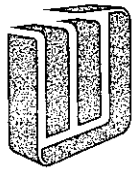


APPROVED
by the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

JUN -9 1992

Soren E. Joffe
EXECUTIVE SECRETARY



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

May 27, 1992

To: Board of Directors (Executive Committee--Action)
General Manager (Finance and Insurance Committee--Action)

From:

Subject: Transmittal of the 1992-93 Annual Budget

Report

This letter transmits the Annual Budget for fiscal year 1992-93. Changes from the letter, Transmittal of the proposed 1992-93 Annual Budget dated April 8, 1992, have been underlined, and Table 2, which identifies the changes, has been added to the letter. Estimated receipts from water sales, taxes, interest, power recoveries, and other income total \$723.8 million. Estimated expenditures total \$763.1 million, resulting in an estimated revenue shortfall of \$39.2 million to be funded from balances available in the rate stabilization funds. Transfers in restricted reserve funds to comply with bond covenants and Board policies will require transfers from the rate stabilization funds totaling \$54.8 million. Therefore, the total draw from the stabilization funds is projected to be \$94.0 million during the year. Total obligations for 1992-93 are estimated to be \$817.9 million.

A meeting to consider the Proposed Annual Budget was held by the Special Budget Committee of the Board on May 4 and 5, 1992. The Committee examined in detail each division's budget, including divisional summary sheets, operating equipment requests, and supporting documents.

Total estimated receipts have decreased \$15.2 million from the Proposed Budget as reviewed by the Special Budget Committee reflecting lower water sales receipts. While total sales are projected to be 2.014 million acre-feet as compared to 2.0 million acre-feet in the Proposed Budget, sales at the discounted seasonal rate are anticipated to be 164,500 acre-feet higher than assumed in the Proposed Budget. Additionally, treated sales are now estimated to be 91,600 acre-feet less than

estimated for the Proposed Budget. The change in the mix of sales reflects recent trends. The total sales estimate has been updated based on projections prepared by the Planning Division for the draft Preliminary Official Statement for the upcoming bond sale.

Total estimated expenditures have decreased \$2.7 million from the Proposed Budget as reviewed by the Special Budget Committee. Estimated expenditures for the State Water Contract have been reduced \$12.5 million. However, costs for pumping Colorado River Water have increased \$3.4 million, expenditures for additional Colorado River supplies are estimated to be \$3.5 million higher, costs associated with leasing office space are \$2.75 million more, and other miscellaneous expenditures have increased \$0.1 million over the April estimate. These changes are explained in the body of the letter.

The net effect of these changes is an additional draw on the rate stabilization funds during 1992-93 of \$10.5 million over the Proposed Budget amount of \$83.5 million. Current projections indicate that approximately \$50.9 million will be available in stabilization funds at year-end for use in 1993-94.

Calendar year 1991 represented the fifth consecutive year of a prolonged drought that challenged Metropolitan's ability to continue providing a dependable supply of water to its customers. In response to the drought-induced reduction in water supplies, Metropolitan implemented the first mandatory regional water conservation program in Southern California since 1977. The conservation program called for incentive credits for under use of water and disincentive charges for overuse. The program succeeded in reducing water demands by 37 percent between February 1991 and March 1992. Approximately \$36 million in incentive payments were made to member agencies, and about \$340,000 in disincentive charges were collected.

The net financial effect of reduced sales and incentive credits resulted in a revenue shortfall of \$122 million in fiscal 1990-91, and it is estimated that the revenue shortfall in 1991-92 will be \$213 million. These shortfalls coupled with a projected deficit of \$94.0 million in 1992-93 presented Metropolitan with a fiscal challenge which is being addressed through a five-point cost reduction program. The program, which was implemented in October 1991, included freezing temporary

help and 79 vacant O&M positions; reducing material, supplies and operating equipment purchases, reducing travel expenditures and consultant use; and maintaining the conservation credits program at current levels. It was estimated that about \$90 million would be saved over a two year period. The five-point cost reduction program was used as a starting point for the development of 1992-93 O&M budget proposals. The final budget proposal of \$763.1 million is \$1.0 million less than the target identified in the revenue requirements letter dated December 16, 1991.

1991-92 MAJOR ACCOMPLISHMENTS

The District's primary objectives have been to (1) effectively manage Southern California's existing resources, including development of programs to manage water supplies during periods of drought; (2) pursue opportunities to increase dependable water supplies; (3) develop programs to effectively address more complex and stringent environmental regulations in the areas of water and air quality as well as hazardous materials; (4) identify water storage and distribution facilities required to serve the increasing water demands in our service area; (5) maintain or upgrade existing facilities to provide full system delivery capability and reliability; and (6) automate work activities and review administrative procedures to enhance operational efficiency. Progress has been made in each of these areas. Some of the major accomplishments in the current fiscal year are explained below.

Manage Existing Resources

- Metropolitan participated in a regional program which encouraged the reduction of water use in Metropolitan's service area during 1991-92 in response to the fifth year of drought. About 1.4 million low-flow showerheads were distributed through member agencies and private sector co-sponsors at a cost of \$7 million.

- Through the Incremental Interruption and Conservation Plan, demands on Metropolitan were reduced by 37 percent between February 1991 and March 1992. Approximately \$36 million in incentive payments were made to member agencies under this program.

- Two agreements for reclamation projects were entered into this fiscal year which ultimately will yield 71,500 acre-feet of water per year. Work continued on the review of seven additional projects which will have an expected yield of 61,300 acre-feet of water per year. The District's financial contribution for all local projects during the year is estimated to be approximately \$2.5 million.

- The Groundwater Recovery Program, which is designed to recover contaminated groundwater, was implemented. Five projects have been initiated which will produce 15,000 acre-feet of water per year.

Pursue Dependable Water Supplies

- An agreement was reached with Palo Verde Irrigation District's negotiating team on the principles of a two-year test land fallowing program.

- Negotiations for a Phase II water conservation agreement with Imperial Irrigation District were initiated.

- Draft Environmental Impact Statements/Environmental Impact Reports on the lining of the All-American Canal Lining Project and Coachella Canal Lining Project were completed.

- Metropolitan participated in the Bay Delta Hearings including preparation of comments on the draft Water Quality Control Plan, development of testimony related to the Delta Smelt Federal listing, and participation in the development of the State Water Control Board's draft EIR.

- Work proceeded on Metropolitan's water transfer and exchange program. Preliminary estimates indicate that Metropolitan's core need for this type of water is about 100,000 acre-feet per year. Over 30 water transfer and exchange proposals were reviewed.

- Metropolitan participated in two studies to evaluate the feasibility of constructing and operating desalination facilities.

Environmental Regulations

- Metropolitan complied with all Federal and State drinking water standards. Metropolitan supported the implementation of reasonable drinking water standards at the Federal and State level.

- Construction of the oxidation demonstration project (ODP) was completed and operations began. The data gathered will provide the basis for the design of full-scale ozone retrofits at each of Metropolitan's treatment plants.

- New policies and procedures were developed to comply with applicable environmental, safety and health requirements; a comprehensive environmental audit program was developed and

implemented; and a risk management prevention plan for the Jensen filtration plant was prepared.

New Storage/Conveyance/Treatment Projects

- A final Environmental Impact Report for the Eastside Reservoir was completed; final mitigation and cooperative management agreements for the Santa Rosa Plateau and the Shipley Reserve were completed. Parcel acquisition for the reservoir site proceeded, and engineering and geotechnical studies were performed. The 800,000 acre-foot Eastside Reservoir will almost double the available surface water storage in Southern California.

- A draft Environmental Impact Report and other environmental documentation for the Inland Feeder were completed. The Inland Feeder will convey State Project water through the eastern portion of Metropolitan's service area to the Eastside Reservoir.

- Construction of the Skinner Filtration Plant Expansion No. 3 and finished water reservoir, The Foothill Feeder Pressure Control Expansion No. 1, and expansion of the San Diego Canal were completed. Construction was substantially completed on the Etiwanda Pipeline and Control Facility. Construction proceeded on the Etiwanda Power Plant and Jensen Filtration Plant Expansion No. 1.

- A draft Environmental Impact Report/Environmental Assessment for the Central Pool Augmentation and Water Quality Project was completed. This project will augment Metropolitan's existing facilities serving treated water to the Ventura, Los Angeles, and Orange County areas.

- Work continued on three area studies which address the need to design and construct additional conveyance and treatment facilities within Metropolitan's service area.

Maintain and Upgrade Existing Facilities

- The Colorado River Aqueduct Pump Rehabilitation, Phases VIII and IX, were completed.

- Preliminary design, a final Environmental Impact Report, and final design of modifications to the Garvey Reservoir were completed.

- Construction of washwater reclamation plant enlargements at the Weymouth and Diemer filtration plants was completed.

- Design and construction of chemical spill containment facilities at all filtration plants and other District facilities continued.

- A maintenance management system for the chemical feed systems at the District's five filtration plants was designed and implemented.

Automation and Work Procedures

- The design phase of the Information Systems Division Strategic Plan was started. Preliminary work that has been completed includes the acquisition of new hardware and software for computing and communications systems and selection of consultants to assist in the development of core business systems.

- Phase IV of the corporate Procurement System was implemented.

- A personnel application tracking system was installed and implemented.

- Work proceeded on the development of standard specifications, design and drafting manuals, and standard details. In conjunction with this effort, a quality assurance/control program was also initiated for the Engineering division.

- A Total Quality Management Program was implemented in selected work units. Addressing Accounts Payable and Procurement, an enhanced payment processing system as well as an automated procurement stock item subsystem are being developed.

- The District's Affirmative Action Plan was revised to reflect the increased awareness and commitment relative to equal employment opportunity for employees.

1992-93 OBJECTIVES

The Proposed Budget includes over 500 divisional objectives that have been summarized into eight major objectives. Major objectives for 1992-93 will be to (1) efficiently utilize Metropolitan's existing facilities; (2) expand the capacity of the District's water distribution system; (3) upgrade or enlarge existing facilities to maintain reliability and enhance service capability; (4) pursue opportunities to increase dependable water supplies; (5) encourage conservation, and formulate programs to shift and reduce demands on the District's system; (6) proceed with

programs to meet regulations in the areas of drinking water, wastewater, air quality and hazardous materials and waste; (7) continue automation of District activities and review of administrative procedures to increase staff efficiency and effectiveness; and (8) develop a long-term solution to office space problems. Significant objectives for 1992-93 are explained below.

Efficient Utilization of Existing Facilities

- Maintain dependable delivery of water to member agencies through coordinated water operations of the aqueduct and distribution systems.

- Continue monitoring aging equipment throughout the distribution system and filtration plants and develop a preventive maintenance program which provides for timely replacement or reconditioning of equipment.

Expand Capacity of the Distribution System

- Proceed with the Capital Improvement Program. An overview of the 1992-93 program is provided under the Capital Construction Plan section of this letter.

- Conduct a \$400 - \$500 million security sale to provide financing for the capital improvement program.

Pursue Dependable Water Supplies

- Continue to negotiate agreements and operating plans for meeting Metropolitan's long-term goals for maximizing its Colorado River water supply.

- Negotiate and implement reclaimed water and groundwater programs designed to maximize the utility of local and regional water supplies.

- Participate in the State Water Resources Control Board process of developing a Bay/Delta water rights decision; assist in negotiations to implement programs to mitigate the State Water Project's Delta fishery impacts; and monitor activities related to Bay/Delta and State Water Project.

- Implement the Arvin-Edison/Metropolitan Water Storage and Exchange Program and begin construction of program facilities.

- Begin developing voluntary water exchange and transfer projects designed to produce additional long-term supplies of at least 100,000 acre-feet per year by 1995.

Encourage Conservation

- Continue an aggressive statewide leadership role in ensuring that Conservation Best Management Practices (BMP) are implemented according to the terms of the Memorandum of Understanding.

- Develop conservation policies and marketing strategies in the implementation of the BMPs through programs with member agencies and develop alternate methods of financing conservation programs.

Environmental Regulations

- Maintain all microbiological and coliform compliance monitoring programs to meet current and new State and Federal regulations.

- Continue implementation of the Surface Water Treatment Rule (SWTR) Action Plan to ensure that all Metropolitan facilities comply with the new regulations by 1993, comply with new microbiology monitoring requirements, and participate in a pathogen removal study to ensure compliance with SWTR.

- Analyze environmental, safety and health laws and regulations and recommend or implement compliance activities.

Automation and Work Procedures

- Complete the design phase of the Information System Strategic Plan. Acquire software packages and begin implementation of programs to support human resources, business systems, materials, and environmental compliance applications.

- Initiate development of a strategic plan in concert with the mission statement and goals developed by the Board of Directors.

- Continue total quality management activities to improve work processes to improve efficiency.

- Continue implementation of the District's Affirmative Action Plan to ensure compliance with employee diversity targets.

Office Space

- Acquire additional office space to house new employees and consultants associated with capital projects design and existing employees who must be relocated while the annex is retrofitted with fire sprinklers and the headquarters buildings are seismically strengthened.

- Develop a long-range solution to the office space problem.

PERSONNEL TRENDS

As part of the five-point cost reduction program, each division examined their personnel needs to determine the complement required to maintain essential programs during 1992-93. After a careful evaluation, a total of 62 additional positions in Engineering, Planning, Resources, Water Quality and Operations divisions were identified as being required to maintain the capital improvement program schedule. The work will be capitalized and funded from revenue bonds.

Additionally, the need for 24 positions associated with operations and maintenance activities was identified. These positions are primarily required to operate and maintain the expansion of the Skinner filtration plant and the Etiwanda Pipeline and control structure, and to provide staffing for programs to secure additional water supplies and foster conservation programs in accordance with the Best Management Practices Memorandum of Understanding.

The 79 vacancies frozen as part of the five-point program were reviewed and used to provide most of the necessary increases in staffing. The proposed personnel complement for 1992-93 breaks down as follows:

		<u>Increase/Decrease from 1991-92</u>
Operations & Maintenance	1,209	-99
Capital Programs	505	+115
General & Administrative	<u>452</u>	<u>- 5</u>
Total	2,166	+11

When the District's financial condition improves, it will be recommended that the personnel complement be increased to 2,245 in order to restore the 79 positions to their original divisions.

Capital

Over the past five years, the number of personnel required for capital programs has increased 94 percent. The Capital Expenditures/Employee Growth graph attached to this letter shows the linkage between construction expenditures and the necessary personnel complement.

Operation and Maintenance

The past 10 years have seen a 36 percent increase in personnel required to safely operate and maintain existing facilities and new facilities constructed during that period. Recently enacted regulations in the areas of water quality, air quality, hazardous materials, workers' compensation and safety have also contributed significantly to the need to increase staff. A further increase is expected to be necessary to operate and maintain the facilities planned to be constructed over the next 10 years as well as meet anticipated environmental standards. Continued automation of manual systems and improvements in administrative procedures are expected to have a positive impact on mitigating the need for additional personnel.

Reorganizations

During the year, there were several reorganizations involving six divisions. Interdivisional reorganizations included the transfer of five communications technicians from Operations to Information Systems, two positions were transferred from Engineering to Finance to centralize the consultant invoicing processing function, and the graphics development personnel in Planning were transferred to Administrative Services to centralize graphic production work.

Two intradivisional reorganizations were accomplished in the Information Systems and Engineering divisions. The Information Systems Division was reorganized to strengthen service delivery and applications development. Improved service delivery will be accomplished by grouping the Data Center and Telecommunications branches with a new branch that will focus on small systems integration, training and support. Accelerated application development will be accomplished through more emphasis on application project teams reporting through a newly formed Projects Resources Branch.

The Construction Branch in the Engineering Division was reorganized into three branches: materials testing and corrosion, field inspection, and contracts administration. This will enable the construction work associated with the capital improvement program to be accomplished in a more timely and efficient manner.

RECEIPTS**\$723.8 million**

The estimated receipts for the fiscal year amount to \$723.8 million. Receipts from water sales are estimated to be \$528.1 million, based on fiscal year 1992-93 water rates adopted by your Board in March. The noninterruptible water rate for 1992-93 is \$269 per acre-foot (AF), an increase of \$47 per AF; the seasonal storage rate is \$168 per AF, an increase of \$38 per AF; and the treatment surcharge rate is \$53 per AF, an increase of \$14 per AF. Water sales are estimated to be 2.014 million acre-feet of which 503,500 acre-feet would be sold at the seasonal rate. Treated sales are estimated to be 1,208,400 acre-feet. The budget also reflects the discontinuation of interruptible water service.

Receipts from taxes and annexation fees, which will be used to pay voter-approved debt service on general obligation bonds and a portion of the State Water Contract obligation, are estimated to be \$85.0 million based on the same rate as the tax levy for 1991-92.

It is anticipated that \$50 million will be generated from new firm revenue sources. It is proposed to raise \$25 million from a water standby charge that would be imposed on real property within the District's service area and \$25 million from an availability of service charge that would be collected directly from the member agencies. The Board adopted resolutions to impose these charges at its May 1992 meeting.

Interest earnings are estimated to be \$40.0 million, and receipts from power recoveries and other miscellaneous sources are estimated to be \$20.7 million.

EXPENDITURES**\$763.1 million**

Expenditures are estimated to be \$763.1 million, a \$33.5 million increase over 1991-92 projected expenditures and are approximately \$1.0 million less than the target identified in the revenue requirements letter dated December 16, 1991. Total expenditures by major category and changes from the Proposed Budget are discussed below.

District Operations and Maintenance**\$236.6 million**

Projected expenditures for District operations and maintenance including operating equipment amount to \$236.6 million which is \$2.9 million more than the proposed budget. The increase is attributable to additional costs associated with leasing office space in the downtown area. It should be noted that the additional costs for leasing downtown office space are within the \$8.75 million estimate approved by the Board in May.

The budget is an increase of \$26.3 million over the current year's projected expenditures of \$210.3 million and \$0.3 million more than the budget target. Of the total amount budgeted for operations and maintenance, \$5.4 million represents merit increases and inflation and \$6.3 million is required for salary adjustments included in the Memorandum of Understanding with the Employees Association. Costs associated with the Bay/Delta Hearing process, water transfers and exchanges, and water conservation efforts are anticipated to increase about \$5.3 million. Costs associated with providing office space will be about \$6.6 million greater than the projected actual for this year. Operating equipment purchases and increases in inventory are estimated to be about \$2.7 million more than the current year, primarily due to proposed purchases of computer equipment to support the capital improvement program.

**Imperial Irrigation District
Conservation Program****\$21.1 million**

Costs under the agreement with the Imperial Irrigation District are estimated to be \$21.1 million, a decrease of \$3.6 million from 1991-92 and \$5.3 million under the budget target. Estimates are \$700,000 more than the proposed budget reflecting adjustments for inflation. Of the total, \$7.0 million will be needed from operating revenues for O&M and indirect payments. The \$14.1 million balance is for capital obligations under the agreement.

State Water Contract**\$334.4 million**

Total charges under the State Water Contract are projected to be \$334.4 million, or \$78.2 million more than the current year's projected expenditures but \$12.5 million less than the proposed budget. The changes from the proposed budget reflect lower variable pumping costs and additional credits of \$10 million that are anticipated to be received next year. The budget is \$29.3 million under the target. The increase from the projected actual is due to additional debt service payments associated with a bond sale conducted in 1991 for the enlargement of the East Branch aqueduct, higher O&M costs associated with increased deliveries, participation in the Kern Water Bank and Arvin-Edison program, and the amount of credits anticipated to be received next year.

State Water Bank**\$0.8 million**

The District purchased options on 10,000 acre-feet of water from the 1992 State Water Bank for \$200,000 in April 1992. It is anticipated that the District will exercise this option during 1992-93 at a cost of \$800,000. Approximately \$39.8 million was expended for water bank purchases in 1991-92. No expenditures were included for this item in the budget targets.

Colorado River Aqueduct Power**\$36.1 million**

Pumping costs on the Colorado River Aqueduct are estimated to be \$36.1 million, an increase of \$7.3 million over the projected actual for the current year and \$3.3 million over the proposed budget. This increase is primarily due to projected changes in supplemental energy rates and additional diversions. Diversions are estimated to be 1,303,000 acre-feet for 1992-93. The Proposed Budget assumed diversions of 1,230,000 acre-feet. The budget target was \$15.9 million which was based on diversions of 940,000 acre-feet.

Additional Colorado River Water Supplies**\$16.1 million**

Approximately \$16.1 million is included in the budget for the lining of the All-American Canal and a two-year test land fallowing program with Palo Verde Irrigation District. This is \$2.9 million more than the Proposed Budget reflecting the final estimate of costs associated with the Palo Verde Land Fallowing Program. No expenditures were included for these items in the budget targets.

Debt Service**\$112.4 million**

Debt service on District general obligation and revenue bonds are estimated to be \$107.4 million; payments for the Second Barrel of the First San Diego Aqueduct will be \$0.2 million; interest payments for commercial paper are estimated to be \$3.0 million; and installment payments for the design phase of the Information Systems Strategic Plan, the mainframe computer and associated equipment will be \$1.8 million. This is an increase of \$17.3 million over the projected actual for the current year and \$3.8 million less than the target. The increase over the projected actual represents additional debt service associated with the 1991 revenue bond issue and the design phase payments.

Pay-As-You-Go Construction**\$5.6 million**

Pay-as-you-go construction will be sharply curtailed during 1992-93 because the base water rate increase for 1992-93 was held at \$47 per acre-foot. Estimated expenditures are projected to be \$5.6 million which is the same as the budget target. This is a reduction of \$44.4 million from the projected actual for the current year. Projects that will be funded in this manner will be brought to the Board under requests for separate appropriations.

RESERVE TRANSFER**\$54.8 million**

Reserve transfers are projected to be \$54.8 million from July 1, 1992 to July 1, 1993. This is \$1.9 million less than the Proposed Budget reflecting slightly lower future cost projections. The transfers will fund required restricted reserves and will increase working capital to \$175 million, an amount sufficient to cover up to a 25 percent deficiency in water sales. All bond covenants and Board policies will be complied with under the proposed budget.

CAPITAL CONSTRUCTION PLAN**\$387.5 million**

The construction program for next fiscal year totals \$387.5 million. Water supply projects represent \$171.5 million, water distribution facilities total \$38.3 million, treatment plant expansions and water quality upgrades account for \$137.0 million, capital betterments represent \$35.7 million, and \$5.0 million will be spent on facilities planning. To support this capital activity, 62 additional positions are proposed. Approximately \$43.9 million of the costs are for consultants to supplement the in-house staff.

Major projects in design and/or construction next year include the Eastside Reservoir, Inland Feeder, San Diego Pipeline No. 6, Central Pool Augmentation Tunnel and Pipeline, replacement of type "M" flowmeters, Garvey Reservoir modifications, Etiwanda Power Plant, Perris Filtration Plant, Central Pool Augmentation Filtration Plant, Jensen Filtration Plant Expansion No. 1, chemical spill containment at all District facilities, Diemer Filtration Plant modification and washwater reclamation plant enlargement, and Mills Filtration Plant Expansion No. 2.

Projects that Metropolitan will participate in and provide funding for include the All-American Canal and Coachella Branch Lining Projects, Chino Basin Groundwater Storage Program, Arvin-Edison Water Storage and Exchange Program, Santa Margarita Pipeline acquisition, and Main San Gabriel Basin Groundwater Storage Program. Funding for these projects total \$13.3 million which is included in the \$387.5 million estimate.

Expenditures for projects which already have an appropriation approved by your Board amount to \$267.3 million, and \$120.2 million is estimated to be expended on projects which are in preliminary stages and will be presented to your Board for an appropriation during the year. Expenditures for the proposed construction program will be funded from proceeds in the Revenue Bond Construction Fund and the Pay-As-You-Go Fund as approved by your Board.

Approval of the 1992-93 budget by the Board does not appropriate funds for capital construction projects. The projects, however, are outlined in the budget to provide an overview of expected activity in the coming year. Proposed projects are subject to further review and approval for an appropriation by your Board when they are submitted in the coming year.

AUTHORITY TO EXPEND BUDGETED FUNDS

Unless otherwise instructed, the General Manager will expend such budgeted amounts for the purposes identified in the budget or for District purposes that he may identify in the course of the year, subject to the constraints and guidelines contained in the Administrative Code.

For an overview of budgeted cash flows, a schedule of Estimated Receipts and Disbursements is provided on Table 1.

An Annual Budget Appropriation of \$601.9 million is needed to continue payments for State Water Contract operations, maintenance, power, and replacement costs, State project capital

charges, State project and Colorado River Aqueduct power costs, District operation and maintenance (O&M), and operation and maintenance costs associated with the Imperial Irrigation District conservation program. Also required are continuing appropriations of \$112.4 million for debt service on District general obligation and revenue bonds; interest payments on the outstanding commercial paper notes; payments for the Second Barrel of the First San Diego Aqueduct; and installment payments for the design phase of the Information Systems Strategic Plan, mainframe computer and associated equipment; and \$13.0 million for operating equipment and inventory supplies.

Board Committee Assignments

This letter was referred to:

The Finance and Insurance Committee pursuant to its authority to study, advise, and make recommendations with regard to preparation of budgets under Administrative Code Section 2441(a).

The Executive Committee because of its authority to study, advise, and make recommendations with regard to public information regarding matters affecting the District's interests under Administrative Code Section 2417(b).

Recommendations

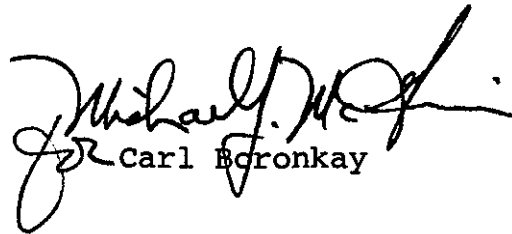
FINANCE AND INSURANCE COMMITTEE FOR ACTION

It is recommended that the Board of Directors:

- 1) Approve the proposed 1992-93 Budget totalling \$763.1 million;
- 2) Appropriate \$601.9 million for District O&M and State Water Project operations, maintenance, power and replacement costs; Colorado River Aqueduct power costs; State Water Project capital charges; and operations and maintenance costs associated with the Imperial Irrigation District conservation program;
- 3) Appropriate \$112.4 million for debt service on District general obligation and revenue bonds; interest payments on the outstanding commercial paper notes; payments for the Second Barrel of the First San Diego Aqueduct; and installment payments for the design phase of the Information Systems Strategic Plan, mainframe computer and associated equipment;
- 4) Appropriate \$13.0 million for operating equipment and inventory supplies.

EXECUTIVE COMMITTEE FOR ACTION

It is recommended that the Board of Directors, by two-thirds vote, find it necessary for the protection of District rights and properties to disseminate information concerning such rights and properties, and authorize expenditures subject to the amounts appropriated by the Board as detailed by fund type in the Proposed 1992-93 Budget.


Carl Bronkay

MCF/CGP:lg
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Attachments

TABLE 1

1992-93 PROPOSED ANNUAL BUDGET

27-May-92

ESTIMATED RECEIPTS & DISBURSEMENTS BY FUND
 Excluding Bond Construction, Trust & Employees' Deferred Compensation Funds
 (In \$ Thousands)

	TOTAL ALL FUNDS	WATER REVENUE FUND	O&M FUND	REV BOND I&P FUND	RESERVE FUND	REMAIND FUND	GENERAL FUND	COM PAP I&P FUND	PAYG FUND	WATER RATE STABIL FUND	TREAT SRCHG STABIL FUND	SPECIAL TAX FUND	S.W.C. FUND	1931 G.O. I&R FUND	1966 G.O. I&P FUND
CASH & SECURITIES: 7/1/92	530,577		89,231	24,849	18,433	122,500	8,800	500	50,000	138,940	0		56,490	150	20,684
REQUIRED RESERVES: 7/1/92	384,297		87,731	21,849	18,433	122,500	7,500	500	50,000	0	0		55,990	110	19,684
ESTIMATED RECEIPTS:															
Taxes	85,000											7,277	23,027	361	54,335
Water Sales	534,800	534,800													
(less Water Reclamation)	(6,720)	(6,720)													
Interest	40,000	75	6,644	1,874	2,074	12,486	663	38	3,769	6,033	0	15	4,759	11	1,559
Other Revenue	750						750								
Power Recovery	20,000		20,000												
Firm Revenue	50,000	50,000													
TOTAL EST. RECEIPTS:	723,830	578,155	26,644	1,874	2,074	12,486	1,413	38	3,769	6,033	0	7,292	27,786	372	55,894
INTER-FUND TRANSFERS:	0	(578,155)	385,234	46,814	(2,074)	32,514	29,779	2,962	15,831	(94,046)	0	(7,292)	168,434		
TOTAL FUNDS AVAILABLE:	1,254,407		501,109	73,537	18,433	167,500	39,992	3,500	69,600	50,927	0	0	252,710	522	76,578
EST. EXPENDITURES:															
O&M (incl.inv. & op.equip)	215,289		202,258				13,031								
Conservation Programs	21,263		21,263												
IID O&M & Indirect	7,031		7,031												
IID Capital	14,031						14,031								
CRA Power	36,140		36,140												
Additional CRA Supplies	16,100						2,100		14,000						
SWC Variable Power	21,654		21,654												
SWC Capital	132,670												132,670		
SWC Minimum OMP&R	96,087		96,087												
Off-Aqueduct Facilities	104,000		40,983										63,017		
SWC Credits	(20,000)		(20,000)												
Water Bank	800		800												
Capital-Info Systems	1,820						1,820								
Commercial Paper Interest	3,000							3,000							
Bond Interest	80,133			40,749										18	39,366
Bond Redemption	27,265			8,675										500	18,090
Other Long-Term Debt	210						210								
Construction	5,600								5,600						
TOTAL EST. EXPENDITURES	763,093		406,216	49,424	0	0	31,192	3,000	19,600	0	0	0	195,667	518	57,456
CASH & SECURITIES: 7/1/93	491,314		94,893	24,113	18,433	167,500	8,800	500	50,000	50,927	0		57,023	4	19,122
REQUIRED RESERVES: 7/1/93	439,080		94,886	24,113	18,433	167,500	7,500	500	50,000	0	0		57,023	4	19,122

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TABLE 2
 COMPARATIVE ANALYSIS
 1992-93 FINAL ANNUAL BUDGET
 VS.
 1992-93 PROPOSED ANNUAL BUDGET
 (\$ in Millions)

PROJECTED RECEIPTS	1992-93	1992-93	VARIANCE	
	FINAL BUDGET (05/27/92)	PROPOSED BUDGET (04/13/92)	AMOUNT	PERCENT
TAXES	\$85.0	\$85.0	\$0.0	0
WATER SALES	534.8	550.0	(15.2)	-3
(less LPP-Reclaimed Water)	(3.6)	(3.6)	0.0	0
(less Groundwater Recovery)	(3.1)	(3.1)	0.0	0
INTEREST	40.0	40.0	0.0	0
POWER REC	20.0	20.0	0.0	0
OTHER	0.7	0.7	0.0	0
FIRM REVENUE	50.0	50.0	0.0	0
TOTAL	\$723.8	\$739.0	(\$15.2)	-2
PROJECTED EXPENDITURES				
O&M & CONSERVATION PROGRAMS	\$223.6	\$220.7	(\$2.9)	-1
SWC MIN OMP&R	94.9	94.9	0.0	0
SWC VAR POWER	21.7	24.2	2.5	10
STATE WATER BANK	0.8	0.8	0.0	0
KERN WATER BANK	3.6	3.6	0.0	0
ARVIN EDISON O&M	1.0	1.0	0.0	0
CRA POWER	36.1	32.8	(3.3)	-10
OPER EQUIP & INV CHANGE	13.0	13.0	0.0	0
IID O&M & INDIRECT	7.0	7.0	0.0	0
IID CAPITAL	14.0	13.4	(0.6)	-4
Additional CRA Supplies	16.1	13.1	(3.0)	-23
SWC CAPITAL	129.3	129.3	0.0	0
OFF-AQUEDUCT	104.0	104.0	0.0	0
SWC CREDITS	(20.0)	(10.0)	10.0	100
MWD DEBT SERVICE	110.4	110.4	0.0	0
SD PAYMENTS	0.2	0.2	0.0	0
PAY-AS-YOU-GO	5.6	5.6	0.0	0
Capital-Info Systems	1.8	1.8	0.0	0
TOTAL	\$763.1	\$765.8	2.7	0
CHANGE IN RESERVE REQUIREMENTS	\$54.7	\$56.7	2.0	4
TRANSFER FROM WRSF	\$94.0	\$83.5	(\$10.5)	-13