



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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

41406

7-8

MAY - 9 1995

Baren E. Duff
EXECUTIVE SECRETARY

April 25, 1995

To: Board of Directors (Committee on Legislation--Action)
From: General Manager
Subject: SB 369 (Kelley--San Diego) Amendment of County Water Authority Act

RECOMMENDATION:

It is recommended that your Board support SB 369, amending the County Water Authority Act to delete its requirement for voter approval of leases, installment purchase agreements and other contracts payable over a term of more than twenty years.

John R. Wodraska
General Manager

Submitted by:

Timothy H. Quinn

Timothy H. Quinn
Deputy General Manager

Concur:

JR Wodraska
John R. Wodraska
General Manager

(bdltr\sb369.doc)

EXECUTIVE SUMMARY:

SB 369 would remove the county water authority act's requirement that leases, installment purchase agreements and other contracts payable over more than 20 years be approved by the voters. Staff recommends support for SB 369.

DETAILED REPORT:

SB 369, introduced by Senator Kelley (San Diego), proposes to amend the County Water Authority Act to delete the existing requirement for voter approval of leases, installment purchase agreements and other contracts payable over a term of more than twenty years. This requirement has prevented the San Diego County Water Authority from entering into long-term leases or issuing certificates of participation with more than a twenty-year term. By comparison, maturities of thirty years are common for similar obligations of other tax-exempt issuers in California.

The amendment proposed in SB 369 would give county water authorities the same ability to enter into long-term contracts which is currently available to most other local agencies in California.

Staff recommends that your Board support SB 369.

SENATE BILL

No. 369

Introduced by Senator Kelley

February 14, 1995

An act to amend Section 8 of the County Water Authority Act (Chapter 545 of the Statutes of 1943), relating to county water authorities.

LEGISLATIVE COUNSEL'S DIGEST

SB 369, as introduced, Kelley. County water authorities: indebtedness.

Under existing law, voter approval, as specified, is required for a county water authority to incur indebtedness involving a proposal to purchase, lease, or otherwise acquire rights, privileges, or services by contract, the compensation for which is required to be payable over a period of time exceeding 20 years.

This bill would delete that requirement.

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

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

- 1 SECTION 1. Section 8 of the County Water Authority
2 Act (Chapter 545 of the Statutes of 1943) is amended to
3 read:
4 Sec. 8. (a) An authority may incur indebtedness by
5 contract other than by voting bonds or expenditure of
6 bond proceeds up to a total amount equal to one-tenth of
7 1 percent of the assessed valuation, as defined in Section
8 135 of the Revenue and Taxation Code, or as other wise

1 hereafter defined by an act of the Legislature, of property
2 taxable for authority purposes by a vote of three-fourths
3 or more of the aggregate number of votes of all members
4 of the board of directors. Any proposal to incur an
5 indebtedness in excess of an amount equal to one-tenth
6 of 1 percent of the assessed valuation, as defined in
7 Section 135 of the Revenue and Taxation Code, or as
8 otherwise hereafter defined by an act of the Legislature,
9 of property taxable for authority purposes by contract
10 other than by voting bonds or expenditure of bond
11 proceeds, ~~and any proposal to purchase, lease, or~~
12 ~~otherwise acquire rights, privileges, or services by~~
13 ~~contract, the compensation for which shall be payable~~
14 ~~over a period of time exceeding 20 years,~~ shall be
15 submitted to the qualified electors of the authority for
16 their approval and shall be voted upon at an election
17 where the proceedings are held, insofar as applicable, in
18 the manner provided in this act for the authorization and
19 issuance of the bonds of the authority, except that the
20 vote of a majority of the electors voting upon the
21 proposition shall be sufficient to authorize the incurring
22 of the indebtedness. Notice of the election shall contain,
23 in addition to the information required in the case of bond
24 elections, a statement of the maximum amount of money
25 to be paid under the contract, exclusive of penalties and
26 interest, for what purposes the money is to be expended,
27 and the property, improvements, works, rights,
28 privileges, or services to be acquired thereby. The ballots
29 at the election shall contain a brief statement of the
30 general purposes of the contract and the amount of the
31 obligation to be assumed, with the words "Contract-Yes"
32 and "Contract-No." The board of directors may submit
33 the contract or proposed contract to the superior court of
34 the county where the authority is located to determine
35 the validity thereof and the legal authority of the board
36 to enter into the contract, with the same proceedings to
37 be held as held as provided in this act in the case of the
38 judicial determination of the validity of bonds issued
39 pursuant to this act and with like effect.

1 (b) If a proposition to consider the issuance of revenue
2 bonds under the Revenue Bond Law of 1941 (Chapter 6
3 (commencing with Section 54300) of Part 1 of Division 2
4 of Title 6 of the Government Code) has been submitted
5 to the qualified voters of an authority at an election held
6 for that purpose and received the affirmative vote of a
7 majority of the electors voting upon the proposition and,
8 therefor, constitutes authority to issue revenue bonds
9 under the Revenue Bond Law of 1941, the authority may,
10 in lieu of issuing those revenue bonds, incur an
11 indebtedness by contract, in addition to the indebtedness
12 authorized by subdivision (a), in an amount, excluding
13 penalties and interest, up to the amount authorized by
14 and for the purpose authorized by the revenue bond
15 proposition. The indebtedness shall be payable over a
16 period of not to exceed 30 years, as provided in the
17 resolution of the board of directors.

18 (c) If a contract of indebtedness incurred pursuant to
19 subdivision (b) is repaid in full because construction of
20 the project approved by the electorate was not
21 commenced due to administrative, court, or other delays,
22 resulting in failure to obtain necessary governmental
23 permits, an authority may incur a second contract of
24 indebtedness pursuant to subdivision (b) to fund
25 construction of the project. The second indebtedness
26 shall not exceed the amount authorized by the
27 proposition approved by the electorate as provided in
28 subdivision (b).