually used or not;

WHEREAS, by Resolution 8358, adopted at its meeting held February 11, 1992, Metropolitan's Board resolved and determined that the public interest and necessity require Metropolitan to develop firm revenue sources, exclusive of ad valorem property taxes, of approximately 50 million dollars for fiscal year 1992-1993; and that in order to allocate a reasonable share of the costs of benefits made available by Metropolitan throughout its service area in an equitable manner, approximately 50 percent of such firm revenue, exclusive of ad valorem property taxes, should be raised by water standby charges imposed upon land within Metropolitan's service area to which water is made available by Metropolitan for any purpose, whether the water is actually used or not;

WHEREAS, notice was given by Resolution 8358 to each member public agency of Metropolitan of the intention of Metropolitan's Board to consider and take action at its regular meeting on May 12, 1992, on the General Manager's recommendations to impose water standby charges for fiscal year 1992-1993 at a rate of \$5 per acre of land, or \$5 per

parcel of land less than an acre, which water standby charges are estimated to raise in total an approximate amount of 25 million dollars;

WHEREAS, the water standby charges proposed by the General Manager are based on the Engineer's Report dated February 28, 1992, on file with Metropolitan, a copy of which is attached as **Exhibit A**;

WHEREAS, notice of the proposed water standby charge and of the series of public hearings at the times and locations specified in Resolution 8358 was published prior to the hearings, pursuant to Section 6066 of the Government Code, in various newspapers of general circulation within Metropolitan, and an identical notice in writing, a sample copy of which is attached as **Exhibit B**, was mailed to each person listed on the relevant county assessment roll as an owner of land proposed to be assessed the standby charge;

WHEREAS, members of the Board conducted a series of public hearings at the times and locations specified in Resolution 8358 at which interested parties were given the opportunity to present their views regarding the proposed water standby charges and the Engineer's Report and to file

written protests, if they so desired, for consideration prior to final implementation of the proposed water standby charges; and

WHEREAS, transcripts of all public comment and protests made at those hearings have been prepared and copies furnished to each member of the Board for his or her consideration before the Board's final action on the proposed water standby charges.

NOW, THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

Section 1. The Board of Directors of the District, pursuant to the attached Engineer's Report, finds that lands within Metropolitan are benefitted as described in the report and, on that basis, hereby fixes and imposes a water standby charge for fiscal year 1992-1993 at a rate of \$5 per acre of land or \$5 per parcel of land less than an acre on all land within Metropolitan to which water is made available for any purpose by Metropolitan whether water is actually used or not.

Section 2. Notwithstanding Section 1, the following lands shall be exempt from the water standby charge:

(a) Lands owned by the government of the United States, the State of California, or by any political subdivision thereof, or unit of local government; (b) Lands permanently committed to open space and maintained in their natural state that are not now and will not in the future be supplied water;

(c) Lands, not included in (a) or (b) above, which the General Manager, in his discretion, finds do not now and cannot reasonably be expected to derive a benefit from the projects to which the proceeds of the water standby charge will be applied; (d) Lands within the City of Los Angeles and the City of Santa Monica, the governing bodies of which have elected and committed to pay out of funds available for that purpose, in installments at the time and in the amounts as established by Metropolitan, the entire amount of the water standby charges which would otherwise be imposed upon lands within those member public agencies. The General Manager may develop and implement further criteria and guidelines for exemptions in order to effectuate the intent expressed herein.

Section 3. The General Manager shall establish procedures for filing and consideration of applications for exemption from the water standby charge pursuant to subsections (b) and (c) of Section 2 above. All applications for such exemptions and documentation supporting such claims must be received by the District in writing on or before

June 1, 1992. The General Manager is further directed to review any such applications for exemption submitted in a timely manner to determine whether the lands to which they pertain are eligible for such exemption, and to allow or disallow such applications based upon those guidelines. The General Manager shall also establish reasonable procedures for the filing and timing of appeals from his determination, pursuant to Section 4 below.

Section 4. An Ad Hoc Committee of the Board shall be appointed by the Chairman of the Board for the purpose of considering, in the Committee's discretion, appeals from decisions by the General Manager to deny an exemption from the water standby charge pursuant to Section 3 above. The Ad Hoc Committee shall make recommendations to the Board to affirm or reverse the General Manager's determinations. The Board shall act upon such recommendations, and its decision as to such appeals shall be final.

Section 5. The General Manager is hereby directed to take all necessary action to secure collection of the water standby charge by appropriate county officials, including the payment of the reasonable cost of collection.

EXHIBIT A

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

ENGINEER'S REPORT

PROPOSED PROGRAM TO LEVY STANDBY CHARGES

February 28, 1992

REPORT PURPOSE

The Metropolitan Water District of Southern California (Metropolitan) has built major capital facilities and has implemented water management programs that provide water supplies and delivery throughout its service area. This report has two purposes: (1) to address the method and basis for levying a standby charge on benefiting properties, and (2) to describe the water supply capital projects, which provide benefits both locally and throughout the service area and will be financed in part by the standby charge.

These facilities and programs consist of the State Water Project aqueduct system, a water storage reservoir, water recycling facilities, water conservation projects, and system-wide improvements and rehabilitation. This combination of facilities and programs is an integral part of Metropolitan's strategic plan to maintain dependable water supplies and to insulate the service area from disruptions in water service during droughts and natural emergencies.

The standby charge will pay for a limited portion of these capital projects and programs. The standby charge is calculated to pay for the value of the projects and programs to current land uses. The major source of Metropolitan's revenues are water sales. An additional limited source is ad valorem property taxes used to pay pre-1978 voter approved indebtedness. Major capital projects are financed largely by proceeds of revenue bond issues, which in turn are paid off over future years, principally from water sales revenue.

BACKGROUND

Delivery of water supplies is one of the essential infrastructure services in an industrial economy. Like electrical energy, natural gas, and telecommunications, water is used in every household, and virtually every business and industry in the Southern California economy. Because these services are so ubiquitous in a modern economy, shortages can have widespread and serious consequences.

Southern California is presently experiencing a shortage of dependable water supplies. More than half of the region's water supplies are imported from the Colorado River and California's State Water Project (SWP). Metropolitan is a public agency charged with providing these water supplies, as a supplement to local groundwater and surface water resources, to more than 15 million residents in its 5,200 square mile service area. Metropolitan's service area covers portions of six counties -- Los Angeles, Orange, Ventura, Riverside, San Bernardino, and San Diego. The dependable imported supplies from the Colorado River and SWP are currently inadequate to meet the existing water needs of Metropolitan's service area.

Barring major improvements in Metropolitan's water supply program, water supply reliability in Southern California will continue to decline. Since 1963, when construction of SWP's California Aqueduct began, Southern California's population has grown from about 8 million to more than 15 million; Gross State Product has increased from \$76 billion to nearly \$750 billion annually. After completing the initial SWP facilities in 1972, no major additions have been completed.

With existing SWP facilities, Southern California experienced an 800,000 acre-foot shortage and instituted a conservation program calling for a 30 percent reduction in water deliveries in 1991, the fifth consecutive year of drought. An acre-foot of water is about 326,000 gallons and represents the needs of two average families, in and around the home, for one year. This magnitude of shortage had a one year in twenty likelihood of occurrence in 1991. Absent any capital projects, the likelihood that today's consumers will again experience similar drought conditions and water supply shortages will increase to one year in three by 2000, and two years in five by 2010. Metropolitan's full participation in SWP becomes even more critical in maintaining Southern California's dependable water supplies. In addition, continuation of Metropolitan's investment in water conservation and water recycling facilities is necessary to meet water requirements in the six-county area.

Degradation in the reliability of water supplies not only impacts residential consumers, but is an increasingly significant factor undermining business confidence in the Southern California economy. In fact, recent evidence indicates that reductions in water supply reliability will discourage plant and equipment investment in the state which will translate directly into lost production, reductions in income, and lost jobs.

METROPOLITAN'S RESPONSE TO WATER SHORTAGES

Metropolitan is continuing its water supply program to maintain the reliability of its water supply and delivery system and to meet the needs of existing consumers and land uses within its service area. This program includes the construction of capital facilities and implementation of water management programs. Capital facilities, representing substantial current expenditure, include the State Water Project aqueduct system, the Domenigoni Reservoir, and water distribution system improvements and rehabilitation. These facilities provide the storage and transmission of water required throughout Metropolitan's service area. The benefits of these capital projects are local and also system-wide, as the facilities directly increase water supplies and reliable delivery of water throughout Metropolitan's service area.

Water management programs include Metropolitan's financing program which involves construction of water recycling and conservation projects by local agencies. The water recycling program provides new water supplies. The benefit of the water conservation program is the saving of existing water supplies. This program has assisted in the construction of projects throughout the six-county area and benefits Metropolitan's water users both locally and system-wide.

STATE WATER PROJECT

Financing for the State Water Project (SWP) was authorized by the Burns-Porter Act in 1959. SWP provides water to 20 million people living in the northern, central, and southern portions of California. The initial works included dams, reservoirs, and aqueducts to store water when available and transport the water to the 30 agencies (Contractors) in California that have signed contracts for project deliveries. With its existing facilities, SWP can deliver, on a "firm" basis, 2.3 million acre-feet of water a year to the 30 contractors. However, these agencies have signed contracts for long-term project deliveries in excess of 4 million acre-feet. The State Department of Water Resources (DWR) is currently planning additional facilities to increase entitlement deliveries and water transfers from northern California. Metropolitan has contracted with DWR for deliveries of over 2 million acre-feet of water and pays a proportionate share of SWP's capital debt and operation and maintenance costs to DWR. The proposed standby charge is intended to pay a part of Metropolitan's proportionate share of SWP costs. State project water is distributed to existing consumers in all six counties within Metropolitan's service area.

DOMENIGONI RESERVOIR

The Domenigoni Reservoir, along with water transfers, comprehensive groundwater management, conservation, and recycling programs already implemented, is needed to ensure reliable water supplies and delivery to Metropolitan's consumers throughout the service area. The Southern California reservoir is designed to provide 800,000 acre-feet of storage capacity. Water from the Colorado River Aqueduct and SWP are scheduled for Domenigoni Reservoir storage and subsequent distribution throughout Metropolitan's service area.

Storage within Metropolitan's water system is vital to regulate fluctuating sources of supply and to meet varying customer demands, and to provide assured water service during droughts and earthquakes. The water sources available to Southern California are subject to reduced availability during droughts which may extend over several years, and to direct physical interruption in earthquake emergencies, since both the California Aqueduct and the Colorado River Aqueduct cross major faults before reaching Metropolitan's service area. The reservoir permits Metropolitan to accumulate water from a variety of sources, to be held in storage or scheduled for replenishment delivery to groundwater basins. This stored water provides a reliable reserve against shortages when supply sources are limited during periods of low precipitation or disrupted during natural emergencies. The reservoir also preserves Metropolitan's capability to deliver water during scheduled maintenance periods, when facilities must be removed from service for rehabilitation, repair, or maintenance.

WATER RECYCLING PROGRAM

To encourage development of local supplies, Metropolitan initiated the Local Projects Program in 1981. The Local Projects Program provides financial assistance to new local water supply projects which reduce demands on imported supplies and thereby increase the total water resources available both in local areas and throughout Metropolitan. The most common of these projects is wastewater recycling, where highly treated wastewater is reused for non-drinking water purposes such as park, greenbelt, cemetery, and golf course irrigation. There are 13 projects throughout the service area participating in Metropolitan's Local Projects Program in Fiscal Year 1992-93 with a potential yield of approximately 27,000 acre-feet of new supplies. In the future, the number of projects participating in the program may increase to 27 or more and could increase the potential yield of water recycling projects by tenfold.

WATER CONSERVATION PROJECTS

Metropolitan actively promotes water conservation programs within the service area. Conservation reduces the demand on imported supplies. Metropolitan has implemented a Conservation Credits Program, which provides direct cash reimbursements to local agencies for a share of their costs in implementing plumbing enhancement and low-water-use landscaping programs. The program currently represents the largest financial commitment to water conservation practices in the nation. Metropolitan has also participated in a broad-based statewide effort to define a set of standard water conservation practices to be applied throughout California. Conservation practices reduced urban water demands in the service area by 220,000 acre feet in 1990, a supply savings of nine percent. By 2010, it is estimated conservation practices will reduce urban water demand by 500,000 acre-feet (relative to the 1980 base water demand), thus increasing the reliability of existing water supplies to existing land uses.

SYSTEM IMPROVEMENTS

Metropolitan has an ongoing commitment, through physical system improvements, to maintain the reliable delivery of water throughout the entire service area. System improvement projects include additional conveyance facilities and appurtenances to increase dependable water supplies, provide alternative system delivery capacity, and enhance system operations. It also includes projects to upgrade obsolete facilities or equipment, and projects to rehabilitate or replace "worn out" facilities or equipment. These types of projects are needed to enhance system operations, comply with new regulations, and maintain a reliable distribution system.

LONG-RANGE FINANCIAL PLANNING

A reliable water supply comes at a cost. Metropolitan is reevaluating how these costs should be borne by current and future users. Since passage of Article XIII A of the California Constitution (Proposition 13 of 1978), Metropolitan has necessarily relied more on water sales revenue than on ad valorem property taxes for the amortization of construction debt. Water sales have become the dominant source of revenue, not only for operation and maintenance of the vast network of facilities supplying water to Southern California, but for replacement, capital improvement, and expansion.

The increased reliance on water sales revenue has offset the loss of ad valorem property tax revenue. However, it increases the probability of undesirable rate swings resulting from changing weather patterns and has placed an increasing burden on current rate payers, which might more equitably be paid in part by land assessments or new growth. The standby charge is part of a revenue reallocation which will help stabilize rates and cause land owners to pay a share of system costs.

Standby Charge

This form of charge is authorized by the Legislature. It represents an acknowledgment that ad valorem property taxes and water sales revenues as exclusive sources do not necessarily represent the fairest and most equitable way of recovering debt service from benefitting properties.

The advantage of the standby charge is that it recognizes that there are economic benefits to properties that have access to a water supply, whether or not such properties are using it. The charge transfers from water rates and ad valorem taxes some of the burden of maintaining the capital infrastructure for a water system to all the benefitting properties within the service area. There are many unimproved properties that enjoy the benefits of belonging to Metropolitan and have legal access to water. The value of this benefit can be effectively recovered, in part, through the imposition of an annual standby charge. The projects to be supported in part by a standby charge are those projects that are of both local and District-wide benefit to existing, as well as potential future, water users. Because the estimated potential benefits systemwide are several times the amounts to be recovered by means of the standby charge, it is recommended that the charge should be uniform in amount and applied to all parcels which benefit from the availability of Metropolitan's water supply.

Equity

The standby charge will result in lower water rates than would otherwise be necessary due to the amount of revenue to be collected from properties which benefit from the availability of Metropolitan's water supply, but do not adequately contribute to the costs of providing that water supply. These properties will now be contributing a more appropriate share of the cost of producing and supplying water to Southern California.

Metropolitan's water supply program increases the availability and reliable delivery of water throughout Metropolitan's service area. Increased water supplies benefit existing consumers and land uses through direct deliveries to consumer taps and properties, and through the replenishment of groundwater basins and reservoir storage as reserves against shortages due to droughts, natural emergencies, or scheduled facility shut-downs for maintenance. The benefits of reliable water supplies from the State Water Project, Domenigoni Reservoir, water recycling, water conservation projects and system improvements accrue to more than 250 cities and communities within Metropolitan's six-county service area. Metropolitan's regional water system is interconnected, so that water conservation and reclamation projects in one geographic area make additional water from the State Project and Domenigoni Reservoir available to serve all other areas. Water supplies can be used interchangeably throughout the service area and benefit water users and properties locally and system-wide in a uniform manner.

The estimated potential benefits of Metropolitan's water supply program, that could be paid by a standby charge, is approximately \$216,164,000 for Fiscal Year 1992-93, as shown in Table 1. A standby charge of \$38.02 per acre of land or per parcel of less than 1 acre would be necessary to pay for the total potential program benefits. However, The General Manager is recommending that only approximately \$25,000,000, or 12 percent of the total program benefits be paid by the standby charge. This limits the uniform standby charge to \$5 per acre of land or per parcel less than 1 acre. Metropolitan will use other revenue sources, such as water sale revenues and availability of water service charges, to pay for the remaining \$191,164,000 or 88 percent of the total program benefits. Thus, the benefits of Metropolitan's water supply program far exceed the recommended standby charge.

Listings of the water recycling and conservation projects and the system improvement projects under Metropolitan's water supply program for Fiscal Year 1992-93 are presented in Tables 2 and 3.

Table 4 shows that the distribution of revenues from the various counties and agencies will provide a net revenue flow of approximately \$25 million per year. These funds, when melded with Metropolitan's overall financial resources, will result in greater rate stability and more gradual changes in water rates for all users throughout the Metropolitan service area.

A major advantage of a firm revenue source, such as an annual standby charge, is that it contributes to revenue stability during times of drought or lack of water sales. It affords Metropolitan additional security, when borrowing funds, that there is a portion of the revenue stream that will not be affected by drought or by rainstorms. This security will help maintain Metropolitan's historically high credit rating, which results in lower interest expense to Metropolitan, and therefore, lowers overall cost to the residents of its service area.

Metropolitan, in its ongoing effort to ensure a reliable, safe water supply that will be equitably funded by all beneficiaries, is continuing to analyze other revenue sources that could provide a better revenue program for all benefitting parties.

SUMMARY

The foregoing and the attached tables describe the current benefits provided by the projects listed as mainstays to the water supply system for Southern California. Benefits are provided to both water users as well as property. It is recommended that a more equitable distribution of the burden of paying for these benefits would be accomplished by a standby charge on all properties throughout the Metropolitan service area. The projects represented by this report provide both local benefits as well as benefit throughout the entire service area. It is recommended, for Fiscal Year 1992-93, that a uniform charge be levied on all properties at a rate of \$5.00 per acre of land or per parcel of less than one acre for Fiscal Year 1992-1993. The benefits described in this Engineer's Report far exceed the recommended charge.

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TABLE 1

ESTIMATED DISTRIBUTION OF BENEFITS OF WATER SUPPLY PROGRAM
 THAT COULD BE PAID BY STANDBY CHARGE

<u>Water Supply Program</u>	<u>Estimated Potential Program Benefits FY 1992-93 (\$)</u>	<u>\$ Per Acre or \$ Per Parcel Less Less than 1 Acre</u>
Capital Payments to State Water Project (Less Portion Paid by Metropolitan Taxes)	\$125,608,000	\$22.09
Water Storage to Offset Offset Existing Water Shortages--Domenigoni Reservoir	53,406,000	9.39
Water Recycling and Water Conservation Projects	22,375,000	3.94
System Improvements	<u>14,775,000</u>	<u>2.60</u>
Total	\$216,164,000	\$38.02

<u>Estimated Sources of Payment</u>	<u>Estimated Potential Program Benefits FY 1992-93 (\$)</u>
Water Revenues	\$166,164,000
Availability of Water Service Charge	25,000,000
Water Standby Revenue (@ \$5/acre or parcel)	<u>\$ 25,000,000</u>
Total	\$216,164,000

TABLE 2

LISTING OF WATER RECYCLING AND CONSERVATION PROJECTS

<u>Project</u>	<u>FY 1992-93 Benefit (\$)</u>
Calabasas Reclaimed Water System Expansion	\$ 54,000
Glenwood Nitrate Water Reclamation Project	246,000
Lakewood Water Reclamation Project	61,000
Long Beach Reclamation Project	200,000
Green Acres Reclamation Project	308,000
Irvine Ranch Reclamation Project	924,000
Moulton Niguel Reclamation Project	139,000
San Clemente Water Reclamation Project	108,000
Santa Margarita Reclamation Project	308,000
South Laguna Reclamation Expansion Project	54,000
Arlington Basin Groundwater Desalter Project	965,000
Fallbrook Reclamation Project	62,000
Oceanside Water Reclamation Project	46,000
Conservation Projects, which include:	\$18,900,000
- Ultra-Low-Flush Toilet Retrofits	
- Showerhead Retrofits	
- Landscape Water Conservation	
- Commercial/Industrial Water Evaluations and Retrofits	
- Water Energy Partnership	
- Distribution System Leak Detection and Repair	
- Indoor/Outdoor Residential Water Audits	
- Governmental/Institutional Water Audits	
- Conservation Pricing Pilot Program/ Studies	
- Pilot projects for "Potential" Best Management Practices	
<hr/> Total	<hr/> \$22,375,000

TABLE 3

DISTRIBUTION SYSTEM IMPROVEMENT PROJECTS BENEFITS

DISTRIBUTION SYSTEM IMPROVEMENT	NET PROJECT BENEFITS
All Plants - Replace Power Supply System	\$113,033
All Plants - Replace Water Flowmeter Instruments	102,382
All Pump Plants 230KV External Heat Exchangers	383,910
Auld Valley Pipeline #1	2,449,632
Box Springs Feeder - Schedule 316	5,673,888
Centralized Control System - Eagle Rock Area	1,041,762
Centralized Control System - General Design	265,490
Centralized Control System - Hdqtrs Monitoring	61,294
Chemical Unloading Facility	49,380
Chlorination Structure - Foothill Feeder	59,225
Chlorination System @ Reservoirs	6,436,604
Colorado River Aqueduct (CRA)	49,553
Colorado River Aqueduct - Gene Plant Heat Exchanger	28,214
Colorado River Aqueduct - Gene Village Sewer Disposal System	45,239
Colorado River Aq - Hinds Pump Plant, Modify Pump Impeller	124,174
Colorado River Aqueduct - Install Water Level Alarm System	48,314
Colorado River Aqueduct - Modification of Blowoff Structure	53,743
Colorado River Aq - Replace 2300V Sta Service Standby Power	14,924
Colorado River Aqueduct - Replace Circuit Breakers	285,942
Colorado River Aq - Replace Gene Pump Plant Station Service	240,796
Colorado River Aqueduct - Replace Recreational & Messhall	114,019
Colorado River Aq - Replace Sewage Disposal Sys at Iron Mtn	37,036
Colorado River Aqueduct - Replace Temperature Instrument	34,529
Colorado River Aqueduct - Replace Transformer Bank No. 1	112,555
Colorado River Aqueduct - Water Storage	278,916
Colorado River Aq - Intake Pump Plants, Replace Sta Service	69,113
Corona Del Mar Reservoir - Replenishment	150,000
Distribution System - Replace Flowmeter Instruments	284,374
District Reservoirs - Aqueous Ammonia Feed	1,915,402
Dist. System Improvements - Chemical Unloading	22,776
Eagle Mountain, Hinds - Service Facilities	285,650
Eagle Mountain Village - Remodel Dormitory	74,708
Eagle Mountain Village - Sewage Disposal System	34,449
Eagle Mountain/Hinds - Modify Pumps	109,313
Eagle Mtn/Hinds - Pump modifications	92,621
Eagle/Hinds Rehabilitate 2 Main Transformer	224,657
Eagle/Hinds - Replace Vibration Monitors	180,692
East Valley Feeder - Relocate at Hollywood	26,235
East Valley Feeder - Structural Modifications	1,431,940
Enlarge Foothill Feeder Control Structure	1,099,909
Enlargement of Chemical Unloading Facility	2,076,308
Etiwanda Pipeline	12,951,672
Foothill Feeder, Devil Canyon Power Plant	34,301
Foothill Feeder - Magazine Cyn Site Improvements	13,841
Foothill Feeder - Rialto Pipeline	772,566
Foothill Feeder - San Dimas Facilities	2,183,684
Foothill Feeder - San Fernando Tunnel	21,683

TABLE 3

DISTRIBUTION SYSTEM IMPROVEMENT PROJECTS BENEFITS

DISTRIBUTION SYSTEM IMPROVEMENT	NET PROJECT BENEFITS
Foothill Feeder - San Fernando Tunnel	2,990,992
Garvey Reservoir Junction Structure	29,040
Garvey Reservoir Junction Structure - Replace Valves	103,397
Garvey Reservoir - Floating Cover	4,557,129
Garvey Reservoir - Inlet & Outlet Conduit	215,317
Garvey Reservoir - Junction Structure	35,111
Garvey Reservoir - Modify Desilting Basins	123,724
Gene Pump Plant - Mechanical Maintenance Shop	68,859
Gene Pump Plant - Prefabricated Aircraft Hanger	35,829
Gene Pump Plant - Replace 230KV Circuit Breaker	180,390
Gene Pump Plant - Replace Power Cable	29,281
Gene Pumping Plants - Testing Lab Addition	48,513
Gene Village - Remodel House #46 G	29,935
Gene Village - Remodel of Dormitory	87,939
Headquarters Annex Building	23,986
Headquarters Annex - 4th Floor Computer System	72,593
Headquarters Building - East Wing	48,748
Headquarters Building - Replace Main Lobby Ceiling	49,201
Headquarters PABX Telephone	118,312
Headquarters Parking Garage & Tower	9,351
Headquarters & Annex Building	41,208
Hinds Pump Plant - Repair Gatehouse Anchor	153,646
Hinds Village - Remodel House #134H	45,233
Hinds Village - Remodel House #149H	37,692
Hinds Village - Satellite TV	17,803
Hinds - Rehabilitation Bank1 Main Transfrmr	148,776
Hinds - Replace 2300V Parkway Power C	14,615
Hinds - Replace 230V Circuit Breakers	137,028
Inland Feeder R/W (BSF, Lakeview, SD 4 & 5)	595,697
Inland Feeder System - Perris Control Facility	149,372
Install Automatic Telephone Equipment	234,681
Install Chlorine & Ammonia Analyzers	2,088,712
Intake Pumping Plant - Replace Standby Generator	74,990
Intake Road - Widen Bridge	27,854
Iron Mtn Village - Satellite TV Antenna	20,068
La Verne Central Stores	4,298
La Verne Facilities - Domestic Water	30,625
La Verne Facility - Easterly Central Stores	39,925
La Verne Facility - Machine Shop	46,216
La Verne Facility - Maintenance Shop	48,165
La Verne Facility - Modifications	46,899
La Verne Facility - Paint Drying Facility	49,372
La Verne Facility - Replace Garage & Carpenter	11,434
La Verne Facility - Replace Machine Shop	19,776
La Verne Facility - Wheeler Ave Entrance	276,027
La Verne Maintenance Facility Expansion	3,234,860
Lake Mathews Chlorination Facility	40,983

TABLE 3

DISTRIBUTION SYSTEM IMPROVEMENT PROJECTS BENEFITS

DISTRIBUTION SYSTEM IMPROVEMENT	NET PROJECT BENEFITS
Lake Mathews Control Tower - Replace Valves	1,127,762
Lake Mathews Dike #1 - Install Piezometers	108,003
Lake Mathews Forebay Outlet Structure	132,230
Lake Mathews Office Building	190,174
Lake Mathews Outlet Tower - Maintenance	32,979
Lake Mathews - Domestic Water System	195,447
Lake Mathews - Electrical System	39,524
Lake Mathews - Fabricated Aircraft Hanger	38,212
Lake Mathews - Lumber Storage Building	48,892
Lake Mathews - Operator Residence	49,834
Lake Mathews - Propane Storage Tank	37,630
Lake Mathews - Rehabilitate Electrical System	56,876
Lake Mathews - Replace Electrical Service	108,926
Lake Mathews - Replace Howell-Bunger Valve	108,769
Lake Mathews - Replace Southerly Security Fence	94,489
Lake Mathews - Seepage Alarms	16,547
Lake Perris Bypass Pipeline	10,171,579
Lake Perris Bypass Pipeline	38,696
Lake Perris Pumpback Expansion	4,931,632
Lake Perris Pumpback Facility	665,783
Lake Skinner	4,780,363
Lake Skinner - Equipment Yard Security	12,797
Lake Skinner - Install Aeration System	290,044
Lake Skinner - Propane Storage Tank	37,280
Lake View Pipeline - Install Cathodic Protection	34,393
Live Oak Reservoir - Foothill Feeder System	2,694,190
Live Oak Reservoir - Improvements	240,399
Lower Feeder - Olinda Pressure Control Structure	7,401
Lower Feeder - Relocation in Imperial Hwy	914,191
Lower Feeder - Replace/Protect Imperial Highway	316,670
Lower Level Tehachapi Tunnel	149,657
Marketing Expense for Waterworks Revenue Bond	190,713
Mathews & Diemer - Modify Chlorine Tanks	5,556
Microwave Communication System	4,563,034
Microwave Communication System - ROW	15,057
Mills Filtration Plant - Service Connection	143,488
Minor Capital Improvements - Fiscal Year '75-'76	350,192
Minor Capital Improvements - Fiscal Year '76-'77	87,137
Minor Capital Projects - Fiscal Year '74-'75	52,444
Miscellaneous Land Purchases	29,000
Modifications of Lab and Storage Building	448,137
Modify Control System	148,486
Morris Dam - Enlarge Spillway Facility	2,608,312
Morris Dam - Seismic Stability Reanalysis	277,232
MWD Share Design & Construction LA-35	2,452,528
Oak St Pressure Control Station - Valve Replacement	30,141
OC Reservoir - Modify Electrical Control Center	28,307

TABLE 3

DISTRIBUTION SYSTEM IMPROVEMENT PROJECTS BENEFITS

DISTRIBUTION SYSTEM IMPROVEMENT	NET PROJECT BENEFITS
OC Reservoir - Replace Residence #950	44,305
Olinda PCS - Security Fencing & Paving	23,167
Orange County Feeder Relocation	115,422
Orange County Feeder - Pressure Relief Structure	277,106
Orange County Feeder - Relocation at Kimber	49,137
Orange County Feeder - Service Connection PM-1	45,121
Orange County Reservoir - Floating Cover	198,959
Orange County Reservoir - Modify Domestic Water	142,483
Orange County Reservoir - Replace Chlorination Equipment	44,429
PABX Communication System	928,624
Palos Verdes Feeder - Modifications of L.A. City	621,665
Palos Verdes Feeder - Relocation (MWD's Portion)	66,275
Palos Verdes Feeder - Washington	366,402
Palos Verdes Reservoir - Bypass Pipelines	1,699,471
Palos Verdes Reservoir - Replace Domestic Water	27,328
Pamo Reservoir - Water Storage Feasibility	50,000
Pump Plants - Rehabilitate Main Pumps	865,677
Pump Plants - Rehabilitate Main Pumps	785,034
Pumping Plants - Replace Recorders	302,294
Red Mountain - Operator Residence	49,916
Replace 75 Underground Storage Tanks	706,311
Replace Flowmeters on Service Connections	327,647
Rialto Pipeline - Delivery Facilities	411,170
San Diego Aqueduct Rep San Jacinto	133,475
San Diego Canal Enlarge Phase 2	51,974
San Diego Pipe #5 - Schedule SD-17	43,998,375
San Diego Pipeline Nos. 2, 3 - Modifications	97,777
San Diego Pipeline No. 5 Schedule SD-16	16,664,165
San Joaquin Reservoir	14,774
Santa Ana River Crossing - Seismic	2,113
Santa Ana River Crossing - Seismic	471,581
Santa Monica Feeder - Modify Control Structure	104,272
Santa Monica Feeder - Modify Service Connection	5,220
Santa Monica Feeder - Service Connection Betterment	60,000
Sepulveda Feeder System, West Valley Feeder No. 2	490,203
Sepulveda Feeder System - Calabasas Feeder	80,346
Sepulveda Feeder - Balboa Inlet	22,809
Sepulveda Feeder - Sepulveda Canyon Control	538,509
Skinner Filtration Plant - Area Maintenance Center	472,454
Soto Street Maintenance Center - Propane Storage	49,916
Supervisory Control of Copper Basin Facility	39,852
Upgrading Communication System	3,622,715
Upper Feeder - Road Access to Santa Ana	53,200
West Orange County Feeder - Relocation	65,834
West Valley Feeder No. 1 - Modification of Struct	106,566
West Valley Feeder No. 1 - Modifications	89,391
West Valley Feeder No. 2	490,542

TABLE 3

DISTRIBUTION SYSTEM IMPROVEMENT PROJECTS BENEFITS

DISTRIBUTION SYSTEM IMPROVEMENT	NET PROJECT BENEFITS
West Valley Feeder No. 2	136,802
White Water Siphon Delivery Structure	1,006,202
Yorba Linda Feeder	12,154,606
Yorba Linda Feeder Schedule 150	701,112
Yorba Linda Feeder - Tonner Tunnels	4,756,824

Net Program Benefits for Existing Users and Properties	\$192,384,730
Fiscal Year 92-93 Debt Service (Estimated Composite)	\$14,775,000

TABLE 4

STANDBY CHARGE
REVENUE MODEL

(\$5.00 per AC or Parcel)

<u>MEMBER</u>	<u>TOTAL</u>
Anaheim	\$ 240,035
Beverly Hills	40,315
Burbank	136,555
Calleguas	1,703,647
Central Basin MWD	1,426,035
Chino Basin MWD	796,253
Coastal MWD	315,925
Compton	62,220
Eastern MWD	2,167,704
Foothill MWD	172,095
Fullerton	118,330
Glendale	241,880
Las Virgenes MWD	971,200
Long Beach	396,685
Los Angeles	3,680,020
Municipal WD of Orange	2,892,725
Pasadena	180,055
San Diego CWA	6,479,438
San Fernando	18,885
San Marino	29,880
Santa Ana	146,605
Santa Monica	64,135
Three Valleys MWD	1,062,020
Torrance	155,675
Upper San Gabriel MWD	1,144,955
Western MWD	2,463,125
West Basin MWD	1,320,230
	\$28,426,626
	[<u>3,426,626</u>]
Estimated Collections	\$25,000,000

ASSUMPTION: NUMBER OF PARCELS AND ACREAGES IS ESTIMATED ON THE BASIS OF MEMBER ACREAGE AND RESPECTIVE COUNTY DENSITY. Therefore, the revenues are only an estimate. Actual Revenue collected could be less than projected due to tax payment delinquencies, and is estimated to be approximately \$25,000,000.

EXHIBIT B

NOTICE OF PUBLIC HEARING -- WATER STANDBY CHARGES

The Metropolitan Water District of Southern California (MWD) provides over half the water used by more than 15 million people in its six-county service area. These supplies are imported through MWD's Colorado River Aqueduct and the California State Water Project. The District makes annual payments to cover the costs of construction and maintenance of these import systems. To improve reliability, MWD is also constructing additional reservoir capacity and provides financing for water recycling and conservation programs within its service area. MWD has adopted a Resolution of Intention to consider additions to its revenue mix for fiscal year 1992-93 in order to more equitably distribute the cost of these benefits. These additions are in the form of an annual standby charge on land based upon an engineering report on file with MWD, and an availability of service charge on MWD member agencies. The standby charge, if levied, would be \$5 per year per acre of land or \$5 per year per parcel of land less than one acre within MWD to which water is made available for any purpose by MWD. The annual availability of service charge to MWD member agencies would offset the need for a higher standby charge.

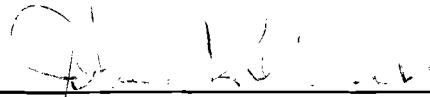
The Board of Directors of MWD will conduct public hearings at which interested parties may present their views on the proposed water standby charge or protest the imposition of the charge on their property at 7:00 p.m. on any of the following dates at the indicated locations:

Monday, March 30, 1992 -- Poly High School, 5450 Victoria Avenue, Riverside
Tuesday, March 31, 1992 -- Paramount High School, 14429 S. Downey Avenue, Paramount
Thursday, April 2, 1992 -- Sunny Hills High School, 1801 Warburton Way, Fullerton
Monday, April 6, 1992 -- Walter Reed Jr. High School, 4525 Irvine Avenue, North Hollywood
Tuesday, April 7, 1992 -- Orange Glen High School, 2200 Glenridge Road, Escondido

Any member of the public may submit written comments or a written protest, either at any one of the scheduled hearings, or by mail, directly to MWD at P. O. Box 54153, Los Angeles, CA 90054, Attention Executive Secretary, for receipt no later than April 7, 1992, for consideration prior to the Board's final action on the proposed charges, expected at its regular monthly meeting, May 12, 1992.

The Metropolitan Water District of Southern California
1111 Sunset Boulevard, Los Angeles, CA 90012

I HEREBY CERTIFY, that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Water District of Southern California on May 12, 1992.



Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California