



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

April 12, 1993

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

From: Assistant General Manager Richard W. Balcerzak

Subject: Senate Bill 591

Report

Senate Bill 591 (SB 591), introduced by Senator Art Torres on March 2, 1993, would authorize the San Gabriel Basin Water Quality Authority (WQA) to provide low-interest loans to assist small businesses that are potentially responsible for releasing hazardous contaminants into the Basin, in meeting their contaminant cleanup obligations. It would fund ten-year loans ranging from \$50,000 to \$1,000,000 through WQA assessments on San Gabriel Basin water rights.

This bill would adversely impact Metropolitan and other Basin water users by shifting cleanup costs to water consumers. These additional costs would double WQA's existing \$35 per acre-foot assessment authority for funding basin-wide cleanup costs. Based on its Basin water production rights of about 175 acre-feet per year (which represent only one-tenth of one percent of Basin water rights), Metropolitan could pay an additional maximum annual assessment to WQA of over \$6,100 per year for the SB 591 program.

The WQA has advised Senator Torres that while it supports the concept of assisting small businesses in meeting contamination cleanup obligations, the WQA is not structured to administer that type of program efficiently and could not adequately fund the programs estimated \$50 million costs, even with the additional assessment authority. Accordingly, WQA has requested Senator Torres to amend the bill so that it would be funded by State and federal sources and be administered by another entity such as the Small Business Administration.

Amendments have been proposed to remove the annual pumping right assessment from the San Gabriel Basin Water Quality Authority Act, reduce the minimum loan amount from \$50,000 to \$10,000, and allow the WQA to enter into contracts

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for the operation of the loan program. Metropolitan should support those amendments. However, it is not known how funding for the loan program would be arranged if it is not accomplished through an assessment fee. It is staff's recommendation that your Board take no position on SB 591 and support amendments to create an assessment fee or funding mechanism that does not negatively impact Metropolitan.

Board Committee Assignments

This letter is referred for information to:

The Executive Committee because it involves legislation which may affect the District, pursuant to Administrative Code Section 2417(a); and

The Special Committee on Legislation because it involves a legislative matter that may affect the District, pursuant to Administrative Code Section 2581(a).

Recommendation

For information only.


Richard W. Balcerzak

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