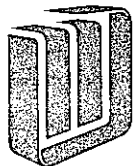


JUN -9 1992



MWD

Dorwin E. Duff
EXECUTIVE SECRETARY
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-8

May 26, 1992

To: Board of Directors (Executive Committee--Action)
(Special Committee on Legislation--Action)

From: General Manager and General Counsel

Subject: Senate Bill 2070 (Ayala--San Bernardino County)

Report

This bill would provide that the term water standby charge and the term water availability charge have the same meaning and would declare that this does not constitute a change in, but is declaratory of, existing law. The bill also contains an urgency clause, which means that the bill would become effective upon enactment.

Section 134.5 of the MWD Act authorizes the service charge and further authorizes the imposition of a standby charge as an alternative to the service charge. In dividing the \$50,000,000 charge between \$25,000,000 imposed upon the member public agencies and \$25,000,000 in the form of a standby charge imposed on land, the District is, in effect, converting 50 percent of the service charge to a standby charge consistent with Section 134.5.

In its present form, the bill is intended to prevent Metropolitan from dividing its \$50,000,000 firm revenue sources between a \$25,000,000 service charge and a \$25,000,000 standby charge. It is uncertain that this bill would necessarily frustrate the District's intent to divide the charge, although that is its apparent intent. If the bill were to become law in its present form, it could result in a loss of approximately \$25,000,000 in anticipated firm revenues since Metropolitan's Board would have no opportunity to combine the two charges as a single standby charge for 1992-1993 and would face undoubted political problems in abandoning the standby charge in favor of a single \$50,000,000 availability service charge.

Staff recommends that the Board oppose SB 2070, since it is essential that the sources of revenue for fiscal year 1992-1993 not be impaired. A copy of the bill is attached.

Board Committee Assignments

This letter is referred for action to:

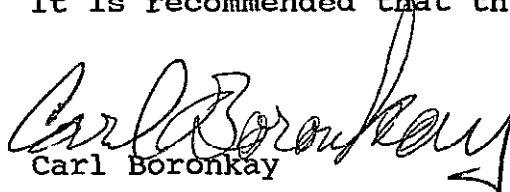
The Executive Committee because of its responsibility for legislation affecting the District, pursuant to Administrative Code Section 2417, subdivision (a); and

The Special Committee on Legislation because of its responsibility to review staff recommendations for a position on legislation that may affect the District, pursuant to Administrative Code Section 2581, subdivision (b).

Recommendation

EXECUTIVE COMMITTEE AND SPECIAL COMMITTEE ON LEGISLATION FOR ACTION.

It is recommended that the Board oppose SB 2070.


Carl Boronkay


Fred Vendig

JWM:gm
bdltr\SB2070.JWM

Attachment

Introduced by Senator Ayala

May 21, 1992

An act to add Chapter 3.7 (commencing with Section 389) to Division 1 of the Water Code, relating to water, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 2070, as introduced, Ayala. Water standby and availability charges.

Existing law authorizes various public entities to impose water standby or availability charges.

This bill would provide that a water standby charge and a water availability charge have the same meaning.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 3.7 (commencing with Section
2 389) is added to Division 1 of the Water Code, to read:

3
4 CHAPTER 3.7. WATER STANDBY AND AVAILABILITY
5 CHARGES

6
7 389. (a) Notwithstanding any other provision of law,
8 the term water standby charge and the term water
9 availability charge have the same meaning.

10 (b) Subdivision (a) does not constitute a change in
11 but is declaratory of existing law.

12 SEC. 2. This act is an urgency statute necessary for
13 the immediate preservation of the public peace, health,

1 or safety within the meaning of Article IV of the
2 Constitution and shall go into immediate effect. The facts
3 constituting the necessity are:

4 In order to clarify, as soon as possible, the meaning of
5 the terms water standby charge and water availability
6 charge, which charges are authorized to be imposed
7 under existing law, it is necessary that this act take effect
8 immediately.