

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

9-15

March 31, 1995

APPROVED *

By the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

To: Board of Directors (Committee on Legislation--Information)
From: General Manager
Subject: Assembly Bill 318 (Katz--Sylmar) Cities: Water and Power Rates

APR 11 1995

Karen E. Deff
EXECUTIVE SECRETARY

Report

AB 318, introduced by Assemblyman Richard Katz (Sylmar) limits the rates which may be charged by an agency of an incorporated city that acquires, transports, treats, stores and delivers water, or water and power, at retail (a "municipal water and power agency").

This bill provides that a municipal water and power agency may impose rates for two purposes only: (i) to generate sufficient revenues to pay the direct and indirect costs, including administrative costs, of transporting, treating, storing and delivering water, or water and power, and (ii) to pay the costs of capital programs, including design and construction of new conservation or recycling projects. If rates are imposed for other purposes, or if funds derived from rates are used for other purposes, the Legislature is required to reduce any appropriation of general funds to the incorporated city containing the municipal water and power agency. The reduction is required to equal the amount of funds applied for other purposes or generated by unauthorized rates.

This bill appears to be targeted at the Department of Water and Power of the City of Los Angeles and the city's long-standing practice of transferring DWP funds to the city general fund. In the 1994 budget a transfer of \$180 million covered the costs of police overtime, the hiring of additional officers and other city expenses.


*Board took action and voted to oppose AB 318.

Recommendation

For information only.

John R. Wodraska
General Manager

Submitted by:


Lambertus H. Becker
Chief Financial Officer

Concur:


John R. Wodraska
General Manager

SBB:gm
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Attachment

CALIFORNIA LEGISLATURE—1995-96 REGULAR SESSION

ASSEMBLY BILL**No. 318**

Introduced by Assembly Member Katz

February 9, 1995

An act to add Sections 113 and 114 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 318, as introduced, Katz. Cities: water and power: rates.

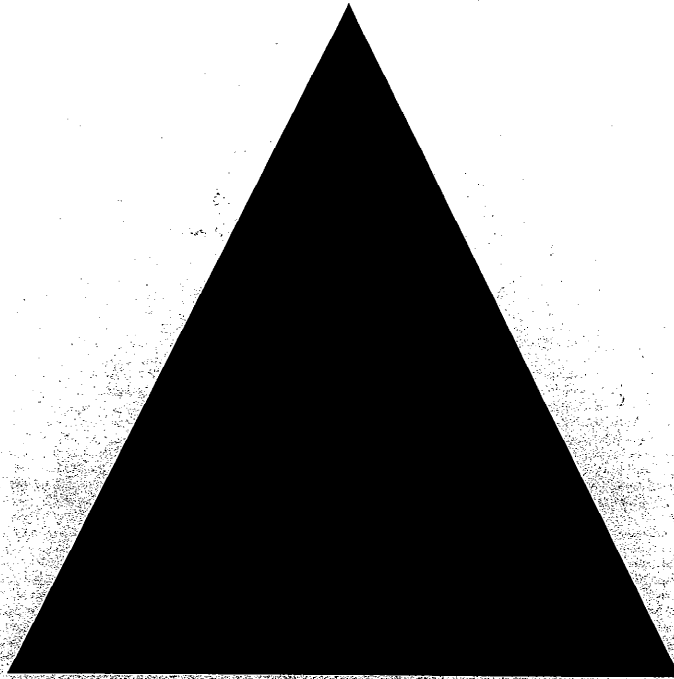
Existing law authorizes municipal corporations to establish and operate public works to furnish their inhabitants with water and power.

This bill would limit the rates that may be charged by a municipal water and power agency, as defined, to an amount that generates sufficient revenue to pay the **direct and indirect costs** of acquiring, transporting, treating, storing, and delivering water, or water and power, including the cost of administration, and the cost of capital outlay programs, and would prohibit a municipal water and power agency from using funds generated by water or power rates for anything unrelated to the agency's powers and purposes. The bill would provide that the Legislature shall reduce, by a specified amount, general funds appropriated to the incorporated city of which a municipal water and power agency is a part if that agency violates the rate limitations prescribed by the bill.

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

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