



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-7

June 28, 1993

To: Board of Directors (Water Problems Committee--Action)
(Legal and Claims Committee--Action)
From: General Manager
Subject: Amendment to Administrative Code Concerning Annexations

Report

Neither the Metropolitan Water District Act nor the Administrative Code provide any limits on the time required to complete an annexation. It has been the policy of your Board to impose time limits as part of the terms and conditions established for annexations. The purpose of these limits has been to allow the annexation charges imposed to be changed to the current rates if the annexation is not completed before the rates are changed. In practice, your Board has in the past reaffirmed the terms and conditions of annexations upon request of a member agency made after the time limitation had expired.

The proposed amendment to the Administrative Code will impose a time limit for completion of an annexation. Each annexation must be completed by December 31 of the year following the date of formal approval of the annexation. The amendment will allow the Board to grant an extension of one year provided that the extension is requested prior to the expiration of the original one year period. The amendment further requires a statement of the reason for the failure to complete the annexation, payment of a fee to cover the costs of processing the extension request, and a statement of any changed information regarding the property in the annexation area.

Other minor changes to the annexation provisions of the Administrative Code are also recommended. The annexation processing fee is raised to \$5,000 from the current \$3,000, and the minimum time for processing the requests prior to presentation to the Board is increased from 30 to 45 days. The current fee was established in August, 1976. Both the amount of work involved in processing annexation requests and the cost of processing have increased. The new processing

charge and time requirement are based on a review of the costs involved using current values and the time required for review of the documentation in the annexation process.

Finally, the provisions of the Administrative Code establishing the annexation charge are to be amended to delete the equity per acre calculation which is no longer used.

Attachment A to this letter shows Division III of the Administrative Code with the recommended deletions stricken out and recommended additions underlined. Attachment B to this letter is the proposed amended version of Division III.

Board Committee Assignments

This letter is referred for action to:

The Water Problems Committee because of its authority to study, advise and make recommendations with regard to policies regarding annexation and the requirements, procedures, terms, and conditions for annexations pursuant to Administrative Code section 2481(g).

The Legal and Claims Committee because of its authority to study, advise and make recommendations with regard to the contents of the Administrative Code pursuant to Administrative Code section 2461(h).

Recommendation

WATER PROBLEMS AND LEGAL AND CLAIMS COMMITTEES FOR ACTION.

It is recommended that Division III of the Metropolitan Water District Administrative Code be amended to read as set forth in Attachment B.


for General Manager

ATTACHMENT A

MWD Administrative Code

§ 3100

DIVISION III

ANNEXATIONS

Chapter		Sec.
1	Annexation Procedure	3100
2	Policies Related to Annexations	3200
3	Financial Policies Related to Annexations	3300

Chapter 1

ANNEXATION PROCEDURE

Sec.	
3100	Request for Annexation
3101	Submittal of Request
3102	Consideration of Request for Annexation
3103	Approval of Request for Annexation
3104	Mandatory Terms and Conditions
3105	\$3000 <u>\$5000</u> Processing Fee; Waiver
3106	Cash Payment Requirement
3107	Water Use Efficiency Guidelines
<u>3108</u>	<u>Expiration of Formal Terms and Conditions</u>

§ 3100. Request for Annexation.

(a) Initial submittal

A request for annexation of area to the District shall be made in writing executed on behalf of the member public agency or proposed member public agency within which the area is or is proposed to be situated. The request shall include:

- (1) A general description of the area proposed to be annexed and a map of said area indicating the boundaries of the area and existing streets and highways;
- (2) A certificate from the assessor of the county within which the area proposed to be annexed is situated setting forth the assessed valuation of each parcel included within the area;
- (3) Identification of the ownership of each parcel included within the area proposed to be annexed; and

(4) A statement setting forth whether the number of voters within the area proposed to be annexed is less than 12 or 12 or more.

(5) A description of:

(i) Present use of each of the parcels included within the area proposed to be annexed;

(ii) Existing or proposed development plans for such parcels;

(iii) An estimate of total annual and peak demands for water service to the area proposed to be annexed;

(iv) An estimate of the portion of such annual and peak demands to be supplied by the District; and

(v) A plan for implementing the water use efficiency guidelines set forth in Section 3107.

In addition, the member public agency or proposed member public agency within which the area is situated shall furnish such other information as may be requested by the District's General Manager.

Unless waived pursuant to Section 3105, the request for annexation shall be accompanied by payment of ~~\$3,000~~ \$5,000 as a processing charge to cover the District's costs of handling the request for annexation.

(b) Supplemental information

Prior to approval of the proposed annexation, as provided in Section 3103, the request shall be supplemented by the member public agency or proposed member public agency with the following materials:

(1) Any changes to information furnished in the initial submittal of the request for annexation;

(2) A legal description and a detailed map of the area proposed to be annexed clearly indicating the metes and bounds of the area and sufficient information to permit determination of the areas dedicated and accepted for streets and highways within the area proposed to be annexed;

(3) Certified copy of member public agency resolution requesting approval of the annexation;

(4) Certified copy of Local Agency Formation Commission resolution approving the annexation to the member public agency or proposed member public agency; and

(5) Documents complying with the California Environmental Quality Act.

§ 3101. Submittal of Request.

A request for annexation and all information required in connection therewith shall be submitted to the General Manager.

§ 3102. Consideration of Request for Annexation.

The Board, and any standing committee of the Board reviewing a request for annexation, will consider such request at their next regular meeting taking place no earlier than ~~30~~ 45 days after receipt by the District of the request for annexation or after receipt of all supplemental information required pursuant to Section 3100(b), but in no event more frequently than their regular meeting in January, April, July, or October.

§ 3103. Approval of Request for Annexation.

Unless otherwise stated in the request for annexation, the Board will act on the request:

- (a) By establishing preliminary terms and conditions for the approval of the annexation upon filing of the request for annexation.
- (b) By considering approval of the annexation subject to terms and conditions then to be established after receipt of the supplemental information required by Section 3100(b).

§ 3104. Mandatory Terms and Conditions.

All terms and conditions of annexation shall contain the following provisions:

- (a) The sale and delivery of all water by the District, regardless of the nature and time of use of such water, shall be subject to regulations promulgated from time to time by the District.
- (b) Except upon terms and conditions specifically approved by the Board, water sold and delivered by the District shall not be used in any manner which intentionally or avoidably results in the direct or indirect benefit of areas outside the District including use of such water outside the District or use thereof within the District in substitution for other water used outside the District.
- (c) No District water shall be sold or delivered to any member public agency for use, directly or indirectly, for agricultural purposes as defined in Section 4106 within the annexing area.
- (d) The District shall not be obligated to provide additional works or facilities, necessitated by the annexing area, for the delivery of water from works owned and operated by the District.

§ 3105. Waiver of Charges and Fee.

The processing and the annexation charges may be waived in cases where the Board itself requests a small annexation to prevent or close a "window" in an existing member public agency.

§ 3106. Cash Payment Requirement.

All annexation charges shall be paid in full in cash prior to completion of the annexation.

§ 3107. Water Use Efficiency Guidelines.

To the extent practicable, local water purveyors and owners of parcels, as appropriate, within an area for which a request for annexation is first considered by the Board after October 9, 1990, shall comply with the following:

(a) Annual water demand shall be minimized by incorporating water conservation measures into the development plans. Use of local groundwater, surface water, and reclaimed wastewater supplies shall be maximized to reduce demands on the District.

(b) Peak demands on the District shall be minimized by construction and operation of local storage and groundwater production facilities. In cases where the annexed area is served by an existing water delivery system, this provision may be satisfied by showing that these facilities will be added to the existing system.

(c) Reclaimed wastewater or other non-potable water shall be used on all golf courses; decorative lakes; and other landscaped areas exceeding one acre, including multi-family complexes, commercial and industrial developments, and similar areas. Reclaimed wastewater and other non-potable supplies shall be used for industrial processes and other suitable uses. If such supplies do not presently exist, a dual distribution system shall be constructed to accommodate such supplies when they become available in the future.

(d) "Best management practices" conservation measures, as identified by the District from time to time, shall be applied in all new and existing developments within the annexed area. At least one model home constructed in each new development within the annexed area shall demonstrate a water conserving landscape.

(e) Local storage, groundwater production capacity, system interconnections, and other measures shall be able to sustain a 7-day interruption in service from the District.

The member public agency within which the annexed area is located shall be responsible for assuring compliance with these provisions and shall report to the District regarding such compliance.

§ 3108. Expiration of Formal Terms and Conditions.

The formal terms and conditions established by the Board shall expire on December 31 of the year following the year in which the annexation receives formal terms and conditions. If the annexation is not completed, a new request in conformance with Section 3100 must be made. A one year extension of the formal terms and conditions may be granted by the Board if a request for the extension is made in writing by the member public agency prior to the annexation's expiration date. The request for extension of time shall include the following:

(1) Specific details as to why the annexation could not be completed;

(2) Resolution from the member public agency requesting an extension of time and reaffirmation of formal terms and conditions.

(3) Any changes that have occurred to the annexation area since formal terms and conditions were established;

(4) Payment of \$1,500 processing charge to cover the District's costs of handling the request for time extension unless waived by the Board;

(5) A certificate from the assessor of the county within which the area proposed to be annexed is situated setting forth the assessed valuation of each parcel included within the area;

(6) Any other information as may be requested by the District's General Manager.

MWD Administrative Code

Chapter 2

POLICIES RELATED TO ANNEXATIONS

§3200

Sec.

3200

Water Availability

3201

Annexation Criteria - Avoidance of Windows

§ 3200. Water Availability.

In treating with application for annexation as member public agencies the District will give its favorable consideration only to areas of sufficient size and water requirements to justify as economically feasible the delivery of aqueduct water. Preferably such areas should be so located as to control the entire production of water from local underground water basins affected.

§ 3201. Annexation Criteria - Avoidance of Windows.

An area proposed for annexation shall not, after annexation, leave an unannexed area entirely surrounded by area annexed to the District ("window") unless the Board finds that the District's interests will not be adversely affected by the existence of such window.

MWD Administrative Code

CHAPTER 3

FINANCIAL POLICIES RELATED TO ANNEXATIONS §3300

Sec.	
3300	Annexation Charge Computation
3301	Taxes for Past Annexations

§ 3300. Annexation Charge Computation.

Annexation Charge - The annexation charge for areas newly annexing to the District shall be the greater of the amounts computed under Sections 3300(a) and 3300(b):

(a) Back-Tax Computation - The annexing area shall be required to pay an amount that bears the same relation to total District taxes levied and annexation taxes to be levied (both exclusive of interest or adjusting factors) as the assessed valuation of the annexation area bears to the assessed valuation of the District, all data to be as of the August 31 preceding the year in which the annexation will be effective, and back interest to be simply calculated by multiplying the amount established as the bare back tax obligation by 5 percent and the resultant by half the number of years since taxes were first levied by the District.

(b) Per-acre Charge - The annexation charge per acre of land, other than land devoted to public roads, streets, highways, and freeways, to be paid by the annexing areas shall be determined ~~as follows:~~ by dividing the sum of the estimated replacement cost of the District's facilities and the unamortized participation rights in facilities of the State Water Project, less outstanding bonded indebtedness of the District's and the accumulated depreciation of facilities on the replacement cost basis by the total acreage within the service area of the District, all as of the end of the recently completed fiscal year.

~~(1) For annexations which have received informal or formal approval prior to July 14, 1992, including those annexations which have been exempted from this provision by the Board and shall be completed prior to June 30, 1993, the annexation charge per acre shall be an amount equal to the District's equity per acre, which for purposes of this section shall be determined by dividing the number representing the excess of the District's assets over liabilities as shown on the balance sheet at the end of the preceding fiscal year by the total acreage within the District's service area as determined by the General Manager as of the end of the preceding fiscal year, but not less than \$832 per acre.~~

~~(2) For annexations which have not received informal approval prior to July 14, 1992, or annexations which have received informal or formal approval prior to July 14, 1992, but will not be completed by June 30, 1993, the annexation charge per acre shall be determined by dividing the sum of the estimated replacement cost of the District's facilities and the unamortized participation rights in facilities of the State Water Project, less outstanding bonded indebtedness of the District's and the accumulated depreciation of facilities on the replacement cost basis by the total acreage within the service area of the District, all as of the end of the recently completed fiscal year.~~

ATTACHMENT B

MWD Administrative Code

§ 3100

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Annexation Charge - The annexation charge for areas newly annexing to the District shall be the greater of the amounts computed under Sections 3300(a) and 3300(b):

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