



**MWD**

*METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA*

June 13, 1994

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

From: General Manager

Subject: Assembly Bill 2210

Report

Last year Assemblyman Polanco introduced A.B. 2210 to require Metropolitan to prepare an annual report to the Legislature on the Capital Improvement Program. A.B. 2210 passed the Assembly and was in the Senate Agriculture and Water Committee. On May 31, 1994, Assemblyman Polanco amended and struck the original subject of the bill.

A.B. 2210 as now amended would require Metropolitan to meet prescribed goals regarding MBE/WBE expenditures. The goals would be the same as the Statewide goals of not less than 15 percent for minority business enterprises, not less than 5 percent for women business enterprises, and not less than 3 percent for disabled veteran business enterprises.

In September 1992 the Board adopted the following policy: "It is the declared policy of the Metropolitan Water District of Southern California to implement a program that will aid, counsel and assist, insofar as is legally permissible, the participation of minority and women-owned business enterprises in contracts for Metropolitan properties, facilities and services. (MWD Administrative Code - Section 8300, Chapter 3)." In October 1992 the Board approved contracting targets of 12 percent for minority-owned businesses and 3 percent for women-owned businesses. That figure is consistent with targets established by other public agencies and utilities. The targets serve as a guide to the establishment of policies and practices designed to encourage voluntary cooperation of vendors, contractors and others.

In January 1994 the General Manager formalized the Business Outreach Program with the establishment of the Office of Diversity in the General Manager's Office and increased staff to manage and operate the program. A Business Outreach Program Policy and Procedures Manual was completed in January 1994, and a training program has been initiated. Major

components of those efforts are goal-setting by project, breaking up of large projects into small projects to maximize minority participation where practical, providing assistance with insurance and bond requirements for MBE/WBE firms, establishment of advertising, and solicitation and certification requirements. During the first three quarters of FY 93-94, 6.6 percent of contracts have been awarded to MBE firms and 12.4 percent to WBE firms, compared respectively to 6 percent for MBE firms and 6.0 percent for WBE firms during FY 1992-93.

Metropolitan is committed to increasing the amount of dollars as well as number of contracts awarded to MBE/WBE firms. Its aggressive pursuit of the current policy and increase in percentage of all contracts awarded is indicative of that commitment. Staff intends to meet with the author of A.B. 2210 and others as appropriate to discuss Metropolitan's progress toward achieving MBE/WBE goals and plans for the future. However, A.B. 2210 as amended would remove the flexibility of a locally controlled program to increase contracts awarded to MBE and WBE firms and staff recommends that Metropolitan oppose A.B. 2210 as proposed.

#### Board Committee Assignment

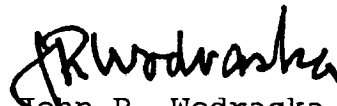
This letter is referred for action to:

The Committee on Legislation because of its jurisdiction to review and make recommendations based upon presentations of the General Manager regarding proposals for State Legislation or amendments, thereto, pursuant to Administrative Code Section 2491, subdivision (a).

#### Recommendation

#### **COMMITTEE ON LEGISLATION FOR ACTION**

It is recommended that Metropolitan oppose A.B. 2210 as it proposes a State mandate and removes local flexibility to address the need to increase contracts awarded to MBE/WBE firms.

  
John R. Wodraska

AEB:ng

AMENDED IN SENATE MAY 31, 1994  
 AMENDED IN SENATE JUNE 29, 1993  
 AMENDED IN ASSEMBLY APRIL 26, 1993

CALIFORNIA LEGISLATURE—1993-94 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2210**

Introduced by Assembly Member Polanco

March 5, 1993

*An act to add Section 131.3 to the Metropolitan Water District Act (Chapter 209 of the Statutes of 1969), relating to An act to add Section 21565.2 to the Public Contract Code, relating to metropolitan water districts.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2210, as amended, Polanco. Metropolitan water districts.

(1) The Metropolitan Water District Act prescribes the powers and purposes of a metropolitan water district formed pursuant to that act. Existing law prescribes various requirements that apply to contracts entered into by a metropolitan water district.

This bill would require the board of a district, on or before April 30, 1994, to prepare and submit to the Legislature a prescribed report on the projects and facilities that are part of the capital improvement program or any other facilities/development program undertaken, or to be undertaken, by that district. The bill would impose a state/mandated local program by imposing additional duties on a district. The bill would make legislative findings and declarations relating to the Metropolitan Water District of Southern California contracts awarded by a metropolitan water district for certain purposes to have prescribed

statewide participation goals, thereby imposing a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates which do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. The Legislature finds and declares as  
 2 SECTION 1. Section 21565.2 is added to the Public  
 3 Contract Code, to read:  
 4 21565.2. Notwithstanding any other provision of law,  
 5 contracts awarded by a metropolitan water district for  
 6 construction, professional services, materials, supplies,  
 7 equipment, alteration, repair, or improvement shall have  
 8 statewide participation goals of not less than 15 percent  
 9 for minority business enterprises, not less than 5 percent  
 10 for women business enterprises, and not less than 3  
 11 percent for disabled veteran business enterprises. These  
 12 goals apply to the overall dollar amount expended each  
 13 year by the awarding district.  
 14 follows:  
 15 (a) The Metropolitan Water District of Southern  
 16 California is investing in new facilities through its capital  
 17 improvement program to provide adequate water  
 18 supplies for existing and future customers. It is  
 19 inappropriate for the district to impose rate increases or

1 other charges on existing customers to the extent those  
 2 increases offset the costs of providing facilities and  
 3 services for future customers as part of the capital  
 4 improvement program or similar programs that the  
 5 district may implement.

6 (b) The existing customers of urban water agencies  
 7 should not be expected to subsidize new water storage,  
 8 water treatment, or water distribution facilities  
 9 constructed to significantly increase water deliveries for  
 10 new or future water users occupying land parcels not  
 11 already served by public water agencies.

12 (c) The Metropolitan Water District of Southern  
 13 California is conducting a financial structure study that  
 14 will include a proposal for a revised rate structure and  
 15 other revenue sources. The revised financial structure  
 16 will be available for implementation in the 1994/95 fiscal  
 17 year. The intent of the study is to develop a structure that  
 18 achieves all of the following objectives:

- 19 (1) The generation of required revenues.
- 20 (2) Year-to-year revenue stability.
- 21 (3) Payment by new customers of the fair share of the  
 22 cost of serving those customers, which may require the  
 23 imposition of a capacity fee.
- 24 (4) The maintenance of favorable credit ratings.
- 25 (5) The minimization of "rate shock."
- 26 (6) Simplicity in the administration and  
 27 implementation of the rate structure.
- 28 (7) Equity in rates for the different service classes.
- 29 (8) Flexibility in the operation of the Metropolitan  
 30 Water District of Southern California system.
- 31 (9) Provides regional water resource management  
 32 incentives.
- 33 (10) Encourages water conservation.

34 SEC. 2. Section 134.3 is added to the Metropolitan  
 35 Water District Act (Chapter 209 of the Statutes of 1969);  
 36 to read:

37 134.3. (a) On or before April 30, 1994, the board of a  
 38 district shall prepare and submit a report to the  
 39 Legislature on the projects and facilities that are part of  
 40 the capital improvement program or any other

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1 facilities/development program undertaken, or to be  
2 undertaken, by that district.

3 (b) The board of a district shall include in the report  
4 all of the following:

5 (1) The cost of each facility and project.

6 (2) The portion of each facility that is required to  
7 serve water users served by the district prior to January  
8 1, 1994.

9 (3) The portion of each facility that is required to  
10 serve water users who have not been served by the  
11 district prior to January 1, 1994.

12 (4) A proposal to allocate the costs of that portion of  
13 each facility that is designed, required, or intended to  
14 serve future users solely to those future users.

15 **SEC. 2.**

16 **SEC. 2.** Notwithstanding Section 17610 of the  
17 Government Code, if the Commission on State Mandates  
18 determines that this act contains costs mandated by the  
19 state, reimbursement to local agencies and school  
20 districts for those costs shall be made pursuant to Part 7  
21 (commencing with Section 17500) of Division 4 of Title  
22 2 of the Government Code. If the statewide cost of the  
23 claim for reimbursement does not exceed one million  
24 dollars (\$1,000,000), reimbursement shall be made from  
25 the State Mandates Claims Fund. Notwithstanding  
26 Section 17580 of the Government Code, unless otherwise  
27 specified in this act, the provisions of this act shall become  
28 operative on the same date that the act takes effect  
29 pursuant to the California Constitution.

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