



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

6E

July 9, 1998

To: Board of Directors (Committee on Communications and Legislation--Action)
From: General Manager
Submitted by: Jack Maloy
Chief of Communications
Subject: Governance

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RECOMMENDATION(S)

It is recommended that the Board:

1. review and select a governance approach; and
2. consider language to ensure no cost shift.

EXECUTIVE SUMMARY

At its June 23, 1998 meeting the Executive Committee instructed staff to submit to the Board different models regarding the composition and size of the Board. Included in this report are two possible alternatives. There could be others that the Board may wish to discuss. Alternative 1 is based on a formula which provides each member agency with at least one representative and an additional representative for each full five percent of the assessed valuation of property within Metropolitan. Alternative 1 would result in a Board of up to 38 members. Alternative 2 is based on the same formula except that no member agency could have more than three directors. Alternative 2 would result in a Board of up to 35 directors. (See Attachment 1)

To supplement any modification to the Board size, language should be considered which would ensure that no action taken by Metropolitan to provide transportation for transferred water shall shift cost among member agencies, unless Metropolitan's Board determines that it is in the best interest of the entire service area to do so.

Both matters would require modifications to the Metropolitan Water District Act.

DETAILED REPORT

The Metropolitan Water District Act (MWD Act) governs the selection of Board members and also sets forth the formula for the current weighted voting system. Presently, the Board, comprised of 51 members, is sized according to a percentage formula in the MWD Act. That formula provides each member agency with at least one representative and an additional

representative for each full three percent of the assessed valuation of property within Metropolitan and taxable for Metropolitan purposes located within the member agency. The three percent formula was adopted in 1972 at the suggestion of Metropolitan itself as a means to control the size of the Board. Should the Board wish to limit its size, increasing the percentage will accomplish that.

Attached is a matrix which illustrates the number of Directors for each agency as the percentage formula is changed. (Attachment 1) The matrix summarized the following: 1) the current number of Directors, 2) a modification from the current three percent to five percent of assessed valuation of property for a total of up to 38 directors; and 3) a modification from the current three percent to five percent of assessed valuation of property with a maximum of three directors from an agency for a total of up to 35 directors.

To supplement any modification to the Board size, language should be considered which would ensure that no action taken by Metropolitan to provide transportation for transferred water shall shift cost among member agencies, unless Metropolitan's Board determines that it is in the best interest of the entire service area to do so.

Both matters would require modifications to the Metropolitan Water District Act.

LR:vb

Attachment(s)

COMPARISON OF BOARD REPRESENTATION ALTERNATIVES

Agency	Assessed Valuation (As of August 1997)	%AV	Number of Directors		
			Current [1]	5% AV [2]	5% AV w/cap of 3 dir. [3]
Anaheim	\$ 16,120,366,458	1.84%	1	1	1
Beverly Hills	\$ 8,197,142,032	0.93%	1	1	1
Burbank	\$ 8,566,701,404	0.98%	1	1	1
Calleguas MWD	\$ 33,861,006,258	3.86%	2	1	1
Central Basin	\$ 57,111,524,901	6.51%	3	2	2
Chino Basin	\$ 32,511,434,830	3.70%	2	1	1
Coastal	\$ 26,936,567,890	3.07%	2	1	1
Compton	\$ 1,640,003,744	0.19%	1	1	1
Eastern	\$ 18,035,521,845	2.05%	1	1	1
Foothill	\$ 5,506,719,450	0.63%	1	1	1
Fullerton	\$ 6,504,540,365	0.74%	1	1	1
Glendale	\$ 10,712,525,368	1.22%	1	1	1
Las Virgenes	\$ 8,495,584,414	0.97%	1	1	1
Long Beach	\$ 17,721,448,420	2.02%	1	1	1
Los Angeles	\$ 180,986,222,760	20.62%	7	5	3
MWDOC	\$ 114,848,189,116	13.08%	5	3	3
Pasadena	\$ 8,821,343,824	1.00%	1	1	1
San Diego	\$ 137,396,688,689	15.65%	6	4	3
San Fernando	\$ 746,914,177	0.09%	1	1	1
San Marino	\$ 1,973,225,710	0.22%	1	1	1
Santa Ana	\$ 10,131,619,098	1.15%	1	1	1
Santa Monica	\$ 9,492,225,204	1.08%	1	1	1
Three Valleys	\$ 25,117,758,964	2.86%	1	1	1
Torrance	\$ 11,133,727,506	1.27%	1	1	1
Upper SG Valley	\$ 36,137,475,067	4.12%	2	1	1
West Basin	\$ 62,568,007,711	7.13%	3	2	2
Western	\$ 26,649,320,586	3.04%	2	1	1
TOTALS	\$ 877,923,805,791	100.00%	51	38	35
				(25% Decr.)	(31% Decr.)

[1] Section 52 of MWD Act states that in addition to one representative, any Member Agency may appoint an additional representative for each full 3% of assessed valuation

[2] Same as [1] using 5% instead of 3%

[3] Same as [2] with a cap of three on the number of directors per Member Agency