

July 19, 1999

To: Board of Directors (Executive Committee—Action)

From: General Manager _____

Submitted by: Gary M. Snyder
Chief Engineer _____

Subject: Informal Approval of Annexation No. 60 Concurrently to Calleguas Municipal Water District and Metropolitan and Approval of the Resolution of Intent to Impose Standby Charges

RECOMMENDATION(S)

It is recommended that the Board:

1. Give informal approval as defined in Administrative Code 3100(b) for the concurrent annexation of Annexation No. 60 to Calleguas Municipal Water District (Calleguas) and The Metropolitan Water District of Southern California (Metropolitan); conditioned upon an annexation charge paid in full of approximately \$156,382.85, if completed by December 31, 1999, or at the then current annexation charge rate, if completed after December 31, 1999, subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation when a request therefore has been received;
2. Approve the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation attached hereto as **Exhibit A**; and
3. Approve the resolution of intention to impose standby charges at the rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation, substantially in the form of **Exhibit B** to this letter.

EXECUTIVE SUMMARY

Calleguas requested informal approval for the concurrent annexation of Annexation No. 60 to Calleguas and Metropolitan. This uninhabited territory, as defined by the Administrative Code, contains an approximate area of 51.15 acres, of which approximately 1.50 acres are located within public streets leaving a net area of 49.65 acres.

Calleguas submitted an acceptable plan for Implementing Water Use Efficiency Guidelines (Plan) pursuant to Section 3107 of Metropolitan’s Administrative Code. The total projected water demand of the annexing area is 135.0 acre feet per year (AFY), with half from local sources and half (68.0 AFY) from imported supplies.

Calleguas requested that Metropolitan impose standby charges within the annexing territory at the rate of \$9.58 per acre or per parcel of less than one acre (the rate at which standby charges are presently levied in other portions of Calleguas).

DETAILED REPORT

By a letter dated June 17, 1999, Calleguas requested informal approval as defined in Administrative Code 3100(b) for the concurrent annexation of Annexation No. 60 to Calleguas and Metropolitan. The owners of the vacant site propose to develop a residential community with 179 single-family homes, 65 detached-condominium units, a four-acre park site, and two perimeter green belts.

The proposed annexation territory is located in the unincorporated area of Ventura County contiguous to the Oxnard city limits. The site borders Oxnard Boulevard on the east, at its intersection with Morado Place as shown on the attached map **Exhibit C**. The site's current zoning is A-E-40 (Agricultural Exclusive, 40-acre minimum lot size) and its existing use is agricultural (row crops). The city of Oxnard is simultaneously in the process of annexing the site and amending its Northeast Community Specific Plan, permitting urban development zoned primarily for residential use.

Calleguas has submitted an acceptable Plan pursuant to Section 3107 of Metropolitan's Administrative Code. The total projected water demand is 135 AFY. The water supply for the annexing area is a one-to-one blend of local sources and imported Metropolitan water from Calleguas. The projected annual water demand upon Metropolitan is therefore approximately 68 AFY.

This annexation is subject to the provisions of the California Environmental Quality Act (CEQA). CEQA will be complied with prior to the time that formal approval of this annexation is requested from Metropolitan. At that time, as required by CEQA, the Board will review and consider pertinent environmental documentation.

The annexation charge has been calculated pursuant to Section 3300 of Metropolitan's Administrative Code. Utilizing the current rate of \$3,049 per acre and the \$5,000 processing fee, the annexation charge is approximately \$156,382.85, if completed by December 31, 1999. The \$5,000 processing fee has been received. If the annexation is completed after December 31, 1999, the charge will be calculated utilizing the then current rate.

Completion of the annexation will be subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation. Calleguas has requested that Metropolitan impose standby charges within the annexation territory at the rate of \$9.58 per acre or per parcel of less than one acre (the rate at which standby charges are presently levied in other portions of Calleguas). Under the requirements of Article XIII D of the California Constitution (Proposition 218), such charges must be treated as new assessments, subject to approval by the property owners in the area to be annexed through mailed ballot proceedings. Exhibit B is the form of Resolution of Intention to impose standby charges which, if adopted by the Board, will authorize the Executive Secretary to mail notices to the property owners. The notices to property owners will include ballots which the property owners will be asked to mark and return. Ballots will be tabulated at a public hearing on the assessments scheduled to commence on October 12, 1999, and unless a majority of those ballots received from property owners (weighted according

to the proportionate obligation of each property) protest the charges, imposition of the standby charges in the annexed area will be considered by the Board concurrently with formal approval of annexation.

LHC/bm:rev4

Exhibit A

Exhibit B

Exhibit C

Exhibit A**IMPLEMENTATION PLAN****WATER USE EFFICIENCY GUIDELINES FOR ANNEXATION NO. 60
(JOHN LAING HOMES) TO THE CALLEGUAS MUNICIPAL WATER DISTRICT
AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA****GENERAL DESCRIPTION OF ANNEXING AREA**

Annexation No. 60 (John Laing Homes) consists of approximately 50.00 gross acres located south of Gonzales Road and west of the intersection with Morado Place and Juanita Avenue in the Oxnard area. A map and legal description are attached.

The annexation includes Assessor Parcel Nos. 215-0-020-040 and -060. The properties are owned by the Solid Development. The property is zoned A-E-40 (Agricultural Exclusive, 40-acre minimum lot size). The existing use is agriculture (row crops).

The City of Oxnard is in the process of amending its Northeast Community Specific Plan and annexing the property to permit urban development. The annexation area will be zoned for residential uses and subdivision to permit construction of 179 single-family homes and 65 detached-condominium units. In addition, a four-acre park site and two perimeter Green Belts are apart of this development.

ANNUAL WATER USAGE

The project annual demand for water after development of the property is parks-14.7 acre-feet per year (AFY), residential large lots 93.0 (AFY), residential small lots 27.3 (AFY) totaling 135 (AFY) or an average factor of 120.834 gallons per day (GPD). Peaks demands are estimated at approximately 2.5 times the average daily factor, or 0.7 AF/day.

The property will receive water from the City of Oxnard. It obtains water from both Calleguas/MWD and the United Water Conservation District. Oxnard currently blends 1:1 with Calleguas, therefore CMWD and MWD would provide 50 percent of the demand.

PEAK WATER USAGE**Lake Bard Reservoir**

Calleguas Lake Bard reservoir, which is owned and operated by Calleguas, has a capacity of 10,500 acre-feet of water. The Calleguas system sets flows from MWD based on past system averages for its service area for a given 24-hour period and meets peak daily water demands from Lake Bard.

Ground Conjunctive Use

In conjunction with MWD, Calleguas is currently developing the first 16 of 30 dual purpose, injection/extraction wells that will be constructed within the Las Posas Groundwater Basin. Each well is designed to inject an estimated 1,000 acre-feet of pre-treated water during the winter

months for later use during emergencies, drought, or summer months when imported supplies may be limited.

The cities of Camarillo and Oxnard, as well as the Camrosa Water District, Ventura County Waterworks Districts #1 and #19, Zone Mutual Water Company, and Berylwood Heights Mutual Water Company have also participated in groundwater storage programs which allow for storage of water during periods when excess water is available and subsequent extraction during times of shortage.

High and Low Flow Penalties

Calleguas Ordinance No. 12 (water service) was amended in 1982 to penalize its purveyors for peaking off Calleguas' system. Calleguas in 1987 included a penalty based on low flow. Both penalties were imposed to direct purveyors to their responsibility to increase water storage within their service areas.

Local Area Water Management

Several of Calleguas' purveyors extract water from the local ground water basin within Calleguas' service area. In the event of a curtailment of available water for a duration longer than previously stated, Calleguas is able to request its purveyors to increase their production. Water demands (peaking) from the Calleguas/MWD system can be effectively managed through interconnection of the Calleguas and Oxnard systems.

The Calleguas distribution system has the ability to increase water deliveries from several sources to offset peaking within the overall District:

- Direct delivery from the United Water Conservation District
- Ground water extraction from the upper Oxnard aquifer
- Ground water extraction from the Fox Canyon aquifer
- Drawing from Calleguas' 18 mg terminal storage Springville Reservoir

WATER CONSERVATION

Additional water demands placed on MWD will be minimized by incorporating the following water conservation measures.

Calleguas

Calleguas, in conjunction with The Metropolitan Water District of Southern California, offers a variety of conservation programs. These programs are designed to satisfy the Best Management Practices referred to by the California Urban Water Conservation Council in its Memorandum of Understanding, in which Calleguas and Metropolitan are signatories.

Urban water conservation programs include school education, low consumption plumbing retrofits (i.e., toilets, showerheads), public information (i.e., literature, speaking engagements, tours of Calleguas facilities), landscape maintenance, commercial, industrial, institutional surveys. Additionally, Calleguas provides literature and showerheads, upon request, for distribution by its purveyors.

The City of Oxnard has developed several conservation measures that apply to lands annexed to the City. Through the Building Department the City enforces regulations pertaining to the installation of ultra-low flush toilets (1.6 gallons per flush) and water conserving fixtures (2.5 gallons per minute) for all new construction, redevelopment and rehabilitation projects.

At the time the subject property is developed, the developer shall comply with the following conditions:

1. Satisfy all City of Oxnard Building Department standards for use of water-saving devices in the project buildings.
2. Provisions of individual metering for all project buildings to better control water usage and monitoring.
3. Maximize use of drought-resistant materials in the overall landscape plan and minimize turf areas for the project to the extent possible.
4. Monitoring of site landscape water use by installing sensors capable of overriding automatic irrigation timers.

Annexing Area

All uses in the annexation area will comply with State standards for water-efficient plumbing fixtures. These include toilet fixtures that are water-conserving as defined by ANSI Std. No. A112.19.3, reduced-flow showerheads, lavatory faucets and sink faucets, self-closing valves on fountains and faucets, pipe insulation on hot water lines, etc.

USE OF RECLAIMED WATER

Calleguas

Calleguas Resolution No. 773 promotes the use of reclaimed wastewater supplies within the District. Calleguas requires that its purveyors develop the use of reclaimed wastewater for greenbelts and large turf irrigation. Within Calleguas, use of reclaimed wastewater is currently 1,500 AFY.

Annexing Area

The Ventura County Board of Supervisors and the City of Oxnard promotes the use of reclaimed water and have directed that water reclamation be a priority for use. When such supplies exist, a dual distribution system shall be constructed to accommodate such supplies.

No golf courses or decorative lakes are planned in the annexation area. Landscaped areas exceeding one acre and other uses for which non-portable water is practical shall receive reclaimed water when available.

WATER DELIVERY CURTAILMENT

Calleguas

Calleguas already has the ability to sustain more than a seven-day interruption of water delivery services and this annexation will not oversubscribe that ability.

Calleguas has an integrated water delivery system, which allows all areas in its service area to receive water from two alternative sources. The main source is from MWD via the Jensen Treatment Plant and distribution system.

The second source is from Lake Bard Reservoir, which is used for system peaking and emergency storage. Lake Bard's storage capacity (10,500 acre feet) is adequate to supply water for total system usage for periods of 15 to 20 days at maximum unregulated demands during summer and in excess of 45 days during winter months.

In addition to Lake Bard, Calleguas has seven reservoirs with a combined storage capacity of 45 million gallons.

Several of Calleguas' purveyors extract water from the local groundwater basins within Calleguas' service area. In the event of an emergency curtailment of water from MWD as a result of a major facility failure that is longer in duration than previously stated, the District could impose a water rationing plan and request its purveyors to increase their groundwater production to extend the District's reservoir reserves for other areas that do not have groundwater supplies.

CAPITAL CONSTRUCTION CHARGES

In 1980, Calleguas imposed a capital construction charge for all new development within its service area. The charge was established to raise funds necessary to build additional facilities required for expansion of the Calleguas service area. Additionally, Calleguas has assessed a capital construction water rate charge to its purveyors on water usage to augment the capital construction program.

URBAN CONSERVATION BEST MANAGEMENT PRACTICES

To the extent practicable to do so, within the limits of its authority and jurisdiction, Calleguas intends to apply Urban Conservation Best Management Practices as set forth in Attachment A to this Implementation Plan.

WATER USE EFFICIENCY GUIDELINES

To the extent practicable the City of Oxnard and the owners of Annexation No. 60 agree to comply with MWD and Calleguas Water Use Efficiency Guidelines as set forth in Attachment B to this Implementation Plan.

Dual Distribution System

To the extent practicable, the City of Oxnard and the owners of the parcels to be annexed shall comply with the following:

Reclaimed wastewater or other non-potable water shall be used on all golf courses, decorative lakes and other landscaped areas individually exceeding one acre, including multi-family complexes, commercial and industrial developments and similar areas. Reclaimed wastewater and other non-potable supplies shall be used for industrial processes and other suitable uses. If such supplies do not presently exist, a dual distribution system shall be constructed to accommodate such supplies when they become available in the future.

MODEL HOMES

At least one model home constructed in each new development within the annexed area shall demonstrate a water conserving landscape.

WATER CONSERVATION MEASURES

To the extent practicable, Calleguas will incorporate Water Conservation measures when development plans are made.

COMPLIANCE

Calleguas accepts the responsibility for assuring compliance with the provisions of Metropolitan’s Water Use Efficiency guidelines as indicated in Metropolitan’s Administrative Code Section 3107 and shall report to metropolitan regarding such compliance.

Calleguas Municipal Water District

By _____ Date _____
Dr. Donald R. Kendall

CITY OF OXNARD

By _____ Date _____
Matthew G. Winegar, Public Services Director

SOLID DEVELOPMENT

By _____ Date _____
LaLezar Kavain, General Partner

JOHN LAING HOMES,

By _____ Date _____
Rich Welter, Vice President of Land Acquisition and Development

ATTACHMENT A

Urban Conservation Best Management Practices

1. Interior and exterior residential and governmental/institutional water audits
- 2a. Enforcement of ULFT requirement in new construction beginning January 1992
- 2b. Support of State and Federal legislation prohibiting sales of toilets that use more than 1.6 gallons per flush**
- 2c. Residential plumbing retrofits
3. Distribution system water audits, leak detection and repair
- 4. Metering with commodity rates for all new connections and retrofit of existing connections**
5. Large landscape water audits and incentives
- 6. Support of and compliance with “Water Conservation in Landscaping Act” (AB 325) for commercial, industrial, institutional, governmental and multi-family developments**
7. Public information
8. School education
9. Commercial and industrial water conservation
10. New commercial and industrial water use review
11. Conservation pricing
- 12. Support of and compliance with “Water Conservation in Landscaping Act” (AB 325) for single-family homes**
13. Enactment and enforcement of water waste prohibition ordinances
14. Designation of a water conservation coordinator
15. Financial incentives
16. Ultra-low-flush toilet replacements

ATTACHMENT B**MWD Administrative Code****§ 3107. Water Use Efficiency Guidelines.**

To the extent practicable, local water purveyors and owners of parcels, as appropriate, within an area for which a request for annexation is considered by the Board shall comply with the following:

- (a) Annual water demand shall be minimized by incorporating water conservation measures into the development plans. Use of local groundwater, surface water, and reclaimed wastewater supplies shall be maximized to reduce demands on the District.
- (b) Peak demands on the District shall be minimized by construction and operation of local storage and groundwater production facilities. In cases where the annexed area is served by an existing water delivery system, this provision may be satisfied by showing that these facilities will be added to the existing system.
- (c) Reclaimed wastewater or other non-potable water shall be used on all golf courses; decorative lakes; and other landscaped areas exceeding one acre, including multi-family complexes, commercial and industrial developments, and similar areas. Reclaimed wastewater and other non-potable supplies shall be used for industrial processes and other suitable uses. If such supplies do not presently exist, a dual distribution system shall be constructed to accommodate such supplies when they become available in the future.
- (d) “Best management practices” conservation measures, as identified by the District from time to time, shall be applied in all new and existing developments within the annexed area. At least one model home constructed in each new development within the annexed area shall demonstrate a water conserving landscape.
- (e) Local storage, groundwater production capacity, system interconnections, and other measures shall be able to sustain a 7-day interruption in service from the District.

The member public agency within which the annexed area is located shall be responsible for assuring compliance with these provisions and shall report to the District regarding such compliance.

Exhibit B

THE METROPOLITAN WATER DISTRICT

OF SOUTHERN CALIFORNIA

RESOLUTION ____

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
GIVING NOTICE OF INTENTION TO IMPOSE
STANDBY CHARGE
CONTINGENT UPON ANNEXATION**

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, under authority of Section 134.5 of the Metropolitan Water District Act, a readiness-to-serve charge may be collected as an availability service charge 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, including Calleguas Municipal Water District (Calleguas), 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, the owners of the parcels identified in the attached Engineer’s Report dated July 1999 have applied for annexation into Calleguas and Metropolitan;

WHEREAS, upon annexation, Metropolitan water will be available to such properties and such parcels will receive the benefit of the projects provided in part with proceeds of Metropolitan water standby charges, as described in the Engineer’s Report; and

WHEREAS, Calleguas has requested that Metropolitan impose water standby charges on such properties at the rate specified in the Engineer's Report and provided herein, following annexation of such properties into 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 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 October 12, 1999, on the General Manager's recommendation to impose a water standby charge for fiscal year 1999-2000 on the properties described in the Engineer's Report attached as Attachment 1 to this Resolution and incorporated herein by reference. The Engineer's Report was prepared by a registered professional engineer certified by the State of California.

Section 2. That the proposed standby charge per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report, shall be \$9.58, which is equal to the amount of Metropolitan's existing standby charge on other properties located within the territory of Calleguas. The Engineer's Report separates the special benefits from the general benefits and identifies each of the parcels on which a special benefit is conferred. No charge on any parcel shall exceed the reasonable cost of the proportional special benefit conferred on that parcel.

Section 3. That the proposed water standby charge, if imposed following completion of the proposed Annexation No. 60, 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, or at Metropolitan's election may be billed directly to the property owners. Any amounts so collected shall be applied as a credit against Calleguas' obligation to pay its 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.

Section 4. That the Executive Secretary is hereby directed to provide written notice of the proposed standby charge by mail to the record owner of each property identified in the Engineer's Report not less than 45 days prior to the date of the public hearing identified in Section 5. Each notice shall be given in accordance with the requirements of Article XIII D, Section 4, of the California Constitution, and shall be in a form approved by the General Counsel. Each notice shall include an assessment ballot whereby the owner may indicate his or her name, reasonable identification of his or her parcel, and his or her support for or opposition to the proposed water standby charge. Each notice shall also include a description of the procedures for the completion, return and tabulation of ballots, which shall be in a form approved by the General Counsel.

Section 5. That the Board will meet in regular session at its meeting on October 12, 1999, to hold a public protest hearing at which interested parties may present their views regarding the proposed standby charges and the Engineer's Report. All written protests and comments presented at the hearings or received by the Executive Secretary on or before the conclusion of the public hearing 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, and all assessment ballots will be tabulated. If, upon the conclusion of the hearing, ballots submitted in opposition to the water standby charge (weighted according to

the proportionate financial obligation of the affected property) exceed the ballots submitted in favor of the water standby charge, the water standby charge shall not be imposed.

Section 6. That imposition of the proposed standby charges, if authorized by the Board following the public protest hearing, will be contingent upon completion of the concurrent annexation of Annexation No. 60 to Metropolitan and Calleguas. If standby charges are approved and such annexation is not completed in time to permit imposition of standby charges for fiscal year 1999-2000, Metropolitan may levy standby charges at the rate stated in this Resolution beginning in a subsequent fiscal year.

Section 7. That 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 the territory described in the Engineer's Report and Calleguas shall pay its readiness-to-serve charge obligation to Metropolitan in full, as if imposition of such water standby charges had never been sought.

Section 8. That this Board finds that the proposed water standby charges provided in this Resolution are exempt from the provisions of the California Environmental Quality Act (CEQA) under State CEQA Guidelines 15378(b)(5) 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 in place prior to construction of any facility or facilities.

Section 9. 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.

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 August 17, 1999 .

Executive Secretary
The Metropolitan Water District
of Southern California

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
ENGINEER'S REPORT**

**PROPOSED PROGRAM TO LEVY WATER STANDBY CHARGES IN CALLEGUAS
MUNICIPAL WATER DISTRICT ANNEXATION NO. 60**

July 1999

REPORT PURPOSE

The Metropolitan Water District of Southern California (Metropolitan) has built and is building major capital facilities and has implemented water management programs that provide water supplies and delivery throughout its service area. This report has two purposes: (1) to describe the water supply and delivery capital projects and programs, which provide benefits both locally and throughout the service area and will be financed in part by Metropolitan's readiness-to-serve (RTS) charge, including a request by Calleguas Municipal Water District (Calleguas) to collect a portion of its RTS obligation through the levy of a Metropolitan water standby charge, and (2) to address the method and basis for levying a water standby charge on benefiting properties.

These facilities and programs consist of the State Water Project system, a major regional water storage reservoir, and system-wide improvements and rehabilitation, water conservation projects, financial assistance for water recycling and ground water recovery facilities. This combination of facilities and programs is an integral part of the region's and Metropolitan's strategic plan to maintain reliable water supplies and to insulate the service area from disruptions in water service during droughts and natural emergencies.

Metropolitan levies the RTS charge on its member agencies to recover a portion of the debt service on bonds issued to finance capital facilities needed to maintain reliable service of good quality water to meet existing demands on Metropolitan's system. The water standby charge is an existing charge levied on parcels of land within certain of Metropolitan's member agencies, including Calleguas, as a method of collecting part or all of the RTS charge obligation of the member agency containing the parcel. At the request of these member agencies, a water standby charge is levied as a method of collecting part or all of the RTS charge obligation of the member agency containing the parcel. The water standby charge will be utilized for capital payments, and debt service on capital projects.

The properties identified on Attachment A have applied for annexation into Metropolitan. Consent by the property owners to Metropolitan's levying of an annual water standby charge in the amount of \$9.58 per acre, or \$9.58 per parcel of less than one acre, is a condition to annexation of these properties into Calleguas and Metropolitan.

BACKGROUND

Delivery of water is one of the essential infrastructure services in an industrial economy. Like electrical energy, natural gas, transportation, and telecommunications, every household and virtually every business and industry in Southern California uses water. Because these services are so widespread in a modern economy, shortages can have far reaching and serious consequences.

Metropolitan imports supplemental water supplies for over 16 million residents in portions of six counties: Los Angeles, Orange, Ventura, Riverside, San Bernardino, and San Diego. In Metropolitan's almost 5,200-square mile service area, nearly 60 percent of the water supplies are imported from the Colorado River and California's State Water Project (SWP). Metropolitan, a public agency, provides these water supplies as a supplement to local groundwater and surface water resources.

Growing Demand for Water

About one out of every two Californians lives in Metropolitan's service area. During the 1980's more than 300,000 people were added to the service area each year, as a result of a strong economy. Regional growth management plans project that Southern California's population will continue to grow by more than 230,000 people each year over the next 23 years -- increasing from the current 16.1 million in 1997 to over 21.5 million by 2020. Based on this projected growth, regional water demands under normal weather conditions are expected to increase from the current 3.6 million acre-feet to 4.9 million acre-feet by 2020. Above-normal demands, under hot and dry weather conditions, can be about seven to nine percent greater than normal-weather demands.

The ongoing competition for water to serve the urban, agricultural, and environmental needs of the western states has resulted in the need to invest in infrastructure and operational improvement, to ensure the continued certainty of firm deliveries to southern California from the Colorado River and the State Water Project. Coupled with the diverse and competing needs of locally developed water in the region, the problem of providing a reliable water supply becomes even more difficult. What is needed is a coordinated and balanced regional response to growing demands.

METROPOLITAN'S RESPONSE TO GROWING WATER DEMANDS

To respond to growing demands for water, Metropolitan and its member agencies collectively examined all of the available local and imported resource options in order to develop a least-cost plan that meets the reliability and quality needs of the region. The product of this intensive effort is a 25-year Integrated Resources Plan (IRP) that offers a realistic means of achieving a reliable and affordable water supply for Southern California into the next century.

The major objective for the IRP was developing a comprehensive water resources plan that ensures: (1) reliability, (2) affordability, (3) water quality, (4) diversity of supply, and (5) adaptability for the region, while recognizing the environmental, institutional, and political constraints to resource development.

As part of the IRP, Metropolitan is continuing its water supply program to maintain the reliability of its water supply and delivery system and to meet the needs of existing and potential consumers and land uses within its service area. This program includes the construction of capital facilities and implementation of water management programs. Capital facilities, representing substantial current expenditures, include the State Water Project aqueduct system, the Eastside Reservoir Project, and water transmission system improvements and rehabilitation. These facilities provide the storage and transmission of water required throughout Metropolitan's service area. The benefits of these capital projects are local and also system wide, as the facilities directly increase the reliable delivery of water throughout Metropolitan's service area.

State Water Project

The State Water Project (SWP) is a major water source for Metropolitan. Metropolitan, one of twenty-nine agencies that have contracts for water service with the Department of Water Resources, is entitled to over 2 million acre-feet of the total SWP entitlements of 4.2 million acre-feet. The SWP transports water directly from the Sacramento-San Joaquin Delta and Feather River water released from Oroville Dam that has traveled to the Delta. The SWP conveys this supply south via the California Aqueduct to Metropolitan's service area. Under certain dry conditions, the State Department of Water Resources (DWR) cannot meet all of its contractors' demands for SWP entitlement water. DWR is participating in the CALFED process to develop additional facilities and programs to increase the reliability of SWP supplies.

In 1960, Metropolitan contracted with DWR to receive SWP supplies. Under this contract Metropolitan pays allocable portions of the construction and operation and maintenance costs of the system through at least year 2035, regardless of the quantities of project water Metropolitan takes.

All Metropolitan member agencies benefit from SWP and State project water is distributed to existing consumers in all six counties within Metropolitan's service area. The potential benefit of the SWP in fiscal year 1999-2000 is shown in Table 1.

Eastside Reservoir Project

The Eastside Reservoir Project, along with water transfers, comprehensive groundwater management, conservation, and recycling programs already implemented, is needed to ensure reliable water supplies and delivery to Metropolitan's consumers throughout the service area. This new reservoir will provide 800,000 acre-feet of storage capacity. Water from the

Colorado River Aqueduct and SWP is scheduled for Eastside Reservoir Project storage and subsequent distribution throughout Metropolitan's service area.

Storage within Metropolitan's water system is vital to regulate fluctuating sources of supply, to meet varying customer demands, and to ensure water service during droughts and earthquakes. The water sources available to Metropolitan are subject to extended droughts and to interruption from earthquakes, since both the California Aqueduct and the Colorado River Aqueduct cross major faults. The reservoir will permit Metropolitan to accumulate water from a variety of sources, to be held in storage or scheduled for replenishment delivery to groundwater basins. This stored water provides a reserve against shortages when supply sources are limited or disrupted. The reservoir also preserves Metropolitan's capability to deliver water during scheduled maintenance periods, when facilities must be removed from service for rehabilitation, repair, or maintenance. The potential benefit of the Eastside Reservoir Project in fiscal year 1999-2000 is shown in Table 1.

System Improvements

Metropolitan has an ongoing commitment, through physical system improvements, to maintain the reliable delivery of water throughout the entire service area. System improvement projects include additional conveyance facilities to increase dependable water supplies, provide alternative system delivery capacity, and enhance system operations. It also includes projects to upgrade obsolete facilities or equipment, or to rehabilitate or replace spent facilities or equipment. These projects are needed to enhance system operations, comply with new regulations, and maintain a reliable distribution system. A list of distribution system improvement projects is given in Table 2.

LONG-RANGE FINANCIAL PLANNING

The development and delivery of a reliable water supply comes at a cost. Since passage of Article XIII A of the California Constitution (Proposition 13 of 1978), Metropolitan has necessarily relied more on water sales revenue than on ad valorem property taxes for the payment of construction debt. Water sales have become the dominant source of revenue, not only for operation and maintenance of the vast network of facilities supplying water to Southern California's coastal plains, but also for replacement and improvement of capital facilities.

The increased reliance on highly variable water sales revenue increases the probability of substantial rate swings from year to year mainly resulting from changing weather patterns and has placed an increasing burden on current rate payers, which might more equitably be paid in part by assessments on land that in part derives its value from the availability of water.

Water Standby Charge

Metropolitan's water standby charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992-93. The projects to be supported in part by a water standby charge are capital projects that are of both local and Metropolitan-wide benefit to

existing water users, as well as current landowners. The estimated potential benefits system-wide are several times the amount to be recovered by means of the water standby charge.

Water standby charges are levied by Metropolitan only within the areas served by member agencies which requested that water standby charges be utilized as a means of collecting that agency's RTS obligation. Calleguas has requested that a water standby charge be utilized to collect part of its RTS obligation.

The following table lists the parcel included in Annexation No. 60 and the proposed water standby charge for fiscal year 1999-2000.

Water standby charges for Annexation No. 60

<u>Parcel Number</u>	<u>Acres</u>	<u>Standby Charge (FY 99-2000)</u>
215-0-020-020	.04	\$9.58
215-0-020-030	1.5	\$14.37
215-0-020-040	19.55	\$187.29
215-0-020-060	30.56	\$292.77
Total		\$504.01

The estimated potential benefits of Metropolitan's water supply program to property throughout its service area is approximately \$317 million for fiscal year 1999-2000, as shown in Table 1. An average total water standby charge of \$77 per acre of land or per parcel of less than one acre would be necessary to pay for the total potential program benefits. Benefits in this amount will accrue to each acre of property and parcel within Annexation No. 60 upon annexation into Metropolitan, as these properties become eligible to use Metropolitan water. Because (except for certain contractual deliveries as permitted under section 131 of the Metropolitan Water District Act) only properties located within Metropolitan's boundaries may receive water supplies from Metropolitan, any benefit received by the public at large or by properties outside of the proposed area to be annexed is merely incidental. It is estimated that the general benefit portion of the benefit received from the improvements to be financed in part through the proposed water standby charges is less than five percent of the total benefit.

Table 3 shows that the distribution of water standby charge revenues from the various counties and agencies, including Annexation No. 60, would provide a net revenue flow of approximately \$42 million for fiscal year 1999-2000. This total amount is less than projected collections from the RTS charge. Metropolitan will use other revenue sources, such as water sale revenues, readiness-to-serve charge revenues (except to the extent collected through water standby charges, as described above), interest income, and revenue from sales of hydroelectric power, to pay for the remaining program benefits. About eighty percent of the total cost of the improvements benefiting the annexing area will be paid from these other sources, thus ensuring that no parcel within Annexation No. 60 is assessed water standby charges in excess of the reasonable cost of the proportional special benefit conferred on that parcel.

SUMMARY

The foregoing and the attached tables describe the current benefits provided by the projects listed as mainstays to the water supply system for Metropolitan's service area. Calleguas has requested that a water standby charge be imposed on lands within Annexation No. 60 as a credit against Calleguas's readiness-to-serve charge for fiscal year 1999-2000, in the amount of \$9.58 per acre or parcel of less than one acre levied by Metropolitan within Calleguas. The special benefits described in this Engineer's Report far exceed the recommended charge. The water standby charges for parcels within Annexation No. 60 total \$504.01.

Prepared Under the Supervision Of:

Wally M. Lieu RCE 27124

Assistant Chief Engineer

Recommended By:

Christine M. Morioka

Principal Resource Specialist

TABLE 1

ESTIMATED DISTRIBUTION OF BENEFITS OF WATER SUPPLY PROGRAM THAT COULD BE PAID BY RTS CHARGE

	Estimated Potential Program Benefits FY 1999-2000	\$ Per Acre or \$ Per Parcel Less Than 1 Acre
Water Transmission Storage and Supply Program		
Net Capital Payments to State Water Project (Less Portion Paid by Property Tax Revenue)	\$113,497,388	\$27.42
Debt Service for Water Storage Including the Eastside Reservoir Project	\$83,766,798	\$20.24
Debt Service for System Improvements (less Portion Paid by Treatment Surcharge)	\$86,772,439	\$20.97
Sub-Total Capital and Debt Service Payments	\$284,036,625	\$68.63
less Estimated Water Standby Charge Revenues (Including Annexation No. 60)	(\$41,653,834)	(\$10.06)
Remaining Capital and Debt Service Costs Recovered by RTS, Water Sales, Interest Income and Other Revenues	\$242,382,791	\$58.56
Water Management Programs: Water Recycling, Groundwater Recovery and Water Conservation Projects	\$33,153,360	\$8.01
Subtotal Capital, Dept Service and Water Management Programs Costs not Paid by Water Standby Charge Revenues	\$275,536,151	\$66.58
Total Cost: Capital, Debt Service and Water Management Programs	\$317,189,985	\$76.64

TABLE 2

DISTRIBUTION SYSTEM IMPROVEMENT PROJECT BENEFITS

Distribution System Improvement
All Plants - Replace Power Supply System
All Plants - Replace Water Flowmeter Instruments
All Pump Plants 230KV External Heat Exchangers
Allen-McColloch Pipeline Purchase
Auld Valley Pipeline #1
Box Springs Feeder - Schedule 316
Central Pool Augmentation Project
Centralized Control System - Eagle Rock Area
Centralized Control System - General Design
Centralized Control System - Hdqtrs Monitoring
Chemical Unloading Facility
Chlorination Structure - Foothill Feeder
Chlorination System at Reservoirs
Colorado River Aqueduct - Gene Plant Heat Exchanger
Colorado River Aqueduct - Hinds Pump Plant, Modify Pump Impeller
Colorado River Aqueduct - Install Water Level Alarm System
Colorado River Aqueduct - Modification of Blowoff Structure
Colorado River Aqueduct - Replace Circuit Breakers
Colorado River Aqueduct - Replace Gene Pump Plant Station Service
Colorado River Aqueduct - Replace Transformer Bank No. 1
Colorado River Aqueduct - Water Storage
Colorado River Aqueduct - Intake Pump Plants, Replace Sta Service
CRA Lakeview Siphon - Repair Deteriorated Joints in 1st Barrel
Desalination Demonstration Project
Distribution System - Replace Flowmeter Instruments
District Reservoirs - Aqueous Ammonia Feed
Dist. System Improvements - Chemical Unloading
Eagle Mountain, Hinds - Service Facilities
Eagle Mountain, Hinds - Modify Pumps
Eagle Mountain, Hinds - Pump Modifications
Eagle Mountain, Hinds Rehabilitate 2 Main Transformer
Eagle Mountain, Hinds - Replace Vibration Monitors
East Valley Feeder - Relocate at Hollywood
East Valley Feeder - Structural Modifications
Enlarge Foothill Feeder Control Structure
Enlargement of Chemical Unloading Facility
Etiwanda Pipeline
Foothill Area Study
Foothill Feeder - Devil Canyon Power Plant
Foothill Feeder - Rialto Pipeline
Foothill Feeder - San Dimas Facilities
Foothill Feeder - San Fernando Tunnel
Foothill Feeder - San Fernando Tunnel
Garvey Reservoir Junction Structure
Garvey Reservoir Junction Structure - Replace Valves
Garvey Reservoir - Floating Cover
Garvey Reservoir - Inlet & Outlet Conduit
Garvey Reservoir - Junction Structure
Garvey Reservoir - Modify Desilting Basins

TABLE 2 (CONTINUED)

DISTRIBUTION SYSTEM IMPROVEMENT PROJECT BENEFITS

Distribution System Improvement
Gene Pump Plant - Mechanical Maintenance Shop
Gene Pump Plant - Replace 230KV Circuit Breaker
Gene Pump Plant - Replace Power Cable
Gene Pumping Plants - Testing Lab Addition
Hinds - Rehabilitation Bank 1 Main Transformer
Hinds - Replace 230V Circuit Breakers
Inland Feeder R/W (BSF, Lakeview, SD 4 & 5)
Inland Feeder System - Perris Control Facility
Inland Feeder
Install Chlorine & Ammonia Analyzers
Intake Pumping Plant - Replace Standby Generator
La Verne Facility - Machine Shop
La Verne Facility - Maintenance Shop
La Verne Facility - Paint Drying Facility
La Verne Facility - Replace Machine Shop
La Verne Facility - Wheeler Ave Entrance
La Verne Maintenance Facility Expansion
Lake Mathews - Chlorination Facility
Lake Mathews - Control Tower - Replace Valves
Lake Mathews - Dike #1 - Install Piezometers
Lake Mathews - Forebay Outlet Structure
Lake Mathews - Outlet Tower - Maintenance
Lake Mathews - Domestic Water System
Lake Mathews - Electrical System
Lake Mathews - Lumber Storage Building
Lake Mathews - Propane Storage Tank
Lake Mathews - Rehabilitate Electrical System
Lake Mathews - Replace Electrical Service
Lake Mathews - Replace Howell-Bunger Valve
Lake Mathews - Replace Southerly Security Fence
Lake Mathews - Seepage Alarms
Lake Perris Bypass Pipeline
Lake Perris Pumpback Expansion
Lake Perris Pumpback Facility
Lake Skinner
Lake Skinner - Install Aeration System
Lake Skinner - Propane Storage Tank
Lake View Pipeline - Install Cathodic Protection
Live Oak Reservoir - Foothill Feeder System
Live Oak Reservoir - Improvements
Lower Feeder - Relocation in Imperial Hwy
Lower Feeder - Replace/Protect Imperial Highway
Mathews & Diemer - Modify Chlorine Tanks
Microwave Communication System
Microwave Communication System - ROW
Mills Filtration Plant - Service Connection
Modify Control System
MWD Share Design & Construction LA-35

TABLE 2 (CONTINUED)

DISTRIBUTION SYSTEM IMPROVEMENT PROJECT BENEFITS

Distribution System Improvement	
Oak St Pressure Control Station - Valve Replacement	
OC Reservoir - Modify Electrical Control Center	
Orange County Feeder Relocation	
Orange County Feeder - Pressure Relief Structure	
Orange County Feeder - Relocation at Kimber	
Orange County Feeder - Service Connection PM-1	
Orange County Reservoir - Floating Cover	
Orange County Reservoir - Replace Chlorination Equipment	
PABX Communication System	
Palos Verdes Feeder - Modifications of L.A. City	
Palos Verdes Feeder - Relocation (MWD's Portion)	
Palos Verdes Feeder - Washington	
Palos Verdes Reservoir - Bypass Pipelines	
Pump Plants - Rehabilitate Main Pumps	
Pumping Plants - Replace Recorders	
Replace 75 Underground Storage Tanks	
Replace Flowmeters on Service Connections	
Rialto Pipeline - Delivery Facilities	
San Diego Aqueduct Rep San Jacinto	
San Diego Canal Enlarge Phase 2	
San Diego Pipe #5 - Schedule SD-17	
San Diego Pipeline Nos. 2, 3 - Modifications	
San Diego Pipeline No. 5 Schedule SD-16	
San Diego Pipeline No. 6	
Santa Ana River Crossing - Seismic	
Santa Monica Feeder - Modify Control Structure	
Santa Monica Feeder - Repair/Retrofit 28 Manhole Risers	
Sepulveda Feeder System, West Valley Feeder No. 2	
Sepulveda Feeder System - Calabasas Feeder	
Sepulveda Feeder - Balboa Inlet	
Sepulveda Feeder - Sepulveda Canyon Control	
Skinner Filtration Plant - Area Maintenance Center	
Soto Street Maintenance Center - Propane Storage	
South (Orange) County Pipeline - Joint Participation & Purchase	
Supervisory Control of Copper Basin Facility	
Upgrading Communication System	
West Orange County Feeder - Relocation	
West Valley Area Study	
West Valley Feeder No. 1 - Modifications	
West Valley Feeder No. 2	
White Water Siphon Delivery Structure	
Yorba Linda Feeder	
Other System Reliability/Rehabilitation Projects	
Estimated Fiscal Year 1999-2000 Benefit	\$86,772,439

TABLE 3

**PROJECTED FOR FISCAL YEAR 1999-2000
WATER STANDBY CHARGE
ESTIMATED REVENUE**

Member Agencies	Unit Parcel Charge	These items estimated (a,b)	
		Number Of Parcels Or Acres	Gross Revenues (Dollars)
Beverly Hills			
Burbank	\$14.20	28,100	\$399,018
Central Basin MWD	\$10.44	338,317	\$3,532,031
Compton	\$8.92	18,093	\$161,394
Foothill MWD	\$10.28	30,153	\$309,969
Glendale	\$12.23	44,481	\$544,006
Las Virgenes MWD	\$8.03	63,495	\$509,865
Long Beach	\$12.16	88,243	\$1,073,039
Los Angeles			
Pasadena	\$11.73	36,803	\$431,697
San Fernando	\$7.87	5,151	\$40,539
San Marino	\$8.24	4,972	\$40,970
Santa Monica			
Three Valleys MWD	\$12.21	151,224	\$1,846,451
Torrance	\$12.23	37,755	\$461,748
Upper San Gabriel Valley MWD	\$9.27	208,682	\$1,934,485
West Basin MWD			
Los Angeles County Total		1,055,471	\$11,285,212
Anaheim	\$8.55	68,278	\$583,776
Coastal MWD	\$11.60	84,759	\$983,209
Fullerton	\$10.71	32,982	\$353,238
MWD of Orange County	\$10.09	589,431	\$5,947,355
Santa Ana	\$7.88	53,264	\$419,723
Orange County Total		828,714	\$8,287,301
Eastern MWD	\$6.94	375,802	\$2,608,063
Western MWD of Riverside Co.	\$9.23	356,469	\$3,290,212
Riverside County Total		732,271	\$5,898,275
Chino Basin MWD	\$7.59	221,104	\$1,678,178
San Bernardino County Total		221,104	\$1,678,178
Calleguas MWD	\$9.58	244,634	\$2,343,589
Calleguas Annexation No. 60	\$9.58	52	\$504
Ventura County Total		244,685	\$2,344,093
San Diego CWA	\$11.51	1,056,540	\$12,160,774
San Diego County Total		1,056,540	\$12,160,774
TOTAL	\$10.06	4,138,785	\$41,653,833

- Notes:
- a. The revenues and parcels are only estimates. Actual revenue collected could be less than projected due to tax payment delinquencies.
 - b. Based on estimates provided 11/12/98 by Reiter-Lowry Consultants, excepting Annexation No. 60

Calleguas MWD Annexation No. 60

OWNER(S)

**Currently owned by Solid Development
Agreement to sale to John Laing Homes**

CURRENT LAND USE

Vacant

PROPOSED USE

Property will be developed with up to 179 single family homes, 65 detached condominium units and park with green belts

PROPOSED WATER USE

<div style="border: 1px solid black; padding: 5px; display: inline-block;">Total Demand</div> 135 AFY	1/2 Local Ground Water 1/2 Calleguas/ MWD Water Demand on Calleguas/MWD= 68 AFY
---	---

ANNEXATION CHARGE

(49.65 net acres x \$3,049) + \$5000 =
\$156,382.85

Exhibit C

**The following 3 pages are attachments to
Board Letter 8-8b**