

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

December 5, 1994

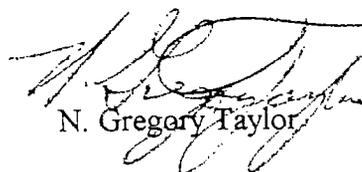
To: Board of Directors

From: General Counsel

Subject: **Form of Resolution Requesting Metropolitan to Impose Standby Charges**

In the materials for the special meeting of the Board of Directors on December 6, 1994, we included the memorandum, "Authorization of the New Rate Structure" and a form of Resolution of your Board giving notice of its intention to impose the Readiness-to-Serve Charge. These materials were discussed with member agency managers at a meeting on November 28, 1994. Several of the member agency managers requested that Metropolitan provide a form of resolution to be adopted by their governing bodies, requesting Metropolitan to impose its standby charge as a mechanism for collecting the Readiness-to-Serve Charge.

Attached is draft form of such a resolution. Any resolution or ordinance incorporating substantially the provisions of the attachment would be satisfactory to Metropolitan. **Because of the different legal authorities under which the governing bodies of the various member agencies are incorporated and varying procedures under which they operate, we anticipate that resolutions adopted by your governing bodies will vary. The attached form of resolution should be reviewed by your legal counsel and may be modified to incorporate additional legal requirements or to conform with procedures applicable to your agency.**



N. Gregory Taylor

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Encls.

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

RESOLUTION \_\_\_\_\_

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**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA  
GIVING NOTICE OF INTENTION TO IMPOSE  
NEW DEMAND CHARGE**

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WHEREAS, at its meeting on December 14, 1993, the Board of Directors ("Board") of The Metropolitan Water District of Southern California ("Metropolitan") approved the rate structure and additional revenue sources described in the Board letter on the Financial Structure Study dated December 1, 1993, including a new demand charge, with implementation of these charges to begin in fiscal year 1995-96;

WHEREAS, the amount of revenue to be raised by the new demand charge shall be as determined by the Board and allocation of such charge among member public agencies shall be in accordance with the method established by the Board;

WHEREAS, Metropolitan has legal authority to impose such new demand charge as a water rate pursuant to Section 134 of the Metropolitan Water District Act, as a capital facilities fee pursuant to Section 54999.2 of the California Government Code and as an availability of service charge pursuant to Section 134.5 of the Metropolitan Water District Act;

WHEREAS, under authority of Sections 133 and 134 of the Metropolitan Water District Act, the Board has the authority to fix the rate or rates for water as will result in revenue which, together with other revenues, will pay Metropolitan's operating expenses and provide for payment of other costs, including payment of the interest and principal of Metropolitan's bonded debt;

WHEREAS, pursuant to Resolution 8329, adopted by the Board on July 9, 1991, proceeds of the readiness-to-serve charge, new demand charge and other revenues from the sale or

availability of water are pledged to the payment of Metropolitan's outstanding revenue bonds;

WHEREAS, under authority of Government Code Section 54999.2 Metropolitan may impose a capital facilities fee to pay the capital cost of facilities for the provision of water service;

WHEREAS, the new demand charge is intended to recover the debt service of expenditures for projects needed to satisfy anticipated new demands on Metropolitan; and

WHEREAS, under authority of Section 134.5 of the Metropolitan Water District Act, an availability of service charge may be collected from the member public agencies within Metropolitan;

NOW, THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

**Section 1.** That the public interest and necessity require Metropolitan to develop firm net revenues, exclusive of ad valorem property taxes, through imposition of a new demand charge on all sales representing new demands on Metropolitan, as described below, to be collected from Metropolitan's member public agencies.

**Section 2.** That such new demand charge should be in an amount sufficient to provide for payment of the debt service, not paid from ad valorem property taxes, of capital expenditures for projects needed to serve anticipated increases in demands on Metropolitan.

**Section 3.** That such new demand charge for 1995-96 shall be a water rate of \$1,000 per acre foot for all new demands by a member agency on Metropolitan, determined as provided in Section 8 below.

**Section 4.** That in the alternative, and without duplication, the new demand charge shall be a capital facilities fee in the amount of \$1,000 per acre foot of new demand on Metropolitan, determined as provided in Section 8 below.

**Section 5.** That this Board finds that the proposed new demand charge is necessary for the purpose of financing construction costs of public utility facilities furnished by Metropolitan, and does not exceed the proportionate share of the cost of the public utility facilities of benefit to each person or property being charged, based upon the proportionate share of use of those facilities.

**Section 6.** That in the alternative, and without duplication, the new demand charge shall be an availability service charge pursuant to Section 134.5 of the Metropolitan Water District Act.

**Section 7.** That notice is hereby given to the public and to each member public agency of The Metropolitan Water District of Southern California of the intention of Metropolitan's Board to consider and take action at its regular meeting to be held March 13, 1995, on the General Manager's recommendation to impose a new demand charge of \$1,000 per acre foot of water on all sales representing new demands on Metropolitan in fiscal year 1995-96.

**Section 8.** That a member agency shall impose new demands on Metropolitan for purposes of calculating the new demand charge when the average of its purchases from Metropolitan in the immediately preceding four fiscal years exceed such member agency's new demand charge base.

**Section 9.** That each member agency's new demand charge base, determined by Metropolitan according to average quantities of water purchased by such member agency from Metropolitan in a historic period, are as follows:

**Proposed New Demand Charge Base**

<u>Member Agency</u>	<u>Base Amount (AF)</u>
Anaheim	24,943
Beverly Hills	13,614
Burbank	20,446
Calleguas MWD	99,025
Central Basin MWD	115,834
Chino Basin MWD	76,265
Coastal MWD	41,441
Compton	4,849
Eastern MWD	55,858
Foothill MWD	9,610
Fullerton	12,261
Glendale	25,683
Las Virgenes MWD	18,525
Long Beach	42,539
Los Angeles	358,504
MWD of Orange Co.	243,828
Pasadena	22,638
San Diego CWA	552,047
San Fernando	903
San Marino	1,287
Santa Ana	15,840
Santa Monica	8,889

Three Valleys MWD	69,664
Torrance	20,139
Upper San Gabriel MWD	71,889
West Basin MWD	167,187
Western MWD of Riverside Co.	77,260
<b>TOTAL</b>	<b>2,170,978</b>

**Section 10.** That this Board finds and determines that such new demand charge base is a reasonable approximation of each member agency's current demands on Metropolitan's system.

**Section 11.** That upon payment of any new demand charge by a member agency, that member agency's new demand charge base shall be increased by an amount equal to the quantity of water on which the new demand charge was paid.

**Section 12.** That the new demand charge shall be due and payable within sixty days following Metropolitan's determination that a member agency's historic average deliveries of Metropolitan water in the immediately preceding four-year period have exceeded such member agency's new demand charge base.

**Section 13.** That such new demand charge be paid, without penalty, in equal monthly installments over a period of up to fifteen (15) years, provided that amounts subject to deferred payment shall bear interest at a rate determined by Metropolitan, which shall be equal to Metropolitan's cost of funds at the time of such determination, from the date due until payment is received by Metropolitan.

**Section 14.** That the new demand charge and the new demand charge base for each member public agency, the method of its calculation, and the project costs, cost allocations and other data used in its determination are as specified in the Nexus Study attached as Exhibit A to this Resolution. The Nexus Study is on file and available for review by interested parties at Metropolitan's headquarters.

**Section 15.** That the General Manager and the General Counsel are hereby authorized to do all things necessary and desirable to accomplish the purposes of this Resolution, including, without limitation, the commencement or defense of litigation.

**Section 16.** That this Board finds that the proposed new demand charge is exempt from the provisions of the California Environmental Quality Act (CEQA) since it constitutes a rate or charge which is for the purposes of meeting operating expenses; purchasing or leasing supplies,

equipment or materials; meeting financial reserve needs and requirements; and obtaining funds for capital projects necessary to maintain service within existing service areas, or for projects which have or will have CEQA documentation in place prior to construction of any facility or facilities; and, additionally, since it constitutes the creation of government funding mechanisms which do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Section 17.** That the General Manager is hereby authorized and directed to take all necessary action to satisfy relevant statutes requiring notice by publication.

**Section 18.** That the Executive Secretary is hereby directed to transmit a certified copy of this Resolution to the presiding officer of the governing body of each member public agency.

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on January 10, 1995.

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Executive Secretary  
The Metropolitan Water District  
of Southern California

DRAFT

[MEMBER AGENCY]

RESOLUTION [\_\_\_\_]

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**RESOLUTION OF THE [GOVERNING BODY]  
OF [MEMBER AGENCY] REQUESTING  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
TO IMPOSE ITS STANDBY CHARGE FOR FISCAL YEAR 1995-96**

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WHEREAS, at its meeting on December 14, 1993, the Board of Directors ("Board") of The Metropolitan Water District of Southern California ("Metropolitan") approved the rate structure and additional revenue sources described in the Board letter on the Financial Structure Study dated December 1, 1993, including a readiness-to-serve charge, with implementation of these charges to begin in fiscal year 1995-96;

WHEREAS, at its meeting on January 10, 1995, such Board adopted Resolution \_\_\_\_\_, giving notice of its intention to impose a readiness-to-serve charge;

WHEREAS, certain member public agencies of Metropolitan have requested the option to provide collection of all or a portion of their readiness-to-serve charge obligation through a Metropolitan water standby charge imposed on parcels within those member agencies;

WHEREAS, Metropolitan is willing to comply with the requests of member public agencies opting to have Metropolitan levy water standby charges within their respective territories, on the terms and subject to the conditions contained in Resolution \_\_\_\_\_;

WHEREAS, Resolution \_\_\_ requires that any member public agency which requests collection of all or a portion of its readiness-to-serve charge obligation by a Metropolitan water standby charge imposed upon land within its service area to which water is made available by Metropolitan for any purpose shall do so by furnishing to Metropolitan (Attn.: Director of Finance) not later than March 1, 1995, a certified copy of a Resolution of its governing body electing such option.

NOW, THEREFORE, the [Governing Body] of [Member Agency] does hereby resolve, determine and order as follows:

**Section 1.** That [Member Agency] has received, and hereby acknowledges, notice of the intention of Metropolitan's Board to consider and take action at its regular meeting to be held March 13, 1995, on the General Manager's recommendation to impose a readiness-to-serve charge for fiscal year 1995-96.

**Section 2.** That the amount of the readiness-to-serve charge proposed to be imposed on [Member Agency] for fiscal year 1995-96 is \$\_\_\_\_\_.

**Section 3.** That this [Governing Body] requests that such readiness-to-serve charge be raised by a Metropolitan water standby charge imposed upon land within [Member Agency's] service area to which water is made available by Metropolitan for any purpose, whether the water is actually used or not.

**Section 4.** That the rate of such standby charge per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report attached to Resolution \_\_\_\_\_, shall not exceed the amount of Metropolitan's 1994-95 standby charge for [Member Agency].

**Section 5.** That such water standby charge, if imposed by Metropolitan, shall be collected on the tax rolls, together with the ad valorem property taxes which are levied by Metropolitan for the payment of pre-1978 voter approved indebtedness. Any amounts so collected shall be applied as a credit against [Member Agency's] obligation to pay a readiness-to-serve charge.

**Section 6.** That [Member Agency] hereby agrees to pay any portion of its readiness-to-serve charge, as specified in Section 2 above, not collected through net standby charge collections to Metropolitan not later than June 30, 1996.

**Section 7.** That this [Governing Body] hereby authorizes and directs the [clerk] of [Member Agency] to furnish a certified copy of this Resolution to Metropolitan (Attn.: Director of Finance) not later than March 1, 1995.

**Section 8.** That [Member Agency] hereby agrees to all the terms and conditions of Resolution \_\_\_\_\_, a copy of which is attached hereto and incorporated by reference.

**Section 9.** That the [General Manager] and the [General Counsel] are hereby authorized to do all things necessary and desirable to accomplish the purposes of this Resolution.

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