

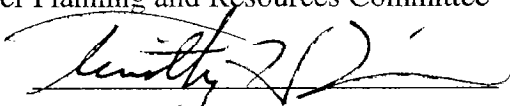
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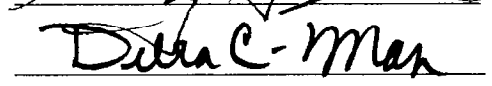
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Revised 8-1

March 7, 1997

(Budget and Finance Committee--Information)
 (Executive Committee--Action)
To: Board of Directors (Water Planning and Resources Committee--Action)

From: *for* General Manager 

Submitted By: Debra C. Man, Chief 
 Planning and Resources Division

Subject: Recommended Water Rates for Fiscal Year 1997-98 to Become Effective
 January 1, 1998 and Resolutions to Impose Charges

Attached is a revised Exhibit B, "Resolution of the Board of Directors of The Metropolitan Water District of Southern California Fixing and Adopting Readiness-to-Serve Charge," marked to show changes from the prior form of the Resolution.

The revisions are made to:

- Conform the language with respect to the RTS floor to the language appearing in Administrative Code Section 4402, as amended by your Board on April 1, 1996;
- Clarify that any standby charges imposed by your Board as a credit against readiness-to-serve charges are existing standby charges only, so that the Proposition 218 requirements for approval of new standby charges are inapplicable; and
- Reflect changes in the respective RTS allocations, resulting from verification of water usage numbers.

#4055

APPROVED IN CONJUNCTION WITH LETTER
 DATED 2-25-97
 By the Board of Directors of
 the Metropolitan Water District
 of Southern California
 at its meeting held

MAR 11 1997


for EXECUTIVE SECRETARY

REVISED
EXHIBIT BTHE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIARESOLUTION 8534

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
FIXING AND ADOPTING
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;

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, the readiness-to-serve charge is a charge imposed by Metropolitan upon its member agencies, and is not a fee or charge imposed upon real property or upon persons as an incident of property ownership;

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 a 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 opted in prior fiscal years 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 continue to levy water standby charges within their respective territories, on the terms and subject to the conditions contained herein;

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;

WHEREAS, by Resolution 8524, adopted at its meeting held January 14, 1997, Metropolitan's Board resolved and determined that the public interest and necessity require Metropolitan 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; and 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 at existing demand levels;

WHEREAS, notice was given by Resolution 8524 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 11, 1997, on the General Manager's recommendation to impose a readiness-to-serve charge for fiscal year 1997-98 in the amount of \$36,050,000 for the period from July 1, 1997 through December 31, 1997, and \$40,000,000 for the period from January 1, 1998 through June 30, 1998, to be allocated among member agencies and levied as described in Resolution 8524;

WHEREAS, the readiness-to-serve charge applicable to each member public agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report dated March 1997, on file with Metropolitan, a copy of which is attached as Attachment 1;

WHEREAS, the Water Planning and Resources Committee of the Board conducted a public hearing at its regular meeting on February 10, 1997, at which interested parties were given the opportunity to present their views regarding the proposed readiness-to-serve charge and the Engineer's Report dated January 1997; and

WHEREAS, notice of the proposed readiness-to-serve charge and of a public hearing on the date and at the time and location specified in Resolution 8524 was published prior to the hearing in various newspapers of general circulation 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 Board of Directors of Metropolitan hereby fixes and adopts a readiness-to-serve charge for fiscal year 1997-98.

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; provided, however, that the amount of the readiness-to-serve charge shall be set by the Board while bearing in mind the rate management goals of Phase I of the Rate Refinement Process adopted by the Board on July 9, 1996.

Section 3. That such readiness-to-serve charge for July 1, 1997 through December 31, 1997, shall be a water rate equal to \$47.56 per acre-foot, and for January 1, 1998 through and including June 30, 1998 shall be a water rate equal to \$52.77 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 three fiscal year period

ending June 30, 1996. The aggregate readiness-to-serve charge for the period from July 1, 1997 through and including December 31, 1997 shall be \$36,050,000, and for January 1, 1998 through and including June 30, 1998 shall be \$40,000,000.

Section 4. That in the alternative, and without duplication, the readiness-to-serve charge for the period from July 1, 1997 through and including December 31, 1997 shall be a capital facilities fee in the aggregate amount of \$36,050,000, and for January 1, 1998 through and including June 30, 1998 shall be a capital facilities fee in the aggregate amount of \$40,000,000, which shall be allocated as provided in Section 7 below.

Section 5. That this Board finds that the 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 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 three fiscal year period ending June 30, 1996. 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, 1993 Demonstration Program and cooperative storage purchases paid for in fiscal year 1995-96 will be subtracted from the water sales calculation. 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 1997-98 is as follows:

1997-98 RTS CHARGE (Revised 3/9) (3)

Member Agency	3-Year Average Demands		RTS Charges			Difference
	(Acre-Feet) ¹	RTS Share	6 months of \$72.1 million	+6 months of \$80.0 million	=TOTAL RTS	
Anaheim	18,709	1.24%	\$ 445,856	\$ 494,708	\$ 940,564	
Beverly Hills	12,941	0.86%	\$ 308,398	\$ 342,189	\$ 650,587	
Burbank	16,523	1.09%	\$ 393,761	\$ 436,905	\$ 830,666	
Calleguas	87,849	5.81%	\$ 2,093,537	\$ 2,322,926	\$ 4,416,463	
Central Basin MWD	69,047	4.56%	\$ 1,645,465	\$ 1,825,759	\$ 3,471,224	
Chino Basin MWD	34,369	2.27%	\$ 819,051	\$ 908,794	\$ 1,727,845	
Coastal	39,958	2.64%	\$ 952,243	\$ 1,056,580	\$ 2,008,822	\$ (1,257)
Compton	3,725	0.25%	\$ 88,771	\$ 98,497	\$ 187,268	
Eastern	48,240	3.19%	\$ 1,149,612	\$ 1,275,575	\$ 2,425,187	
Foothill	7,961	0.53%	\$ 189,719	\$ 210,507	\$ 400,226	
Fullerton	7,457	0.49%	\$ 177,708	\$ 197,180	\$ 374,888	
Glendale (1)	26,456	1.75%	\$ 630,475	\$ 699,556	\$ 1,330,031	
Las Virgenes MWD	18,014	1.19%	\$ 429,293	\$ 476,331	\$ 905,624	
Long Beach (1)	42,539	2.81%	\$ 1,013,751	\$ 1,124,827	\$ 2,138,578	
Los Angeles	164,220	10.86%	\$ 3,913,541	\$ 4,342,348	\$ 8,255,889	
MWDOC	177,584	11.74%	\$ 4,232,020	\$ 4,695,722	\$ 8,927,742	\$ 1,257
Pasadena	14,824	0.98%	\$ 353,272	\$ 391,980	\$ 745,252	
San Diego CWA	407,484	26.94%	\$ 9,710,787	\$ 10,774,798	\$ 20,485,585	
San Fernando (2)	106	0.01%	\$ 2,526	\$ 2,803	\$ 5,329	
San Marino (1)	1,327	0.09%	\$ 31,624	\$ 35,089	\$ 66,713	
Santa Ana	12,633	0.84%	\$ 301,058	\$ 334,045	\$ 635,103	
Santa Monica	5,008	0.33%	\$ 119,346	\$ 132,423	\$ 251,769	
Three Valleys MWD	58,267	3.85%	\$ 1,388,566	\$ 1,540,711	\$ 2,929,277	
Torrance (1)	20,311	1.34%	\$ 484,033	\$ 537,069	\$ 1,021,102	
Upper San Gabriel	7,163	0.47%	\$ 170,702	\$ 189,406	\$ 360,108	
West Basin MWD	153,155	10.12%	\$ 3,649,850	\$ 4,049,764	\$ 7,699,614	
Western MWD	56,860	3.76%	\$ 1,355,036	\$ 1,503,507	\$ 2,858,543	
MWD	1,512,730	100.00%	\$ 36,050,000	\$ 40,000,000	\$ 76,050,000	\$ -

1 Average AF Sales = (FY 93-94 + FY 94-95 + FY 95-96 AF Adjusted Sales)/3

(1) Maximum RTS charge is New Demand Charge Base (FY 1995-96 = base)

(2) Minimum RTS is 50% of FY 1995-96 RTS charge

(3) Reflects 76 AF moved from Coastal to MWDOC

Section 8. That the allocation of the readiness-to-serve charge among member agencies set forth in Section 7 above is consistent with the per-acre-foot water rates imposed pursuant to Section 3 above.

Section 9. That it is the intent of the Board that:

(a) For fiscal years 1997-98 through 2000-01, a member public agency's readiness-to-serve allocation will be based on the average of Metropolitan water deliveries eligible to be included in the readiness-to-serve charge calculation to each member public agency (as described in Section 7 above and below in this Section 9) during fiscal years 1993-94, 1994-95 and 1995-96. This intent supersedes any inconsistent intent previously expressed by the Board.

(b) 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.

(c) Notwithstanding the foregoing, in no event ~~would~~ shall any member agency's readiness-to-serve charge allocation be based on less than fifty percent (50%) of the average of Metropolitan water deliveries eligible to be included in the readiness-to-serve charge calculation to such member agency during the two fiscal year period ending June 30, 1994. Such average for each member agency and its minimum readiness-to-serve allocation floor are the following minimum sales (in acre feet) for each member public agency:

MEMBER AGENCY	MINIMUM RTS FLOOR (AF)	RTS %
City of Anaheim	8,386.9	1.09%
City of Beverly Hills	6,393.2	0.83%
City of Burbank	9,790.4	1.27%
Calleguas MWD	43,534.3	5.67%
Central Basin MWD	32,130.0	4.18%
Chino Basin MWD	15,200.9	1.98%
Coastal MWD	19,457.5	2.53%
City of Compton	2,512.9	0.33%
Eastern MWD	24,810.5	3.23%
Foothill MWD	3,920.4	0.51%
City of Fullerton	3,834.4	0.50%
City of Glendale	13,228.0	1.72%
Las Virgenes MWD	8,796.2	1.15%
City of Long Beach	18,902.9	2.46%
City of Los Angeles	113,942.2	14.83%
MWD of Orange County	79,695.8	10.38%
City of Pasadena	5,083.2	0.66%
San Diego CWA	203,910.3	26.55%
City of San Fernando	105.4	0.01%
City of San Marino	663.5	0.09%
City of Santa Ana	6,072.6	0.79%
City of Santa Monica	2,508.6	0.33%
Three Valleys MWD	28,908.1	3.76%
City of Torrance	10,155.7	1.32%
Upper San Gabriel VA	4,462.6	0.58%
West Basin MWD	74,669.7	9.72%
Western MWD of Riverside	27,033.7	3.52%
ALL MEMBER AGENCIES	768,109.6	100.00%

(e) 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 10. That the 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 11. That except as provided in Section 15 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 12. 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 1996-97, be ~~raised~~ collected by reimposition of the Metropolitan water standby charge at the same rates imposed in fiscal 1996-97 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 13. 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 ~~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. Only land within each electing member public agency with respect to which standby charges were imposed in fiscal 1996-97 will be subject to the reimposition of standby charges for fiscal 1997-98.

Section 14. That the proposed standby charge, per parcel or per acre, applicable to eligible land within each electing member public agency as allocated in the Engineer's Report shall be as follows:

Proposed 1997-1998 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 15. 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 11 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 fifty days after Metropolitan issues an invoice for remaining readiness-to-serve charges to such member agency, as provided in Administrative Code Section 4507.

Section 16. 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 13, 1997, on the General Manager's recommendation to impose a water standby charge for fiscal year 1997-98 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 14 above. Any such water standby charge will be imposed as a means of collecting the readiness-to-serve charge.

Section 17. That the Board will meet in regular session at its meeting on April 8, 1997, 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 8, 1997, 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 18. That it is the intent of the Board that certain lands described in Resolution shall be exempt from the water standby charge, and that the procedures for application for exemptions and consideration of such applications pursuant to this Resolution shall be as specified in Resolution 8524.

Section 19. 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 20. That the readiness-to-serve charge is imposed by Metropolitan as a rate, fee or charge on its member agencies, and is not a fee or charge imposed upon real property or upon persons as incidents of property ownership, and the water standby charge is imposed within the respective territories of electing member agencies as a mechanism for collection of the readiness-to-serve charge. In the event that the water standby charge, or any portion thereof, is determined to be an unauthorized or invalid fee, charge or assessment 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 water standby 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 water standby charge, then no further standby charge shall be collected within any member agency and each member agency which has requested imposition of Metropolitan water standby charges as a means of collecting its readiness-to-serve charge obligation shall pay such readiness-to-serve charge obligation in full, as if imposition of such water standby charges had never been sought.

Section 21. 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 22. 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 23. 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.

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 March 11, 1997.

Executive Secretary
The Metropolitan Water District
of Southern California