

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

RESOLUTION 8488

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
GIVING NOTICE OF INTENTION TO IMPOSE
READINESS-TO-SERVE CHARGE**

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, providing firm revenue sources is a primary goal of such revenue structure;

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

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

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 and other revenues from the sale or availability of water are pledged to the payment of Metropolitan’s outstanding revenue bonds issued and to be issued pursuant to Resolution 8329;

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 readiness-to-serve charge is intended to recover the debt service, not paid from taxes, of expenditures for projects needed to meet the reliability and quality needs of existing users of Metropolitan's water;

WHEREAS, under authority of Section 134.5 of the Metropolitan Water District Act, a readiness-to-serve charge imposed as an availability of service charge may be collected from the member public agencies within Metropolitan, or may be imposed as the standby charge against individual parcels within Metropolitan;

WHEREAS, under such authority, the water standby charge may be imposed on each acre of land or each parcel of land less than an acre within Metropolitan to which water is made available for any purpose by Metropolitan, whether the water is actually used or not;

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 may fix different standby charge rates for parcels situated within different member public agencies, and 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 herein; and

WHEREAS, the provisions of the Uniform Standby Charge Procedures Act (USCPA), sections 54984-54984.9 of the Government Code, are available to any local agency authorized by law to provide water or water service, and authorized to fix, levy, or collect any standby or availability charge or assessment in connection with the provision of that service.

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 the District to develop a reliable source of revenues less susceptible to seasonal and annual variation, through imposition of a readiness-to-serve charge to be collected from the District's member public agencies.

Section 2. That said readiness-to-serve 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 meet the reliability and quality needs of existing users of the District's water.

Section 3. That such readiness-to-serve charge for July 1, 1996 through December 31, 1996, shall be a water rate equal to \$36.85 per acre-foot, and for January 1, 1997 through and including June 30, 1997 shall be a water rate equal to \$47.44 per acre-foot, which shall be charged on a historic basis for each acre-foot of water included in Metropolitan's average water deliveries to its member agencies for the two-fiscal year period ending June 30, 1995. The aggregate readiness-to-serve charge for the period from July 1, 1996 through and including December 31, 1996 shall be \$28,000,000, and for January 1, 1997 through and including June 30, 1997 shall be \$36,050,000.

Section 4. That in the alternative, and without duplication, the readiness-to-serve charge for the period from July 1, 1996 through and including December 31, 1996 shall be a capital facilities fee in the aggregate amount of \$28,000,000, and for January 1, 1997 through and including June 30, 1997 shall be a capital facilities fee in the aggregate amount of \$36,050,000, which shall be allocated as provided in Section 8 below.

Section 5. That this Board finds that the proposed readiness-to-serve 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, as shown in the attached Engineer's Report.

Section 6. That in the alternative, and without duplication, the readiness-to-serve 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 12, 1996, on the General Manager's recommendation to impose a readiness-to-serve charge for fiscal year 1996-97.

Section 8. That the readiness-to-serve charge shall be allocated among the member public agencies in proportion to the average of Metropolitan water sales (in acre-feet) to each member public agency initially during the past two-fiscal year period ending June 30, 1995. Long-term seasonal storage service, cyclic storage, and direct groundwater replenishment deliveries and water taken under the one-time drought storage agreement, Cooperative Storage Program through April 12, 1994 and 1993 Demonstration Program will be subtracted from the water sales calculation in the past two fiscal year period ending June 30, 1995. Long-term seasonal storage service water is defined as water that a member public agency leaves in storage past the end of the fiscal year through avoided production

during a period of availability (normally October 1 through April 30). Metropolitan sales of reclaimed water under the Local Projects Program and groundwater under the Groundwater Recovery Program are not included in the readiness-to-serve charge water sales calculation. The allocation of the readiness-to-serve charge among member agencies is based on sales data recorded by Metropolitan and shall be conclusive in the absence of manifest error.

The amount of the readiness-to-serve charge proposed to be imposed on each member agency for fiscal year 1996-97 is as follows:

PROPOSED 1996-97 READINESS-TO-SERVE CHARGE

Member Agency	Acre-Feet	RTS Share	RTS Charge-- 6 months of \$56.0 million	RTS Charge-- 6 months of \$72.1 million	Total RTS Charge
Anaheim	16,782	1.10%	309,197	398,091	707,288
Beverly Hills	12,728	0.84%	234,505	301,925	536,429
Burbank	17,588	1.16%	324,047	417,210	741,257
Calleguas	85,036	5.60%	1,566,730	2,017,165	3,583,895
Central Basin MWD	65,355	4.30%	1,204,121	1,550,306	2,754,427
Chino Basin MWD	32,958	2.17%	607,229	781,807	1,389,035
Coastal	39,090	2.57%	720,206	927,266	1,647,472
Compton	3,986	0.26%	73,439	94,553	167,992
Eastern	48,708	3.21%	897,411	1,155,417	2,052,829
Foothill	7,259	0.48%	133,742	172,193	305,935
Fullerton	7,251	0.48%	133,595	172,003	305,598
Glendale	26,456	1.74%	487,434	627,571	1,115,004
Las Virgenes MWD	17,510	1.15%	322,610	415,360	737,970
Long Beach	42,539	2.80%	783,752	1,009,081	1,792,832
Los Angeles	215,438	14.18%	3,969,297	5,110,470	9,079,767
MWDOC	168,986	11.12%	3,113,451	4,008,568	7,122,019
Pasadena	10,691	0.70%	196,974	253,604	450,579
San Diego CWA	390,666	25.71%	7,197,753	9,267,107	16,464,859
San Fernando	138	0.00%	2,543	3,274	5,816
San Marino	1,327	0.09%	24,449	31,478	55,927
Santa Ana	11,917	0.78%	219,563	282,687	502,249
Santa Monica	4,652	0.31%	85,710	110,352	196,061
Three Valleys MWD	57,666	3.79%	1,062,456	1,367,913	2,430,369
Torrance	20,311	1.34%	374,216	481,803	856,020
Upper San Gabriel	7,529	0.50%	138,717	178,598	317,314
West Basin MWD	155,531	10.23%	2,865,552	3,689,398	6,554,950
Western MWD	51,633	3.40%	951,303	1,224,802	2,176,105
MWD	1,519,731	100.00%	\$28,000,000	36,050,000	64,050,000

Section 9. That the allocation of the readiness-to-serve charge among member agencies set forth in Section 8 above is consistent with the per-acre-foot water rates imposed pursuant to Section 3 above.

Section 10. That it is the intent of the Board that:

(a) For fiscal years 1996-97 and 1997-98, a member public agency's readiness-to-serve allocation will be based on the average of Metropolitan water deliveries to each member public agency during the two fiscal years prior to the most recent fiscal year then ended (i.e., for fiscal year 1996-97, the two-year period ending June 30, 1995; and for 1997-98, the two-year period ended June 30, 1996) .

(b) For fiscal year 1998-99, a member public agency's readiness-to-serve allocation will be based on the average of Metropolitan water deliveries to each member public agency during the past three fiscal year period ending June 30, 1997.

(c) For fiscal year 1999-2000 and thereafter, a member public agency's readiness-to-serve allocation will be based on the average of Metropolitan water deliveries to each member public agency during the four fiscal year period prior to the most recent fiscal year then ended.

(d) Long-term seasonal storage service, cyclic storage, Cooperative Storage Program, direct groundwater replenishment and contractual long-term storage water deliveries will be excluded from the readiness-to-serve calculation during the year of delivery but will be included in the year of use. Member public agencies shall indicate the amount and year in which the long-term seasonal storage service, cyclic storage, Cooperative Storage Program, direct groundwater replenishment and contractual long-term storage water deliveries are used within seven years, including the year in which the water was delivered. Member public agencies overlying a common groundwater basin shall be allowed to account for their purchases as a single, common purchaser; provided that member public agencies which elect to pool their purchases for purposes of the new demand charge calculation must also pool their purchases for purposes of the readiness-to-serve charge.

(e) Notwithstanding the foregoing, in no event would any member agency's readiness-to-serve charge allocation be based on less than fifty percent (50%) of the average of Metropolitan water deliveries to such member agency during the two fiscal year period ending June 30, 1994, as calculated by Metropolitan pursuant to Section 8 above. Such average for each member agency and its minimum readiness-to-serve allocation floor are:

MEMBER AGENCY	RTS (FY 92-93 and 93-94)	MINIMUM RTS FLOOR (AF)	RTS %
City of Anaheim	16,774	8,386.9	1.09%
City of Beverly Hills	12,786	6,393.2	0.83%
City of Burbank	19,581	9,790.4	1.27%
Calleguas MWD	87,069	43,534.3	5.67%
Central Basin MWD	64,260	32,130.0	4.18%
Chino Basin MWD	30,402	15,200.9	1.98%
Coastal MWD	38,915	19,457.5	2.53%
City of Compton	5,026	2,512.9	0.33%
Eastern MWD	49,621	24,810.5	3.23%
Foothill MWD	7,841	3,920.4	0.51%
City of Fullerton	7,669	3,834.4	0.50%
City of Glendale	26,456	13,228.0	1.72%
Las Virgenes MWD	17,592	8,796.2	1.15%
City of Long Beach	37,806	18,902.9	2.46%
City of Los Angeles	227,884	113,942.2	14.83%
MWD of Orange County	159,392	79,695.8	10.38%
City of Pasadena	10,166	5,083.2	0.66%
San Diego CWA	407,821	203,910.3	26.55%
City of San Fernando	211	105.4	0.01%
City of San Marino	1,327	663.5	0.09%
City of Santa Ana	12,145	6,072.6	0.79%
City of Santa Monica	5,017	2,508.6	0.33%
Three Valleys MWD	57,816	28,908.1	3.76%
City of Torrance	20,311	10,155.7	1.32%
Upper San Gabriel VA	8,925	4,462.6	0.58%
West Basin MWD	149,339	74,669.7	9.72%
Western MWD of Riverside	54,067	27,033.7	3.52%
ALL MEMBER AGENCIES	1,536,219	768,109.6	100.00%

(f) In no event will deliveries of Metropolitan water which are in excess of a member agency's new demand charge base (as described in Resolution 8465, adopted by this Board on January 10, 1995) also be used in calculating such member agency's readiness-to-serve charge allocation.

Section 11. That the proposed readiness-to-serve charge and the amount applicable to each electing member public agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report filed attached as Attachment 1 to this Resolution. The Engineer's Report, which forms the basis of the

readiness-to-serve charge, is on file and available for review by interested parties at Metropolitan's headquarters.

Section 12. That except as provided in Section 16 below with respect to any readiness-to-serve charge collected by means of a Metropolitan water standby charge, the readiness-to-serve charge shall be due monthly, quarterly or semiannually as agreed upon by Metropolitan and the member agency.

Section 13. That such readiness-to-serve charge may, at the request of any member agency which elected to utilize Metropolitan's standby charge as a mechanism for collecting its readiness-to-serve charge obligation in fiscal 1995-96, be raised by a Metropolitan water standby charge imposed upon land within Metropolitan's (and such member public agency's) service area to which water is made available by Metropolitan for any purpose, whether the water is actually used or not.

Section 14. That the rates of any standby charge proposed to be levied to collect all or a portion of a member public agency's readiness-to-serve charge, per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report, may vary by member public agency, and shall not exceed the amount of Metropolitan's 1995-96 standby charge for the member public agency. The proposed standby charge applicable to each electing member public agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report attached as Attachment 1 to this Resolution.

Section 15. That the proposed standby charge, per parcel or per acre, applicable to land within each electing member public agency as allocated in the Engineer's Report shall be as follows:

Proposed 1996-1997 Standby Charge

<u>Member Agency</u>	<u>Amount</u>
Anaheim	\$ 8.55
Beverly Hills	-0-
Burbank	14.20
Calleguas MWD	9.58
Central Basin MWD	10.44
Chino Basin MWD	7.59
Coastal MWD	11.60
Compton	8.92
Eastern MWD	6.94
Foothill MWD	10.28
Fullerton	10.71
Glendale	12.23
Las Virgenes MWD	8.03
Long Beach	12.16
Los Angeles	-0-
MWD of Orange Co.	10.09
Pasadena	11.73
San Diego CWA	11.51
San Fernando	7.87
San Marino	8.24
Santa Ana	7.88
Santa Monica	-0-
Three Valleys MWD	12.21
Torrance	12.23
Upper San Gabriel Valley MWD	9.27
West Basin MWD	-0-
Western MWD of Riverside Co.	9.23

Section 16. That the proposed water standby charge, if imposed, 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 the applicable member agency's obligation to pay a readiness-to-serve charge. After such member agency's readiness-to-serve charge allocation is fully satisfied, any additional collections shall be credited to other outstanding obligations of such member agency to Metropolitan or future readiness-to-serve obligations of such agency. Notwithstanding the provisions of Section 12 above, any member agency requesting to have all or a portion of its readiness-to-serve charge obligation collected through standby charge levies within its territory as provided herein shall pay any portion not collected through net standby charge collections to Metropolitan within ninety days after June 30, 1997.

Section 17. 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 12, 1996, on the General Manager's recommendation to impose a readiness-to-serve charge for fiscal year 1996-97 as provided in this Resolution. The Water Planning and Resources Committee of Metropolitan's Board will set a public hearing at which interested parties may present their views regarding the proposed readiness-to-serve charge prior to its regular March meeting pursuant to Section 4304(e) of Metropolitan's Administrative Code. Such hearing shall also satisfy the requirements of Section 4304(k) of the Administrative Code.

Section 18. 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 May 8, 1996, on the General Manager's recommendation to impose a water standby charge for fiscal year 1996-97 under authority of Section 134.5 of the Metropolitan Water District Act and the USCPA on land within Metropolitan at the rates, per acre of land, or per parcel of land less than an acre, specified in Section 15 above.

Section 19. That the Board will meet in regular session at its meeting on April 9, 1996, to hold a public protest hearing at which interested parties may present their views regarding any proposed standby charges and the Engineer's Report. Any member of the public may submit a written protest or other comments either at a scheduled hearing or by mail to the Executive Secretary of The Metropolitan Water district of Southern California, at Post Office Box 54153, Los Angeles, California 90054-0153. All written protests and comments presented at the hearings or received by the Executive Secretary on or before April 9, 1996, which contain a description sufficient to identify the land owned by the landowner will be given due consideration by the Board before its final action on the proposed standby charge. The USCPA provides that if the Board receives written protests (which protests are not withdrawn at the time of determination by the Board) representing 40 percent of the parcels subject to the proposed standby charge, the matter must be tabled for at least one year. If the Board receives such protests representing 15 percent or more of the parcels subject to the proposed charge, the Board may still adopt the charge, but the charge will be ineffective until approved by a majority of the vote in a landowner election within the District.

Section 20. That it is the intent of the Board that the following lands shall be exempt from the water standby charge: (a) lands owned by the Government of the United States, the State of California, or by any political subdivision thereof or any entity of local government; (b) lands permanently committed to open space and maintained in their natural state that are not now and will not in the future be supplied water; (c) lands not included in (a) or (b) above, which the General Manager, in his discretion, finds do not now and cannot reasonably be expected to derive a benefit from the projects to which the proceeds of the water standby charge will be applied; and (d) lands within any member public agency, subagency, or city if the governing body of such public entity elects and commits to pay out of funds available for that purpose, in installments at the time and in the amounts established

by Metropolitan, the entire amount of the water standby charge which would otherwise be imposed upon lands within those public entities. The General Manager may develop and implement additional criteria and guidelines for exemptions in order to effectuate the intent expressed herein.

Section 21. That the General Manager shall establish and make available to interested applicants procedures for filing and consideration of applications for exemption from the water standby charge pursuant to subsections (b) and (c) of Section 20 above. All applications for such exemption and documents supporting such claims must be received by Metropolitan in writing on or before December 31, 1996. The General Manager is further directed to review any such applications for exemption submitted in a timely manner to determine whether the lands to which they pertain are eligible for such exemption and to allow or disallow such applications based upon those guidelines. The General Manager shall also establish reasonable procedures for the filing and timing of the appeals from his determination, pursuant to Section 22 below.

Section 22. That an Ad Hoc Committee of the Board shall be appointed by the Chairman of the Board for the purpose of considering, in the Committee's discretion, appeals from determinations by the General Manager to deny or qualify an application for exemption from the water standby charge pursuant to Section 20 above. The Ad Hoc Committee shall consider such appeals and make recommendations to the Board to affirm or reverse the General Manager's determinations. The Board shall act upon such recommendations and its decision as to such appeals shall be final.

Section 23. That no exemption from the water standby charge shall reduce the applicable member agency's readiness-to-serve charge obligation, nor shall any failure to collect, or any delay in collecting, any standby charges excuse or delay payment of any portion of the readiness-to-serve charge when due. All amounts collected as water standby charges pursuant to this Resolution shall be applied solely as credits to the readiness-to-serve charge of the applicable member agency, with any excess collections being carried forward and credited against other outstanding obligations of such member agency to Metropolitan.

Section 24. That in the event that the readiness-to-serve charge is determined to be an unauthorized or invalid availability of service charge by a final judgment in any proceeding at law or in equity, which judgment is not subject to appeal, or if the collection of the readiness-to-serve charge as an availability service charge shall be permanently enjoined and appeals of such injunction have been declined or exhausted, or if Metropolitan shall determine to rescind or revoke the readiness-to-serve charge, then no availability of service charge shall be imposed on any member agency until the procedures for collection of water standby charges by the applicable county have been completed (not including extraordinary procedures for collection of delinquent amounts, which the General Manager may waive on behalf of Metropolitan). Immediately upon revocation of the readiness-to-serve charge under these circumstances, any member agency which has not requested that Metropolitan impose a standby charge upon parcels of land within its territory as a means of collecting the readiness-to-serve charge shall be deemed to have made such request, and all readiness-to-

serve charges previously paid or to be paid by member agencies to Metropolitan shall be deemed to be cash payments in lieu of standby charges. Following collection of standby charges by the counties, the readiness-to-serve charge shall be reimposed for the remainder of the fiscal year and the uncollected portion shall be due and payable on the last business day of the fiscal year and shall become delinquent if not paid within ninety days.

Section 25. 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.

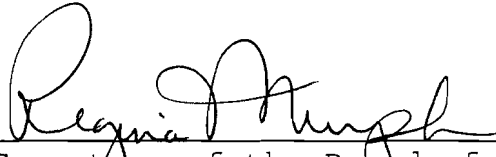
Section 26. That this Board finds that the proposed readiness-to-serve charge and other charges provided in this Resolution are exempt from the provisions of the California Environmental Quality Act (CEQA) since they are rates and other charges which are for the purposes of meeting operating expenses; 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; and, additionally, since they constitute 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 or which will be used to fund projects which have CEQA documentation or will have CEQA documentation in place prior to construction of any facility or facilities.

Section 27. That if any provision of this Resolution or the application to any member agency, property or person whatsoever is held invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable.

Section 28. That the General Manager is hereby authorized and directed to take all necessary action to satisfy relevant statutes requiring notice by mailing or by publication.

Section 29. 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 resolution was adopted by the Board of Directors of The Metropolitan Water District of Southern California on January 9, 1996.


Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California