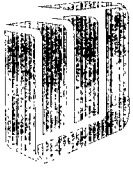


BOARD CHANGED TO AN "ACTION" ITEM. (See Board Minutes
of 8-20-92)

9-24



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

August 3, 1992

To: Board of Directors (Finance and Insurance Committee--Information)
(Water Problems Committee--Information)

From: General Manager

Subject: Procedures for Exempting Certain Real Property from the
District's Water Standby Charge

Report

In May 1992 your Board adopted Resolution 8367 imposing a water standby charge of \$5 per year per acre, or per parcel if less than an acre, on non-exempt real property within the District's service area, for fiscal year 1992-93. The resolution, among other things, also authorized the General Manager to act upon applications for exemption of certain lands from imposition of the water standby charge in accordance with the terms and conditions for exemption specified in the resolution. The resolution specified that the following types of lands should be exempted:

- 1) Lands owned by public agencies;
- 2) 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;
- 3) Lands which do not now and can not reasonably be expected to receive any benefit from the projects to which the proceeds of the water standby charge will be applied.
- 4) 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.

Approximately 200 requests for exemption were received by the Board's June 1, 1992, deadline (extended from the original April 7 deadline) which reduced the time available for processing exemptions by approximately 60 days. All of the requests were forwarded to the District's standby charge consulting firm, Reiter Lowry Consultants (RLC), to be researched and processed. RLC performed a detailed investigation of each request using planning maps, assessor parcel maps, land use plans and other means. RLC has returned a file on each request to the District and staff is in the process of reviewing the consultant's work. It is expected that the General Manager will make determinations on all exemption requests before the end of September.

The parcel data tapes required by the county assessors to place the District's parcel charge on property tax bills were due in to the counties either during July or by the first week in August and have all been submitted. Because of the extensive research and review required to evaluate and decide on the exemption requests, it was not possible to remove any parcels from the data tapes and still comply with the county deadlines. Therefore all property parcels, exempt and non-exempt, will be assessed the District's water standby charge.

It is proposed to handle the approved exemptions by issuing checks in the amount of the exemption to the affected property owners. In order not to inconvenience property owners who qualify for exemption, the checks will be issued prior to the time that the property tax payment is due. The District will issue a two-party check made out to the property owner and the appropriate county tax collector to insure that the check can only be used to pay the exempted charge. The property owner can include the District's check with his or her own check to pay the total property taxes and assessments owed. The District's cancelled check will serve as verification that the District honored the exemption. All exemption payments will be made to the property owner of record. Adjustments associated with changes in ownership will be handled through the escrow process of each particular sale.

Resolution 8367 also provides for establishment of an ad hoc committee of the Board to review and make recommendations to the Board on certain appeals made by property owners who have been denied exemption, with final determinations to be made by the Board. All property owners whose exemption requests are denied will be clearly notified of the opportunity to appeal. It will be explained that the request for appeal should be in writing to the District's Executive Secretary, who will make arrangements for the property owner to appear before the ad hoc committee.

The City of Los Angeles and the City of Santa Monica will be invoiced for the amount that would have been paid to the District if the water standby charges had been included on the property tax bills for real property within their boundaries. Payment will be collected in two equal installments due December 10, 1992, and April 10, 1993. RLC will provide the District with detailed and summarized parcel data establishing the charge for each city. Representatives of each city will be notified that this back-up data is available for their review and inspection.

Board Committee Assignments

This letter was referred to:

The Finance and Insurance Committee pursuant to its authority to determine revenues to be obtained through sales of water, water standby or availability of service charges, under Administrative Code Section 2441(e).

The Water Problems Committee pursuant to its authority to make determinations regarding water standby or availability of service charges under Administrative Code Sections 2481(e) and (f).

Recommendation

For information only.


Carl Boronkay

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39801 Finance and Insurance Committee Chairman Knauft moved, seconded by Water Problems Committee Chairman Barker and carried, establishing the procedures for exempting certain real property from Metropolitan's Water Standby Charge requiring the property owner to sign an agreement stating that if there is a need for Metropolitan's water at any time in the future, the owner will pay: (1) all prior years' charges; (2) a 10% penalty charge; and (3) interest charges; and that the aforementioned agreement will be recorded against the property as outlined in the General Manager's informational letter dated August 3, 1992; noting that if the property owners refuse to sign the agreement, the standby charge will appear on their tax bill.