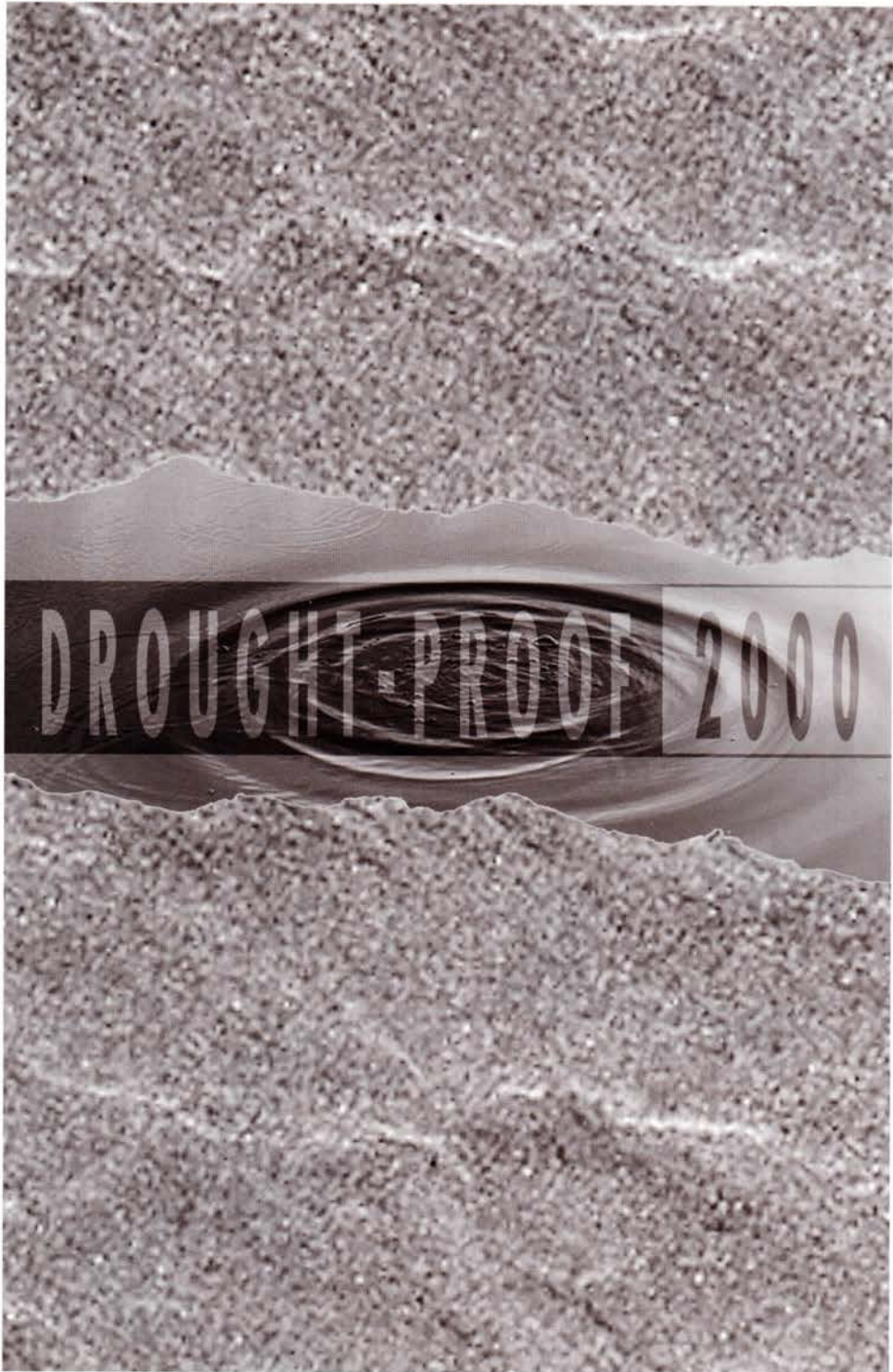


WEST BASIN MUNICIPAL WATER DISTRICT
CENTRAL BASIN MUNICIPAL WATER DISTRICT



1995 ANNUAL REPORT

West Basin Mission Statement

To obtain and provide a safe and adequate supplemental supply of high-quality water to our member agencies, including the communities, businesses and residents they serve, in an efficient, effective and economical manner. In accomplishing this mission, the District shall provide adequate information and education on water issues to the public, be instrumental in guarding the integrity, safety and security of the West Coast Basin, and maintain close cooperation with the other agencies serving our area.



Lawrence P. Gallagher
President



Edward G. Little
Vice President



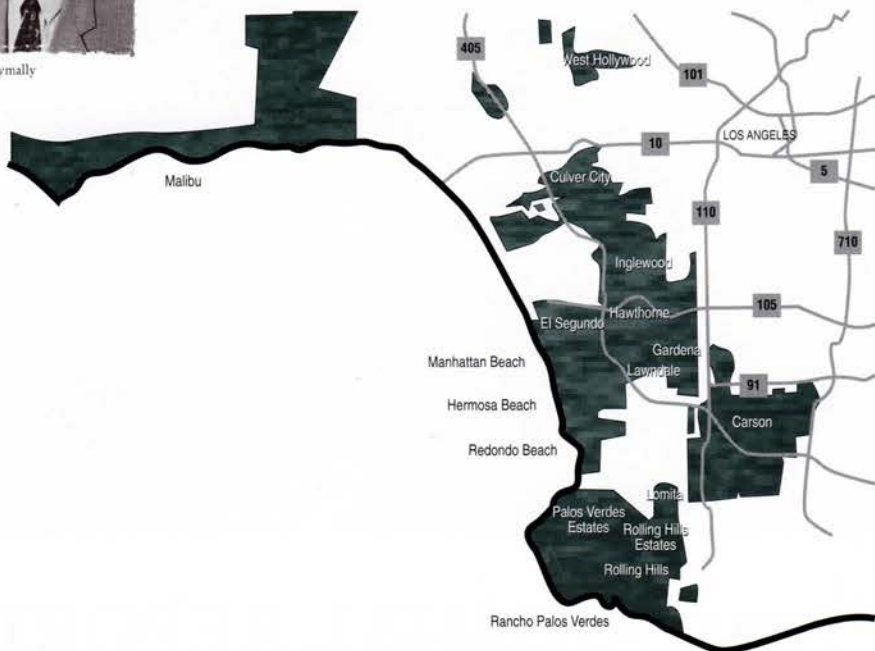
Michael W. Sweeney
Treasurer



R. Keith McDonald
Secretary



Mark S. Dymally
Director



Mission Statement

Central Basin

To acquire, sell and conserve imported and other water that meets all required standards, and to furnish it to our customers, in a planned, timely, and cost-effective manner that anticipates future needs. The District serves as the official representative for its public at the Metropolitan Water District. It also provides leadership, support, advice and communication on water issues to the people and agencies within and without its boundaries, as appropriate.



Gary A. Morse
President



Carl H. Zeise
Vice President



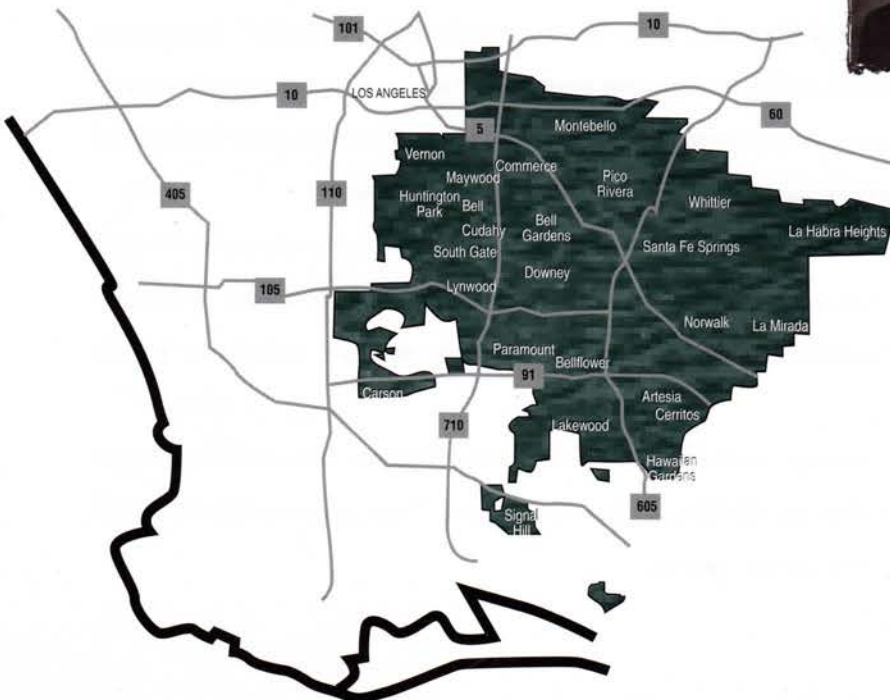
J. William Zastrow
Treasurer



Charles M. Treviño
Secretary

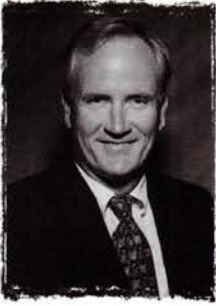


Richard "Rick" F. Mayér
Director



Drought-Proof 2000

By Richard W. Atwater, General Manager



The record-setting rainfall of the 1994-95 winter blurred memories of past droughts. However, this winter season began drier than normal, reminding us that droughts are a fact of life in Southern California. Planning for the inevitability of drought is the subject of this annual report – Drought-Proof 2000. It documents our accomplishments in 1995 and describes what the Districts are planning to do during the next five years.

West Basin Municipal Water District and Central Basin Municipal Water District developed Drought-Proof 2000 to serve as our region's water management strategy. Through our drought-proofing programs of water recycling and water conservation, we help keep water rates low, provide local jobs, protect the environment and sustain our economic vitality.

In 1990, during the middle of the last drought, the Districts' Directors asked: "How can we make conservation count and prevent sharp water rate increases in the future, especially during droughts?" Engineering, environmental, safety, and economic studies demonstrated that water recycling can be provided to large water users for industrial and irrigation applications. This leaves more underground water and imported water available for domestic and recreational needs.



Today, the Districts distribute enough recycled water to irrigate the equivalent of about 6,400 football fields. Also, using recycled water saves energy by reducing the amount of imported water pumped through the California Aqueduct. The energy savings is equivalent to 100,000 barrels of oil.

Meanwhile, the Districts' residential water conservation programs have distributed 50,000 ultra-low flush toilets and 100,000 low-flow showerheads. These programs help save water and reduce water bills for our residents.

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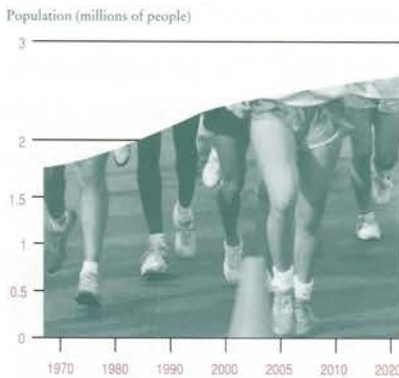
Nineteen ninety-five was highlighted by several events. In West Basin, Chevron El Segundo Refinery, Mobil Oil Corporation, and the West Coast Basin Barrier Project were connected to recycled water. Central Basin made significant strides toward connecting 100 recycled water users – a first in Los Angeles County. The Districts produced the Urban Water Management Plan which is the key planning tool for the Districts' activities through the year 2000 and a visionary statement through the year 2020.

During 1995, the Districts piloted the Drought-Proof 2000 campaign in the City of Norwalk, in Central Basin, and the City of Gardena, in West Basin. These pilot programs proved that by working closely with city leaders, water utilities, residents, school officials, and students, we can use



conservation and recycling to reduce consumption of expensive imported water. At the same time, the Districts' programs secure our quality of life – health, good economics, recreation

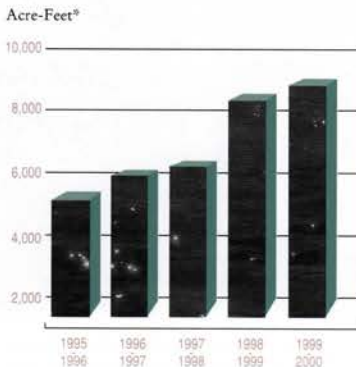
The Districts' Combined Population Growth



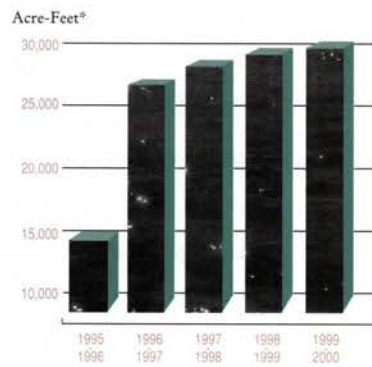
and a clean environment – from the negative effects of drought.

Abundant rainfall during certain years helps us plan for the lack of rain in other years. By taking a city-by-city approach to drought-proofing, we maximize our local resources in a manner which can be locally controlled. Our Directors have the vision and leadership to make our Districts' cities the first drought-proof region of California.

Central Basin Estimated Amount of Water Recycled and Conserved



West Basin Estimated Amount of Water Recycled and Conserved



*One acre-foot equals approximately 326,000 gallons of water

Recreation

Most popular sports would not be the same with dirt fields. Imagine a brown golf course, a dusty school playground, and treeless parks. The availability of recycled water is keeping our recreational facilities viable even during times of drought when other parts of Southern California are rationing and allowing lawns to dry out and die.



The Lakes at El Segundo Golf Course was the first public facility to use recycled water in West Basin Municipal Water District.

In 1995, the Districts formed partnerships with schools and cities to keep playgrounds, golf courses and athletic fields green through the use of recycled water. Recycled water is not subject to rationing during times of drought.

Also, student athletic and leadership groups at high schools within the Districts' service areas earned more than \$50,000 by participating in the

distribution of ultra-low flush toilets and low-flow showerheads in their communities. Students, school and city officials, local water utilities, and residents do their part to drought-proof the region by combining water recycling and conservation.

During 1996, the Districts plan to distribute 10,000 ultra-low flush toilets in cities that participate in the Drought-Proof 2000 campaign. This program will help bring an estimated \$150,000 to schools, and parks and recreation departments which participate in the program within the Districts' service areas.



The Districts have helped high school athletic programs by paying them \$15 per ultra-low flush toilet they distribute.

Economics

Water Savings = Money Saved...

The Districts' resource mix of imported water, recycled water, desalted water, and groundwater ensure that water savings will result in money saved by water users. This happens by making smart use of water.

- *The Districts have supplied about 50,000 households with ultra-low flush toilets. This represented an estimated annual savings of more than \$1,000,000 to residential customers in 1995.*
- *School districts that are using recycled water to irrigate fields and school yards are annually saving 20 to 30 percent on their water bills.*
- *Rather than invest federal grants in new dams and far away reservoirs, West Basin and Central Basin Municipal Water Districts are reinvesting federal funds locally. The Districts' conservation and water recycling programs create jobs for area residents.*



Jersey Avenue Elementary School, in the City of Santa Fe Springs, is one of 39 schools to receive recycled water from Central Basin Municipal Water District.

Water sold at a reasonable price is the economic lifeblood of Southern California. Residents of the Districts pay far less for water than they do for other utilities such as electricity, gas and telephone services. Without adequate planning, the price of water can skyrocket during times of drought. By having a "resource mix," the Districts are preventing dramatic increases in water rates.

Imported water can no longer solely be relied upon to meet the water needs of Southern California. As our ability to import water from Northern California and the Colorado River is made more difficult because of regulatory barriers and water rights disputes, alternative sources of water become increasingly important to maintain a viable and competitive business atmosphere. *This observation is confirmed by a recent study sponsored by the Los Angeles Area Chamber of Commerce, which estimates that a 30 percent reduction in water supplies to large water-using industries in our area could result in a loss of about 8 billion dollars and 26,000 jobs. Local business and industry can rely upon an uninterrupted supply of recycled water.*

**West Basin and Central Basin
Projected Savings From
Conservation and Water Recycling***



*Avoided cost of purchasing imported water

Continued on page 8

Continued from page 7

To meet the demands of increasing population and urban development, the importance of a reliable water supply becomes increasingly evident. Recycled water and conservation measures are important because they can protect businesses against water rate increases and drought. Oil refineries, fabric dyers, concrete mixers, golf courses, schools, nurseries, cemeteries and parks can all benefit from using recycled water.

Industry is already taking advantage of the cost savings and reliability associated with the use of recycled water. Mobil Oil Corporation, located in the City of Torrance, and Chevron El Segundo Refinery, in the City of El Segundo, recently started using recycled water.

Each refinery will use more than 3 billion gallons of recycled water per year. This

will reduce by an equal amount the treated water being discharged into the Santa Monica Bay.

The economic benefits are obvious. In the next few years, the Arco and Unocal refineries will also be using recycled water in the City of Carson and the Wilmington area.

In 1995, the Districts continued to help cities proactively evaluate the ability of local water utilities to meet drought and emergency demands. Sixteen West Basin and Central Basin cities participated in the Districts' water system audit and leak detection

programs, thus helping to prevent costly future

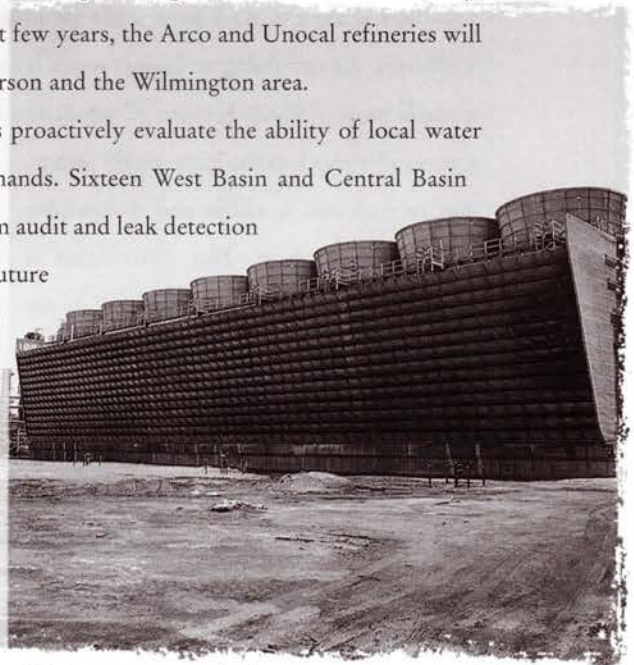
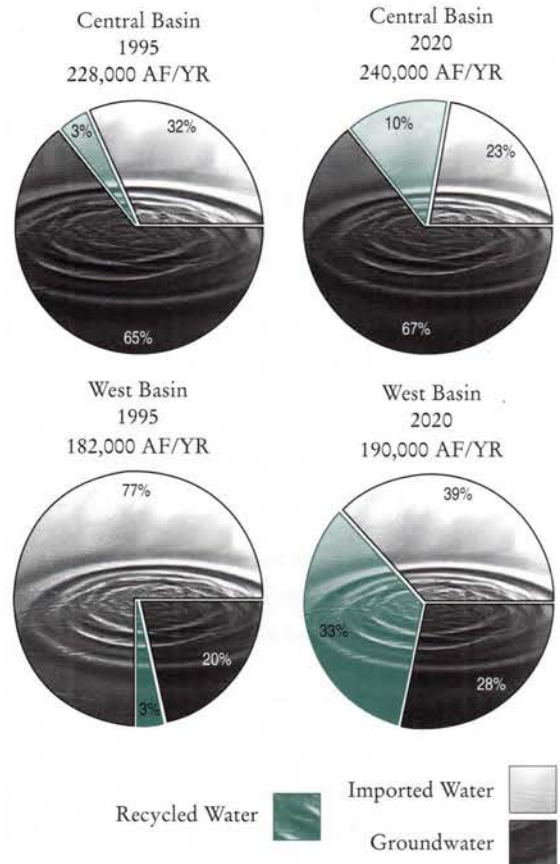
repairs. A study conducted by Central Basin

on behalf of the cities of Bell, Bell Gardens, Cudahy, Huntington Park, and Maywood

identified areas of infrastructure improvements necessary for meeting emergency and drought contingency needs.

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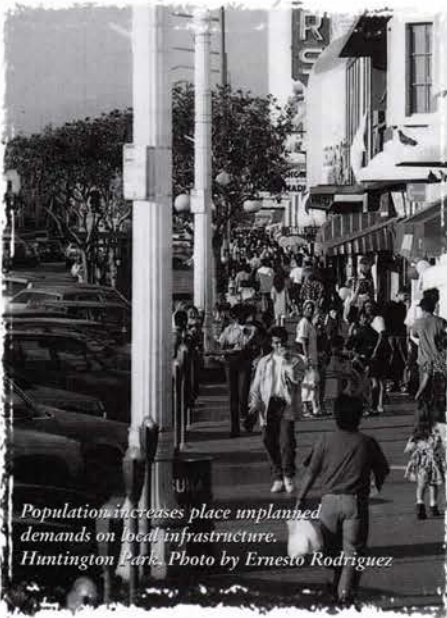
Water Supply Sources Meeting Current and Future Demands



Oil refineries are among the largest users of water. Recycled water used by refineries helps reduce imported water demand by as much as 40 percent in certain South Bay cities.

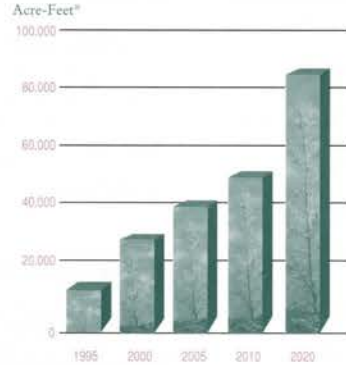
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The use of recycled water by local school districts has been a success story. School districts in El Segundo, Hawthorne, Hermosa Beach, Lawndale, Lennox, Manhattan Beach, Bellflower, Lakewood, Norwalk, Downey, Paramount, Santa Fe Springs, and Whittier have all participated in this effort. Local schools are not only helping protect themselves against drought, but are taking advantage of the cost benefits of using recycled water.

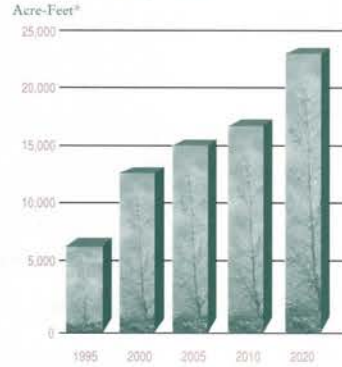


Population increases place unplanned demands on local infrastructure. Huntington Park. Photo by Ernesto Rodriguez

**West Basin
Projected Growth of
Recycled Water**



**Central Basin
Projected Growth of
Recycled Water**



*One acre-foot equals approximately 326,000 gallons of water

Downey Unified School District (DUSD) currently has six schools using recycled water.

One of these, Rio San Gabriel Elementary School, has saved more than \$3,700 during the last three years by using recycled water. Robert Weinfurter, Director of Maintenance, Operations and Transportation for DUSD, recognizes the potential benefits of using recycled water: "Downey has a total of 242.3 arable acres that are under irrigation at this time. Once all of this acreage is on the reclaimed system, we can potentially save \$23,260 per year on the water bill by using recycled water, versus potable water."

The Norwalk-La Mirada School District has observed similar savings. Based on the 11 schools currently using recycled water for irrigation, Mike McMinn, Operations Supervisor for the school district states, "The impact of reclaimed water will generate 18 to 20 percent savings over domestic water costs, and drought-proof those 11 sites." He also noted that the district is currently using reclaimed water for irrigation, "which is 85 percent of our water expenditures annually. We are anxious to hook up the remaining 19 sites as supply becomes available."

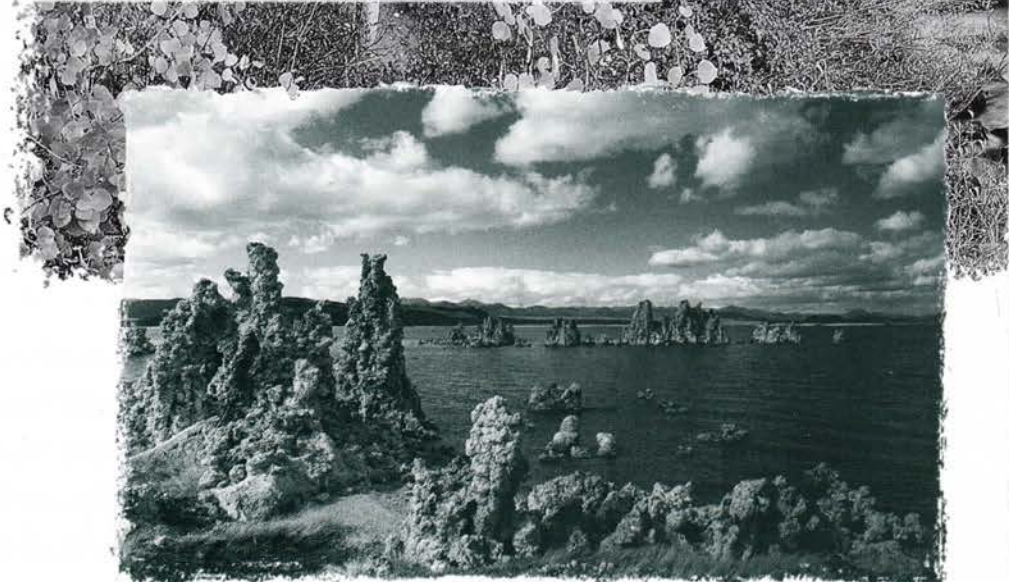
Eⁿvironment

Central Basin Municipal Water District accepted the Economic and Environmental Leadership Award in 1995 from California Governor Pete Wilson. The Districts approach environmental protection by creating economic and pricing strategies which are good for business.

For example, West Basin and Central Basin utilize local project rebates from the Metropolitan Water District of Southern California and federal grant funding through the United States Bureau of Reclamation to drive down the cost of recycled water, making it attractive to business. Both the Metropolitan Water District and the federal government recognize that it is less expensive for taxpayers and better for the environment to recycle water than to build more reservoirs and dams.

In fact, recycling water is helping to clean up the Santa Monica Bay. The goal of the West Basin Water Recycling Project is to achieve a 25 percent reduction of wastewater discharged into the Bay by the City of Los Angeles' Hyperion Treatment Plant.

Continued on page 11



Mono Lake Tufa Towers, Photo by Bob Schlichting, Mono Lake Committee



Manhattan Beach Pier, Photo by Bruce Herman



Lee Vining Creek, Photo by Jeff Grandy

Continued from page 10

The Districts' efficiency is also key in saving Mono Lake in the Owens Valley. West Basin is extending pipelines to serve the Los Angeles International Airport. Already planned, pipelines will be constructed to reach West Los Angeles. By using recycled water produced by West Basin, the City of Los Angeles will depend less on water from the Owens Valley and allow Mono Lake to continue its environmental recovery by regaining its natural water level.

By the end of 1995, the Districts had recycled more than water. Seventeen thousand old, high water-using porcelain toilets were crushed and reused as an aggregate to strengthen asphalt used for the paving of streets and highways. West Basin is also engaged in finding beneficial uses for its treatment process sludge. If successful in finding practical uses for recycled water by-products, then these environmentally friendly ventures will help to further drive down the cost of recycled water.

Health

Assurance of an adequate water supply at reasonable rates depends on the protection of our valuable water resources from contamination.

Underground contamination can render a drinking water well useless and force it to be abandoned, or require it be connected to an expensive remediation treatment system. An unprotected watershed can contribute organisms and chemicals that are difficult to remove from surface water. Uncontrolled run-off and inadequately treated sewage can spoil our coastline and beaches.

The Districts are helping to prevent contamination of our groundwater, coastline, rivers and streams through an effective basin-wide water quality monitoring program. This cost-effective program helps 34 West Basin and Central Basin agencies monitor the quality of their water and guard against contamination, while maintaining federal and state drinking water standards.



Water quality is tested where it counts most – next to homes and businesses.

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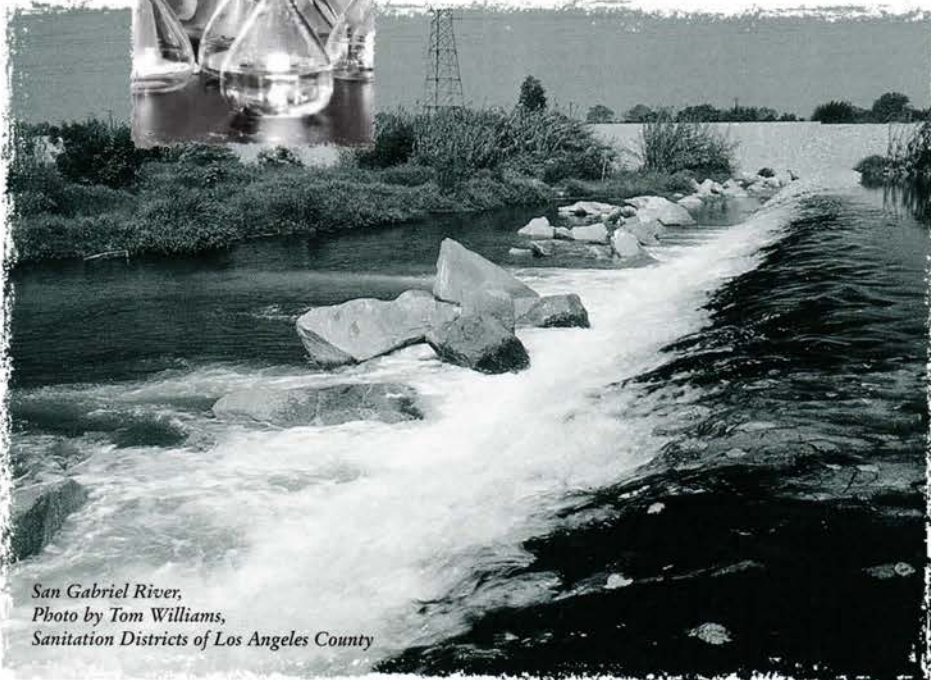
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Together, the Districts protect the public health of an estimated 2.2 million Southern California residents through our cooperative monitoring program of 240 drinking water wells. Mr. Ken Reich, the Districts' water quality manager, received a prestigious award from the American Water Works Association Research Foundation and the Association of California Water Agencies for his leadership and valuable work in understanding the health effects of arsenic in drinking water. His efforts helped secure a congressional appropriation of \$1 million for arsenic research in 1996.

Recycled water is strictly tested by the Districts and health agencies to meet and surpass federal, state and local clean water laws.

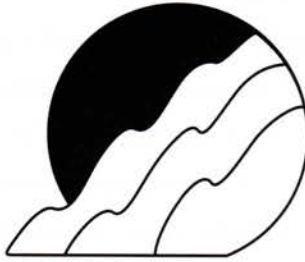


Chemical and microbiological analysis of the Districts' recycled water assures that irrigation and industrial uses are safe for the public and the environment. The Districts spent \$1 million in 1995 monitoring recycled water quality. The expanding use of recycled water itself promotes a cleaner environment by reducing treated sewage discharges into our rivers and ocean.



*San Gabriel River.
Photo by Tom Williams,
Sanitation Districts of Los Angeles County*

West Basin and Central Basin have formed innovative partnerships with agencies, such as the Sanitation Districts of Los Angeles County, to protect the water quality of our rivers, ocean, and streams.



West Basin Municipal Water District

Financial Summary

July 1, 1994

through

June 30, 1995



Balance Sheet

West Basin Municipal Water District

June 30, 1995

Assets

Current Assets:

Cash and investments	\$ 8,879,576
Accounts receivable	10,769,992
Note receivable	388,612
Inventory	156,652
Accrued interest receivable	101,223
Prepaid expenses	32,242
Total Current Assets	20,328,297

Restricted Assets:

Cash and investments	43,084,547
Accrued interest receivable	566,520
Total Restricted Assets	43,651,067

Long-Term Note Receivable:

424,544

Utility Plant:

201,583,077

Other Assets:

Unamortized issuance costs	1,337,146
----------------------------	-----------

TOTAL ASSETS

\$267,324,131

Liabilities and Fund Equity

Current Liabilities:

Accounts payable and accrued expenses	\$ 11,914,488
Conservation program deposits	112,428
Current portion of obligations under capital lease	2,229
Total Current Liabilities	12,029,145

Payable From Restricted Assets:

Accounts payable and accrued expenses	9,269,106
Accrued interest payable	3,327,475
Arbitrage rebate liability	400,000
Current portion of long-term debt	3,870,740
Total Payable From Restricted Assets	16,867,321

Other Liabilities:

484,851

Long-Term Debt:

1992 Revenue Bonds	26,093,669
1993 Revenue Bonds	125,585,000
Commercial Paper notes	50,000,000
State of California loan payable	3,800,284
Less: Current portion above	(3,870,740)
Subtotal	201,608,213
Less: Unamortized bond discount	(3,863,777)
Deferred amount on refunding	(13,362,280)
Total Long-Term Debt	184,382,156

Obligations Under Capital Lease:

Obligations Under Capital Lease:	2,229
Less: Current portion above	(2,229)
Total Obligations Under Capital Lease	0
Total Liabilities	213,763,473

Commitments and Contingencies

Fund Equity:

Contributed capital	12,900,000
Retained earnings	40,660,658
Total Fund Equity	53,560,658

TOTAL LIABILITIES AND FUND EQUITY

\$267,324,131



*Statement of Revenues and Expenses
and Changes in Fund Equity*

West Basin Municipal Water District
For the year ended June 30, 1995

Operating Revenues:

Water	\$73,138,417
Desalting revenue	983,294
Water conservation and monitoring	122,299
Total Operating Revenues	74,244,010

Operating Expenses:

Source of supply	69,477,514
Desalting operations	1,223,282
General and administrative	1,085,303
Conservation and monitoring	429,359
Depreciation and amortization	400,908
Total Operating Expenses	72,616,366

Excess of Operating Revenues

Over Operating Expenses	1,627,644
--------------------------------	------------------

Nonoperating Revenues:

Standby charges	9,513,121
Interest earned	489,436
Gain on sale of asset	387,252
Miscellaneous income, net of expenses	24,830
Rental income, net of expenses	(66,415)
Total Nonoperating Revenues	10,348,224

Interest Expense

163,874

**Excess of Nonoperating Revenues
Over Nonoperating Expenses**

10,184,350

Excess of Revenues Over Expenses

11,811,994

Retained Earnings at June 30, 1994

28,848,664

Retained Earnings at June 30, 1995

40,660,658

Contributed Capital at June 30, 1994

5,900,000

Additions to Contributed Capital

7,000,000

Contributed Capital at June 30, 1995

12,900,000

FUND EQUITY AT JUNE 30, 1995

\$53,560,658



Central Basin Municipal Water District

Financial Summary

July 1, 1994
through
June 30, 1995



Balance Sheet

Central Basin Municipal Water District

June 30, 1995

Assets

Current Assets:

Cash and investments	\$ 6,292,541
Accounts receivable	3,402,469
Accrued interest receivable	84,312
Prepaid expenses	30,042
Deferred compensation plan assets	214,269
Total Current Assets	10,023,633

Restricted Assets:

Cash and investments	9,953,151
Cash and investments - custodial fund	3,623,238
Accrued interest receivable	205,605
Other assets - custodial fund	294,367
Total Restricted Assets	14,076,361

Long-Term Note Receivable: 353,085

Utility Plant: 52,206,164

Other Assets:

Unamortized issuance costs	489,192
----------------------------	---------

TOTAL ASSETS \$77,148,435

Liabilities and Fund Equity

Current Liabilities:

Accounts payable and accrued expenses	\$ 3,694,455
Conservation program deposits	773,357
Deferred compensation plan liability	214,269
Total Current Liabilities	4,682,081

Payable From Restricted Assets:

Accounts payable and accrued expenses	751,551
Accrued interest payable	1,134,406
Current portion of long-term debt	1,014,260
Custodial fund liability	3,917,605
Total Payable From Restricted Assets	6,817,822

Long-Term Debt:

1992 Revenue Bonds	28,276,330
1993 Revenue Bonds	21,365,000
Less: Current portion above	(1,014,260)
Subtotal	48,627,070
Less: Unamortized bond discount	(1,170,849)
Deferred amount on refunding	(2,148,911)
Total Long-Term Debt	45,307,310

Total Liabilities 56,807,213

Commitments and Contingencies

Fund Equity:

Contributed capital	6,212,557
Retained earnings	14,128,665
Total Fund Equity	20,341,222

TOTAL LIABILITIES AND FUND EQUITY \$77,148,435



*Statement of Revenues and Expenses
and Changes in Fund Equity*

Central Basin Municipal Water District

For the year ended June 30, 1995

Operating Revenues:	
Water revenue	\$37,389,858
Water recycling revenue	917,398
Water conservation and monitoring	397,908
Total Operating Revenues	38,705,164
 Operating Expenses:	
Source of supply	36,163,937
Recycling costs	1,098,188
General and administrative	1,229,432
Conservation and monitoring	420,279
Depreciation and amortization	1,041,275
Total Operating Expenses	39,953,111
Deficiency of Operating Revenues Over Operating Expenses	(1,247,947)
 Nonoperating Revenues:	
Standby charges	3,102,997
Interest earned	377,610
Miscellaneous income, net of expenses	45,398
VOC treatment unit lease income	19,500
Rental income, net of expenses	(68,415)
Total Nonoperating Revenues	3,477,090
Interest Expense	1,708,434
Excess of Nonoperating Revenues Over Nonoperating Expenses	1,768,656
Excess of Revenues Over Expenses	520,709
Retained Earnings at June 30, 1994	13,607,956
Retained Earnings at June 30, 1995	14,128,665
Contributed Capital at June 30, 1994	459,727
Additions to Contributed Capital	5,752,830
Contributed Capital at June 30, 1995	6,212,557
FUND EQUITY AT JUNE 30, 1995	\$20,341,222

Board of Directors

West Basin Municipal Water District

Lawrence P. Gallagher, President
Division V
Gardena, Hawthorne, Lawndale

Edward C. Little, Vice President
Division IV
Culver City, El Segundo, Malibu, West Hollywood

Michael W. Sweeney, Treasurer
Division III
*Hermosa Beach, Lomita,
Manhattan Beach, Redondo Beach*

R. Keith McDonald, Secretary
Division I
*Carson, Palos Verdes Estates, Rancho Palos Verdes,
Rolling Hills, Rolling Hills Estates*

Mark S. Dymally, Director
Division II
Inglewood

Representatives on the
Metropolitan Water District
of Southern California
Board of Directors
West Basin

Charles D. Barker
Bondie O. Gambrell
Edward C. Little



West Basin Municipal Water District
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746-1218
Telephone: (310) 217-2411

Central Basin Municipal Water District

Gary A. Morse, President
Division I
Bell Gardens, Downey, Montebello, Norwalk

Carl H. Zeise, Vice President
Division IV
*Bell, portions of Carson,
Cudahy, Lynwood, South Gate*

J. William Zastrow, Treasurer
Division V
*Artesia, Bellflower, Cerritos, Hawaiian Gardens,
Lakewood, Paramount, Signal Hill*

Charles M. Treviño, Secretary
Division III
Commerce, Huntington Park, Maywood, Vernon

Richard "Rick" E. Mayér, Director
Division II
*La Habra Heights, La Mirada,
Pico Rivera, Santa Fe Springs, Whittier*

Representatives on the
Metropolitan Water District
of Southern California
Board of Directors
Central Basin

E. Thornton Ibbetson
Gary A. Morse
Phillip J. Pace



Central Basin Municipal Water District
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746-1218
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