

- **Board of Directors**
Executive Committee
Water Planning and Resources Committee

May 17, 2000 Board Meeting

8-8

Subject

Changes to Metropolitan's Administrative Code in response to a change in Metropolitan's Act, recommendations by the General Auditor, and other changes to improve the administration of Metropolitan's classes of service to be effective July 1, 2000.

Description

Prior to January 1, 2000, Section 132 of Metropolitan's Act provided that Metropolitan could provide, sell and deliver surplus water not needed or required for domestic or municipal uses within Metropolitan's service area for any beneficial use. The Legislature amended Section 132 (SB 314-Kelley; Stats. 1999, ch. 46), effective January 1, 2000, to provide that any water purchased at the full-service rate charged for domestic or municipal uses, including agricultural water, shall be deemed to be used for domestic or municipal purposes and not considered surplus water subject to discontinuance under Section 132.

Through the Interim Agricultural Water Program (IAWP), Metropolitan offers lower water rates for agricultural users in exchange for the opportunity to interrupt service. In order to be consistent with the newly amended Act, Metropolitan's Administrative Code should also be amended.

Additionally, in a report on the IAWP dated July 26, 1999, the General Auditor recommended among other things that specific deadlines be established for submitting information to Metropolitan for review and audit purposes, and that changes be made in the way in which losses for the IAWP are calculated. These recommendations have also been incorporated into the proposed changes to Metropolitan's Administrative Code where they apply globally to all certification processes except as otherwise stated in an agreement.

On February 28, 2000, Metropolitan staff and member agency staff met and reviewed the draft changes. Consensus was reached on the changes that are recommended to the board in this letter. [Attachment 1](#) summarizes the changes to the Administrative Code in tabular format. [Attachment 2](#) shows the changes to Metropolitan's Administrative Code in strikeout/underline format.

Policy

Metropolitan Act, Section 132; Metropolitan Administrative Code, Division IV.

Board Options/Fiscal Impacts

Option #1

Adopt the changes to the Administrative Code as reflected in [Attachment 1](#) and [Attachment 2](#) of this letter to be effective July 1, 2000.

Fiscal Impact: One-time \$30,000 cost for programming changes to the water billing system. Reduces staff time to administer water sales provisions.

Option #2

Do not adopt the changes to the Administrative Code as reflected in [Attachment 1](#) and [Attachment 2](#) of this letter.

Fiscal Impact: Continue spending staff time to administer water sales provisions.

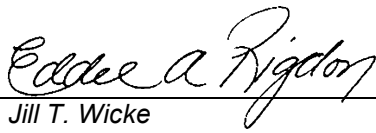
Option #3

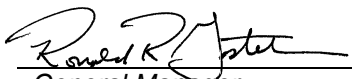
Adopt only portions of the changes to the Administrative Code as reflected in [Attachment 1](#) and [Attachment 2](#) of this letter to be effective July 1, 2000.

Fiscal Impact: One-time cost up to \$30,000 for programming changes to the water system. Reduces staff time to administer water sales provisions.

Staff Recommendation

Option #1.


for Jill T. Wicke 4/24/2000
Acting Manager, Water System Operations Date


Rowland R. Foster 4/27/2000
General Manager Date

[Attachment 1—Table of Changes](#)

[Attachment 2—Administrative Code Changes](#)

TABLE OF CHANGES

DEFINITIONS		
Administrative Code Section	Change	Impact
4105	Modifies the definition of domestic and municipal service.	Makes Administrative Code consistent with Metropolitan Act.
4106	Renames the agricultural purpose definition to IAWP purpose.	Makes Administrative Code consistent with Metropolitan Act.
4117	Deletes the previous IAWP definition that is now incorporated in Section 4106.	Makes Administrative Code consistent with Metropolitan Act.

INTERIM AGRICULTURAL WATER PROGRAM (IAWP)		
Administrative Code Section	Change	Impact
4507(g)	Renumbered from 4507(h). Simplifies the formula to calculate losses, gains, and differences due to timing of meter readings.	Simplifies one complicated formula into two formulas.
4903	Change Program Audits to Program Reviews	Refines section to agree with practice that Metropolitan staff annually reviews submitted certifications.
4905	Changes reference to Water Surplus and Drought Management Program.	Makes consistent with current Board policy.
Throughout Division	Change references from agricultural use/purpose and interim agricultural water to IAWP.	Makes Administrative Code consistent with Metropolitan Act.

REVISIONS, MISTAKES, CERTIFICATIONS, SOURCE DOCUMENTATION		
Administrative Code Section	Change	Impact
4507(b)	Moved to subsection 4507(m).	Subsection is adjacent to rest of subsections dealing with similar issue.
4507(e)	Renumbered from 4507(f). Changes timing of submitting certifications to reference Section 4507(g).	Simplifies language in Code.
4507(f)	Renumbered from 4507(g). Eliminates the \$2,500 penalty for certifications submitted later than three months from the end of the month being certified. Instead, when Metropolitan anticipates that a certification will be late, Metropolitan notifies the agency that the certification is in risk of not being accepted unless submitted no later than six months from the end of the month being certified. Six-month deadline for Metropolitan to accept certifications is maintained.	Gives agencies more flexibility in submitting certifications. Gives Metropolitan a positive rather than negative reinforcement for potentially late certifications.
4507(k)	Sets specific times for submitting original documentation by member agency to support certification. Provides for a late penalty if documentation not submitted by December 31 and revokes credits if documentation not submitted before the end of February.	Defines expectations and remedies by Metropolitan.
4507(l)	Sets a specific time for Metropolitan to complete its review. Gives a remedy to member agency if Metropolitan does not complete its review.	Defines expectations and remedies by member agencies.
4507(m)	Moved from 4507(b). Further describes a mistake or error in Metropolitan's water sales records and disallows the processing of errors less than 5 acre-feet per project, per program, annually.	Clarifies the section and saves administrative costs from both a Metropolitan and member agency standpoint.

GENERAL PROVISIONS		
Administrative Code Section	Change	Impact
4505	Deletes reference to domestic and municipal purposes and adds reference to in-lieu groundwater and reservoir storage. Deletes reference to seawater barrier at SSS rates.	Clarifies and corrects the Section.
Throughout Section 4500	Add headings to subsections.	Makes Section easier to read and reference.
Throughout Division	Change numbering and grammar as appropriate.	Corrects the Division.

ADMINISTRATIVE CODE CHANGES

Division IV

WATER SERVICE POLICIES

Chapter	Sec.
1 Definitions	4100
2 Regional Water Management	4200
3 Water Sales Revenues	4300
4 Classification and Rates	4400
5 Water Service Regulations - General	4500
6 [Repealed]	4600
7 Service Connections	4700
8 System Interconnections - Hydraulic Transients	4800
9 Interim Agricultural Water <u>Program</u> Service Regulations	4900

Chapter 1

DEFINITIONS

Sec.	
4100.	General
4101.	Colorado
4102.	State
4103.	Treated Water
4104.	Untreated Water
4105.	Domestic and Municipal Purposes
4106.	<u>Interim Agricultural Water Program</u> Purposes
4107.	Groundwater Replenishment by Spreading
4108.	Groundwater Replenishment by Injection
4109.	In-Lieu Groundwater Replenishment
4110.	Reservoir Storage
4111.	In - Lieu Reservoir Storage
4112.	Full Service
4113.	Recycled Water
4114.	Seasonal Storage Service
4115.	Local Projects Program Yield
4116.	Project Sponsor
4117.	Interim Agricultural Water Service
<u>4117</u> 4118.	Cooperative Storage Program
<u>4118</u> 4119.	Cooperative Storage Program Sale
<u>4119</u> 4120.	Wheeling Service

§ 4100. General.

The definitions in this Chapter shall govern the meaning of the terms when used in this Division.

§ 4101. Colorado.

"Colorado" as a source of water shall mean water obtained by the District from the Colorado River through facilities owned by the District.

§ 4102. State.

"State" as a source of water shall mean water obtained by the District from facilities of the California State Water Project.

§ 4103. Treated Water.

"Treated water" shall mean water that is treated by filtration and disinfection at any District water treatment facility.

§ 4104. Untreated Water.

"Untreated water" shall mean water that is not treated water.

§ 4105. Domestic and Municipal Purposes.

"Domestic and municipal purposes" shall mean, but is not limited to, the use of water for all domestic, municipal, commercial, industrial, and recreational purposes, ~~commonly, but not exclusively, served by the water supply of a city, town, or other similar population group, but shall not include water used for agricultural purposes.~~

§ 4106. Interim Agricultural Water Program Purposes.

"Interim Agricultural Water Program purposes" shall mean the service of water pursuant to the Interim Agricultural Water Program and this Division Four which is delivered and used for the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefor.

(a) "Interim Agricultural Water Program purposes limited to the growing of field and nursery crops and row crops" shall mean the service of water ~~those agricultural purposes~~ related to the growing

of crops generally planted and harvested annually or more frequently, and other Interim Agricultural Water Program purposes not included in the definitions of Sections 4106(b) and 4106(c).

(b) "Interim Agricultural Water Program purposes limited to the growing of trees and vines" shall mean the service of water ~~those agricultural purposes~~ limited to the growing of crops which are planted less frequently than annually in the expectation of long-term yield therefrom.

(c) "Interim Agricultural Water Program purposes limited to the feeding of fowl or livestock" shall mean the service of water ~~those agricultural purposes~~ encompassing the raising of animals for human consumption or for the market or for the purpose of obtaining their products for human consumption or for the market.

§ 4107. Groundwater Replenishment by Spreading.

"Groundwater replenishment by spreading" shall mean the act of spreading or causing to be spread, water for the purpose of replenishing natural groundwater basins, without regard to subsequent use of the water.

§ 4108. Groundwater Replenishment by Injection.

"Groundwater replenishment by injection" shall mean the act of injecting or causing to be injected, water for the purpose of replenishing natural groundwater basins.

(a) "Direct Replenishment by Injection" shall mean groundwater replenishment that results from the act of injecting without regard to subsequent use of the water.

(b) "Seasonal Shift by Injection" shall mean groundwater replenishment that results from the act of injecting and is subject to the measurements as described in Section 4514 of this Division.

(c) "Seawater barrier groundwater replenishment" shall mean groundwater replenishment having as a principal purpose the injection of water for the purpose of maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

§ 4109. In-Lieu Groundwater Replenishment.

"In-lieu groundwater replenishment" shall mean maintenance or replenishment of water supplies in groundwater basins by reduction or elimination of extraction therefrom through the substitution of deliveries of water to consumers from surface distribution facilities in lieu of such extraction.

§ 4110. Reservoir Storage.

"Reservoir storage" shall mean the act of storing water in surface reservoirs by delivering water directly into a reservoir.

§ 4111. In-Lieu Reservoir Storage.

"In-Lieu Reservoir Storage" shall mean the act of storing water in surface reservoirs by reducing or eliminating local supply outflow, through substitution of deliveries of water to consumers from surface distribution facilities in lieu of such withdrawals, thus conserving storage acquired from local sources.

§ 4112. Full Service.

"Full service" shall mean service of water that does not meet the criteria for other classes of service or special programs as defined in this Division and is not subject to reduction or interruption except by application of the preferential rights referred to in Section 135 of the Metropolitan Water District Act.

§ 4113. Recycled Water.

"Recycled water," which is sometimes referred to as subpotable water, is water that does not meet criteria established by the State Department of Health Services for domestic use, and shall mean wastewater which has been collected in a sanitary sewer system and treated within a water reclamation plant, or untreated low quality water extracted from groundwater basins, both types of water being suitable for selected nonpotable uses.

§ 4114. Seasonal Storage Service.

"Seasonal Storage service" shall mean service of water for groundwater replenishment by spreading or injecting, in-lieu groundwater replenishment, in-lieu reservoir storage, or for direct reservoir storage. Such service shall be governed by the provisions of Section 4514.

§ 4115. Local Projects Program Yield.

"Local Projects Program Yield" shall mean recycled water developed by a project in the District's Local Projects Program which is available for purchase by the District, and which can be resold by the District to meet a demand on the District for all beneficial uses.

§ 4116. Project Sponsor.

"Project Sponsor" shall mean a public agency that owns and operates, or proposes to own and operate, a project that will produce Local Project Program Yield.

~~§ 4117. Interim Agricultural Water Service.~~

~~—————"Interim Agricultural Water Service" shall mean service of water for agricultural purposes, as defined in Section 4106, pursuant to the Interim Agricultural Water Program and the provisions of Chapter 9 of this Division IV.~~

§ 4117 4118. Cooperative Storage Program.

"Cooperative Storage Program" shall mean the program that provides a means for coordinating the District's carryover storage needs with storage capacity available to member public agencies, on the basis that the stored water will eventually be released to respective participating member public agencies pursuant to the regulations provided by Section 4517.

§ 4118 4119. Cooperative Storage Program Sale.

"Cooperative Storage Program Sale" shall describe the transaction that occurs at the time a water delivery is made by the District under the Cooperative Storage Program. That delivery is deemed a sale to the receiving member public agency when delivered to it for storage, with payment to the District deferred as provided in subsection 4517(i). For administrative record keeping purposes, such a transaction will be recorded as an advance delivery until invoiced as a sale by the District at the time of release.

§ 4119 4120. Wheeling Service.

"Wheeling Service" shall mean the use of Metropolitan's facilities, including its rights to use State Water Project facilities, to transport water not owned or controlled by Metropolitan to its member public agencies, in transactions entered into by Metropolitan for a period of up to one year.

Chapter 4

CLASSIFICATION AND RATES

- Sec.
- 4400. Basic Statement
- 4401. Rates
- 4402. Readiness-to-Serve Charge
- 4403. New Demand Charge
- 4404. Connection Maintenance Charge
- 4405. Wheeling Service

§ 4400. Basic Statement.

The rates and charges set forth herein, so far as practicable, shall result in revenue to meet the obligations set forth in Section 134 of the Metropolitan Water District Act.

§ 4401. Rates.

(a) The rates per acre-foot for water sold and delivered for each class of service on order of any member public agency for use therein shall be as follows:

(1) For Full Service (All water delivered that does not meet criteria for other classes of service or special programs as defined in this Division.)

<u>Effective Date</u>	<u>Untreated Water</u>	<u>Treated Water</u>
1/1/99	\$349.00	\$431.00
1/1/00	\$349.00	\$431.00

(2) For Seasonal Storage Service (All water delivered in accordance with the Seasonal Storage Service Program as described in this Division and the most current User Handbook for Seasonal Storage Service.)

<u>Effective Date</u>		<u>Untreated Water</u>	<u>Treated Water</u>
1/1/99	(Long-term)	\$233.00	\$290.00
1/1/99	(Shift)	\$255.00	\$312.00
1/1/00	(Long-term)	\$233.00	\$290.00
1/1/00	(Shift)	\$266.00	\$323.00

(3) For Recycled Service

<u>Effective Date</u>	<u>Rate</u>
1/1/99	\$113.00

1/1/00 \$113.00

(4) For Interim Agricultural Water Program Service

<u>Effective Date</u>	<u>Untreated Water</u>	<u>Treated Water</u>
1/1/99	\$236.00	\$294.00
1/1/00	\$236.00	\$294.00

(5) For Wheeling Service

<u>Effective Date</u>	<u>Firm</u>	<u>Non-Firm</u>
1/15/97	\$262.00	\$141.00
7/1/97	\$262.00	\$141.00
1/1/98	\$262.00	\$141.00

(b) The Connection Maintenance Charge is \$50/cfs of connected capacity per month, not to exceed a maximum charge per connection of \$5,000 per month.

(c) The rates for water established by Section 4401(a) shall not apply to water sold and delivered by the District to any purchaser other than a member public agency; and said rates for water shall not apply to water sold and delivered by the District for any use outside the District, or to water sold and delivered by the District for any use within the District in substitution for water used outside the District, regardless of whether or not such water be purchased by, or delivered pursuant to the order of, any member public agency; but such water shall be sold and delivered pursuant to such contract and upon such terms and conditions as the Board shall authorize and determine for each such transaction.

§ 4402. Readiness-to-Serve Charge.

(a) The readiness-to-serve charge shall be set by the Board from time to time to recover the principal and interest payments on non-tax supported debt service that has been or will be issued to fund capital improvements necessary to meet the continuing reliability and water quality needs associated with current demand. The readiness-to-serve charge will be allocated among the member public agencies in proportion to the rolling average of Metropolitan water sales in acre feet to each member public agency.

(b) In no event shall any member public agency’s readiness-to-serve charge be based on less than the following minimum sales (in acre-feet) for each member public agency:

<u>Member Public Agency</u>	<u>Minimum Readiness-To-Serve Sales (AF)</u>
City of Anaheim	8,386.9
City of Beverly Hills	6,393.2
City of Burbank	9,790.4

Calleguas MWD	43,534.3
Central Basin MWD	32,130.0
Chino Basin MWD	15,200.9
Coastal MWD	19,457.5
City of Compton	2,512.9
Eastern MWD	24,810.5
Foothill MWD	3,920.4
City of Fullerton	3,834.4
City of Glendale	13,228.0
Las Virgenes MWD	8,796.2
City of Long Beach	18,902.9
City of Los Angeles	113,942.2
MWD of Orange County	79,695.8
City of Pasadena	5,083.2
San Diego CWA	203,910.3
City of San Fernando	105.4
City of San Marino	663.5
City of Santa Ana	6,072.6
City of Santa Monica	2,508.6
Three Valleys MWD	28,908.1
City of Torrance	10,155.7
Upper San Gabriel Valley MWD	4,462.6
West Basin MWD	74,669.7
Western MWD of Riverside Co.	<u>27,033.7</u>
TOTAL	768,109.6

(c) Deliveries of Metropolitan water which are in excess of a member public agency's new demand charge base will not be used in calculating such member public agency's readiness-to-serve charge.

(d) The readiness-to-serve charge shall be due monthly, quarterly or semiannually, as agreed upon by Metropolitan and the member public agency. If a standby charge is collected on behalf of a member public agency, the member public agency will be credited for the amount of net collections. This charge is subject to the provisions of Sections 4507 and 4508.

(e) The General Manager shall establish and make available to member public agencies procedures for administration of the readiness-to-serve charge, including filing and consideration of applications for reconsideration of their respective readiness-to-serve charge. The General Manager shall review any applications for reconsideration submitted in a timely manner. The General Manager shall also establish reasonable procedures for the filing of appeals from his determination.

§ 4403. New Demand Charge.

(a) The new demand charge shall be set by the Board from time to time to recover the capital costs associated with meeting new demands on Metropolitan's system.

(b) Each member public agency's new demand charge base (in acre-feet) is established as follows:

<u>Member Public Agency</u>	<u>Base Amount (AF)</u>
City of Anaheim	24,944
City of Beverly Hills	13,614
City of Burbank	20,446
Calleguas MWD	99,025
Central Basin MWD	120,257
Chino Basin MWD	76,265
Coastal MWD	42,243
City of Compton	5,206
Eastern MWD	55,603
Foothill MWD	9,610
City of Fullerton	12,253
City of Glendale	26,456
Las Virgenes MWD	18,525
City of Long Beach	42,539
City of Los Angeles	358,128
MWD of Orange County	242,576
City of Pasadena	22,638
San Diego CWA	559,220
City of San Fernando	903
City of San Marino	1,327
City of Santa Ana	15,840
City of Santa Monica	8,889
Three Valleys MWD	69,664
City of Torrance	20,311
Upper San Gabriel Valley MWD	71,899
West Basin MWD	167,634
Western MWD of Riverside Co.	<u>78,260</u>
TOTAL	2,184,095

(c) Beginning with fiscal year 1995-96, a new demand charge will be incurred upon Metropolitan's determination that a member public agency's historic average deliveries of water have exceeded such member public agency's new demand charge base. Upon payment of any new demand charge by a member public agency, that member public agency's new demand charge base will be increased by an amount equal to the quantity of water on which the new demand charge was paid.

(d) Deliveries of Metropolitan water which are in excess of a member public agency's new demand charge base, as shown in Section 4403(b), will not be used in calculating such member public agency's readiness-to-serve charge.

(e) The new demand charge may be remitted over a period of up to 15 years, including an interest charge, and is subject to the provisions of Sections 4507 and 4508. The interest charge will be based on Metropolitan's weighted average cost of debt at the time the new demand charge is determined, as shown in the most recent Annual Financial Report.

(f) The General Manager shall establish and make available to member public agencies procedures for administration of the new demand charge, including filing and consideration of applications for reconsideration of their respective new demand charge. The General Manager shall review any applications for reconsideration submitted in a timely manner. The General Manager shall also establish reasonable procedures for the filing of appeals from his determination.

§ 4404. Connection Maintenance Charge.

(a) The connection maintenance charge shall be due monthly, and is subject to the provisions of Sections 4507 and 4508.

(b) For purposes of Section 4401(b), connected capacity shall mean the peak week average flow through each connection, measured in cubic foot per second (cfs), during the five-year period immediately preceding the beginning of the current fiscal year, but in no case will connected capacity be less than 10% of the rated capacity and not more than the rated capacity of the meter.

(1) Peak week shall mean the meter reading period with the highest average flows; the meter reading period is the time interval between two consecutive meter readings.

(2) Flows will be rounded up to the nearest .5 cfs.

(c) The General Manager shall establish and make available to member public agencies procedures for administration of the connection maintenance charge, including filing and consideration of applications for reconsideration of their respective connection maintenance charge. The General Manager shall review any applications for reconsideration submitted in a timely manner. The General Manager shall also establish reasonable procedures for the filing of appeals from his determination.

§ 4405. Wheeling Service.

(a) Subject to the General Manager's determination of available capacity, Metropolitan will offer "firm" wheeling service, with reliability on the same basis as noninterruptible water service, and "non-firm", interruptible wheeling service, which will be on an "as available" basis. The non-firm rate is established for the movement of non-Metropolitan water in order to meet long-term storage requirements that benefit the Metropolitan service area, and the calculation of the non-firm wheeling rates appropriately reflects the cost of providing this interruptible class of service. The determination whether there is unused capacity in Metropolitan's conveyance system, and in particular facilities of the conveyance system, shall be made by the General Manager on a case-by-case basis in response to particular requests for wheeling.

(b) The rates for wheeling service shall be as set forth in Section 4401. The wheeling rates shall be reduced to reflect the regional water supply benefits provided to Metropolitan's service area, if any,

on a case- by-case basis in response to a particular wheeling transaction. The regional benefits, if any, shall be calculated by Metropolitan in the same manner as such benefits are calculated for use in the Local Projects and Groundwater Recovery Program.

(c) The rates for wheeling service set forth in Section 4401 shall apply only to wheeling by member agencies in non-shortage periods. The rates for wheeling by member agencies during shortage periods, or for non-member agencies, shall be established by the Board on a case-by-case basis in response to specific requests for wheeling.

Chapter 5

WATER SERVICE REGULATIONS - GENERAL

Sec.

- 4500. Adoption of Regulations
- 4501. Obligation to Pay for Water Delivered
- 4502. Liability and Indemnification
- 4503. Suspension of Deliveries
- 4504. Rates of Flow
- 4505. Estimates of Water Requirements and Schedules of Deliveries
- 4506. Metering of Water
- 4507. Billing and Payment for Water Deliveries
- 4508. Additional Payment and Reporting in the Event of Delinquency in Payment for Water
- 4509. Water Restricted to Use Within the District
- 4510. Application of Regulations
- 4511. Notices
- 4512. Sales Subject to System and Water Availability
- 4513. Equal Opportunity Requirements
- 4514. Seasonal Storage Service
- [4515. Repealed]
- 4516. Local Projects Program
- 4517. Cooperative Storage Program

§ 4500. Adoption of Regulations.

Subject to all applicable provisions of the Metropolitan Water District Act, as said Act may be amended from time to time, the following regulations shall govern the service of water by the District.

§ 4501. Obligation to Pay for Water Delivered.

(a) All water delivered through any service connection to a member public agency for use within the member public agency shall be supplied in accordance with the provisions of the Metropolitan Water District Act and the rules and regulations of the District governing such service, as set forth in Chapter 5 and Chapter 9. The District shall bill the member public agency for all water delivered through the service connection, and the member public agency shall pay the District for all water so delivered at the rate or rates and within the period from time to time fixed by the Board.

(b) In the event that any member public agency shall request in writing a delivery of water directly by the District into any distribution system owned by some other agency which serves water within the corporate area of the member public agency, the member public agency shall be obligated to pay the District for all water so delivered at the rates and under the conditions from time to time fixed by the Board; and such delivery into such other system shall constitute delivery to such member public agency for the purpose of these regulations.

(c) Member public agency system losses of District-supplied water are losses that are inherent in the operation of a water distribution system. These include losses occasioned by evaporation, seepage, spillage, leakage, pipeline failure, or system testing. Such losses shall be charged to a member public agency in direct proportion to the classes of service in which they occur and at the rates prescribed in Section 4401 for water sold and delivered for each such class of service. Such system losses shall not affect a member public agency's obligation to sustain an interruption or reduction in the delivery of water as set forth in this Code Section 4905.

§ 4502. Liability and Indemnification.

Neither the District nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied by the District to a member public agency after such water has been delivered to such member public agency; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water beyond the point of such delivery; and the member public agency shall indemnify and hold harmless the District and its officers, agents, and employees from any such damages or claims of damages, and shall reimburse the District for costs of repair of the District's facilities and other damages resulting from the operations of the member public agency. Neither the member public agency nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water prior to such water being delivered to the member public agency; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water prior to its delivery to such member public agency, excepting, however, claims by the District for costs of repair to the District's facilities and other damages resulting from the operations of the member public agency; and the District shall indemnify and hold harmless the member public agency and its officers, agents, and employees from any such damages or claims of damages, except claims by the District for costs of repair of the District's facilities and other damages resulting from the operations of the member public agency.

§ 4503. Suspension of Deliveries.

Whenever repairs or maintenance of the District's system, in the opinion of the General Manager of the District, shall require suspension of delivery of water at any point or points, such delivery may be suspended without liability on the part of the District; provided, that except in cases of emergency, as determined by the General Manager, notice of such suspension of service shall be given to the affected member public agency in advance of such suspension.

Each member agency should have a seven-day supply of water in case of an interruption in Metropolitan deliveries. Except in cases of emergency, the District will notice long term (over seven days) shutdowns at least one year in advance and produce a shutdown schedule in September for shutdowns less than seven days.

Seasonal Storage Service certifications will be adjusted for the reduction of credits that are accrued due to shutdowns that are greater than seven days. No adjustments will be made for shutdowns seven days or less unless the member agency provides a service to the District by serving another member agency in-lieu of District deliveries during a shutdown even if the shutdown is seven days or less.

§ 4504. Rates of Flow.

(a) Within any 24-hour period, changes in rate of flow through any service connection serving a member public agency will be limited to ten (10) percent above and below the previous 24-hour average rate of flow except when a specific request for a change in rate that would exceed such limitations has been made to the District; such requests (1) shall be made at least 6 hours in advance of the time such change is to be made; (2) shall be approved by the General Manager only if in his judgment the change would not adversely affect the District's ability to apportion available water equitably. The General Manager is hereby authorized to reduce the maximum obtainable rate of flow at any service connection where this regulation is being violated and in the event the capacity of the distribution system is insufficient to accommodate the above mentioned daily fluctuations in delivery rate, the General Manager shall regulate the rates of flow at any or all service connections so as to assure equitable service to all agencies. However, the District will endeavor to meet all reasonable demands for service so long as comparable service can be provided to all member public agencies being served from a related section of the District's distribution system.

(b) When flow through a service connection serving a member public agency is reduced below ten (10) percent of the requested or actual maximum design capacity of the meter, whichever is less, at that connection during a period when the service connection turnout valve is in the open position, the member public agency will be charged as though a flow equaling ten (10) percent of the capacity of such meter were being delivered, as determined by the General Manager, unless the District has been advised by the member public agency that no deliveries are required at that connection for a specified period. This Section 4504(b) shall not apply to those service connections which are not connected to pressure pipelines of the District or to those service connections being operated intermittently in a manner determined by the General Manager to be of benefit to the District under conditions such that when flow does occur at these service connections it exceeds ten (10) percent of the meter capacity. The General

Manager shall have the power to waive the requirements of this Section 4504(b), with respect to any meter where the agency served by the meter is doing everything within its capability, as determined by the General Manager, to adjust its facilities and operations so as to be able to take delivery at rates of flow not less than ten (10) percent of the requested or actual maximum design capacity of the meter, whichever is less, at that connection during a period when the service connection turnout valve is in the open position.

(c) When flow through a service connection serving a member public agency is increased above the actual maximum design capacity of the meter, the member public agency will be charged as though a flow equaling one hundred and twenty-five (125) percent of the capacity of such meter were being delivered, as determined by the General Manager.

(d) The General Manager shall have the power to waive the provisions of Sections 4504(a), 4504(b) and 4504(c) for a specified period with respect to any service connection if in his judgment such a waiver will serve to accomplish the current objectives of the District and will not adversely affect the operation of the District's distribution system or impair its ability to provide service to all member public agencies.

§ 4505. Estimates of Water Requirements and Schedules of Deliveries.

(a) General. - Before April 1 of each year, each member public agency shall furnish the District, in form provided by the District, with an estimate of the amounts of water to be furnished to such member public agency by the District. These estimates will be used by the District in planning the construction needed to complete the District's ultimate aqueduct and distribution system; in planning the future operation of such system; and in preparing notices for submission to the State Department of Water Resources which will be used by the State to order power for pumping on the State Water Project.

(b) Contents of Estimates

(1) Each estimate furnished by a member public agency pursuant to Section 4505(a) shall contain, as a minimum, for each service connection and for each month of the year beginning with the succeeding July 1, and for the entire member public agency for each month of the succeeding four years, the following information:

(i) The quantity of water to be delivered by Metropolitan to the member public agency in full service.

(ii) The quantity of water to be delivered by Metropolitan to the member public agency in Interim Agricultural Water Program service.

(iii) The quantity of water to be delivered by Metropolitan to the member public agency in Seasonal Storage Service.

(iv) With regard to water estimated to be delivered in full service, the quantity of water to be used for seawater barrier groundwater replenishment.

(v) With regard to water estimated to be delivered in Sseasonal Sstorage Sservice, the quantity of water to be used for:

(aa) In-Lieu Groundwater and Reservoir Shift and Long-Term Storage purposes ~~Domestic and municipal purposes~~, exclusive of groundwater replenishment by spreading or injecting and direct reservoir storage; and

(bb) Groundwater replenishment by spreading or injecting ~~and seawater barrier groundwater replenishment~~.

(cc) Direct Reservoir Storage.

(2) The estimate shall constitute the member public agency's request for deliveries for the first of the five years covered therein.

§ 4506. Metering of Water.

All water delivered by the District shall be metered. Meter readings shall be made on or about the last day of each calendar month for billing purposes. Meters and control valves on water lines of the District shall be owned and operated by the District. Any member public agency may have any meter through which water is served from the District's facilities to any area within such member public agency tested by the District at any time. Any member public agency affected shall have the right to be represented by a qualified observer at and during any such tests. In the event that any such test shall disclose an error exceeding 2 percent, an adjustment shall be made in charges made to the affected member public agency, covering the known or estimated period of duration of such error, but in no event exceeding six months, and the expenses of such test shall be borne by the District; otherwise, such expense shall be borne by the member public agency requesting such test.

§ 4507. Billing and Payment for Water Deliveries.

(a) Timeframe for Billing and Payment

Except as noted hereinbelow, invoices shall be mailed not later than the tenth day of the month following delivery to a member public agency. Each such invoice shall indicate the date of mailing and the date on which the payment thereunder becomes delinquent and shall show the total amount of water delivered for each class of service, the charges for water sold and delivered for each class, the readiness-to-serve, new demand, connection maintenance charges, as applicable, and the total amount due and owing, all as determined by the General Manager. Payment of the amount shown on any such invoice shall be due on the last business day of that month and shall be delinquent if not received by the Treasurer of the District before the close of crediting activity on the last business day of the first month following such date of mailing. When making any such payment the member public agency shall specify the invoice or invoices to which the payment shall be credited by the District.

(1) For purposes of Section 4507(a), "business day" shall mean any day other than a Saturday, a Sunday, or a Holiday (as defined in Section 1106).

(2) For purposes of Section 4507(a), "received by the Treasurer of the District" shall mean receipt either (1) in the office of the Treasurer or (2) by crediting pursuant to advance agreement with the Treasurer to the District's general demand account at the District's principal depository bank, in such form that the funds are immediately available for investment or other use or disposal by the District.

(3) For purposes of Section 4507(a), "crediting activity" shall mean either (1) 2:00 p.m. if payment is delivered to the office of the Treasurer, or (2) the cutoff time for crediting by the District's principal depository bank of that day's transactions if payment is initiated by wire transfer, automated clearinghouse transfer, interbranch transfer, direct deposit, or by other means pursuant to advance agreement with the Treasurer.

If, under advance agreement with the Treasurer, a member agency has authorized payment of any invoice by automated clearinghouse transfer initiated by the Treasurer, the Treasurer shall initiate such transfer for processing two business days prior to the business day on which such payment shall be delinquent. Failure of such transfer shall not relieve such member agency from liability for such payment or charges in the event such payment should become delinquent, except as specifically provided under advance agreement with the Treasurer.

~~(b) In the event a mistake is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action, except that no mistake made more than three years prior to its discovery shall be corrected.~~

~~If an incorrect invoice has been issued to a member public agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.~~

(b e) Exclusive Interim Agricultural Water Program Facility

In the event water delivered by the District through a particular facility is used exclusively for Interim Agricultural Water Program purposes and the member public agency desires to be charged therefore at the rates for water sold and delivered for Interim Agricultural Water Program service provided in Section 4401, a statement relating the facts concerning the use of water delivered through each such facility must be certified to the District in writing by a responsible officer of the member public agency at least 30 days prior to the end of each one-month period during which such deliveries are made. In cases where such use of all water delivered through a particular facility will remain the same for an extended period, the initial or current certification will remain in effect until the use of the water from a certified exclusive-use service connection changes. At that time a new statement relating the facts concerning the use must be recertified to the District within 30 days.

(c d) Full Service and Interim Agricultural Water Program Facility

In cases where water through a particular facility is delivered during any month for both full service and ~~I~~interim ~~A~~gricultural ~~W~~ater ~~P~~rogram service, the bill for water delivered in such month will be prepared by applying the rates for water sold and delivered in full service to the total quantity of water delivered. If the member public agency desires to receive credit for such water so delivered as was used in ~~I~~interim ~~A~~gricultural ~~W~~ater ~~P~~rogram service, the facts concerning the quantities of water so used must be certified to the District in writing by a responsible officer of the member public agency purchasing such water ~~within four months following the beginning of any month during which such usage occurred~~ as set forth in Section 4507(g) and each such certification shall cover a period of not more than ~~one~~ two calendar months. The value of such credits shall be based on the difference in water rates in effect at the time the water is used, regardless of the date of delivery.

(d e) Exclusive Direct Groundwater Replenishment Facility

In the event water delivered by the District through a particular facility is used exclusively for direct groundwater replenishment through spreading the member public agency shall be charged therefore at the rates for water sold and delivered for ~~S~~seasonal ~~S~~torage ~~S~~service as set forth in Section 4401, when Seasonal Storage Service is available as determined by the General Manager. When Seasonal Storage Service is not available, the member public agency shall be charged at the rates for water sold and delivered for full service as set forth in Section 4401.

(e f) Full Service, Interim Agricultural Water Program, and Seasonal Storage Service Program Facility

In cases where water through a particular facility is delivered during any month for full service or ~~I~~interim ~~A~~gricultural ~~W~~ater ~~P~~rogram service or both, and for ~~S~~seasonal ~~S~~torage ~~S~~service, the bill for water delivered in such month will be prepared by applying the rates for water sold and delivered in full service to the total quantity of water delivered. In addition to the procedures for crediting ~~I~~interim ~~A~~gricultural ~~W~~ater ~~P~~rogram service, if the member public agency desires to receive credit for water used in ~~S~~seasonal ~~S~~torage ~~S~~service the facts concerning the quantities of water so used must be certified to the District in writing or electronically by computer modem or otherwise by a responsible officer of the member public agency purchasing such water ~~as provided for in Section 4507 (e) and (g) within four months following the end beginning of any month during which such usage occurred and each such certification shall cover a period of not more than one calendar month~~. The amount of such credits shall be based on the difference in water rates in effect at the time the water is used.

(f g) Late Certifications

Based on available information, the District will notify a member agency for any certification that it has not received, if known, four months from the end of the month for which the agency would normally certify. Any certification received later than four months following the beginning of any month in which a credit for water used in interim agricultural water service, seasonal storage service, water storage agreements and for Local Projects Program (LPP), Groundwater Recovery Program (GRP), or Local Resources Program (LRP) agreements for which certification timeframes and penalties are not specified, is claimed will be subject to a \$2,500 late charge if the credit claimed exceeds \$2,500, and will not be accepted if the credit claimed is \$2,500 or less. No certification received after six ~~seven~~

months following the ~~end~~ ~~beginning~~ of any month in which such a credit is claimed will be accepted. Certifications must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit for any preceding month on the next bill, subject to the provisions with respect to late certifications in this Section. This Section applies to all cases where a certification is required to receive a credit, whether or not specifically named in this Section, unless otherwise provided by this Code.

(g h) Ratio of Water Use for Full Service and Interim Agricultural Water Program Service

In the event water is delivered by the District into facilities into which water from other sources also is delivered, and the combined waters are used for ~~I~~interim ~~A~~gricultural ~~W~~water ~~P~~rogram service and for full service, then the quantity of water for which the member public agency shall, upon filing the required certifications of usage, be charged at the rates charged for water sold and delivered in ~~I~~interim ~~A~~gricultural ~~W~~water ~~P~~rogram service during any month shall be a ratio equal to (1) the total District Full Service supply to the participating agency's system ~~the product of the total quantity of water from the District's system delivered into such facilities in such month, multiplied by the ratio of: (1) the quantity of combined waters supplied for use within such member public agency for interim agricultural water service within such month~~ divided by (2) the total quantity of combined waters supplied for all purposes during such month. This ratio shall be applied to total agricultural use which is intended for participation in the Interim Agricultural Water Program. This ratio will also be applied to system gains, losses and differences because of timing of meter readings attributable to Interim Agricultural Water Program use and in accordance with Section 4501(c) of this Code.

(h i) Provisions Regarding the Sale, Delivery, and Use of Interim Agricultural Water Program water

In order for any member public agency to be charged at the rate charged for water sold and delivered in ~~I~~interim ~~A~~gricultural ~~W~~water ~~P~~rogram service, such member public agency shall be subject to and shall observe the following provisions regarding the sale, delivery, and use of such water:

(1) All water sold for use for ~~I~~interim ~~A~~gricultural ~~W~~water ~~P~~rogram service shall be metered, either at the District's meter where all downstream water deliveries are exclusively for Interim Agricultural Water Program purposes, or at the point where the downstream section of an agency's distribution system is used exclusively to deliver water for ~~I~~interim ~~A~~gricultural ~~W~~water ~~P~~rogram service, or at the point of delivery to the Interim Agricultural Water Program water user.

(2) When the water delivered to a final user through a single meter is used for ~~I~~interim ~~A~~gricultural ~~W~~water ~~P~~rogram service and incidental domestic uses related to residency, such final user shall be charged for, and the Interim Agricultural Water Program certification submitted to the District shall reflect, at least .06 acre-feet of water per month per single family dwelling as water sold and delivered in full service, and the balance as water used for ~~I~~interim ~~A~~gricultural ~~W~~water ~~P~~rogram service. If a higher constant than .06 acre-feet is used under the retail rate structure, the certification shall reflect that higher constant.

(3) All certifications as to the Interim Agricultural Water Program use of District supplied water must be on forms provided by the District and be accompanied by data and calculations reflecting the method used in determining the quantities certified.

In the absence of the submission of certificates reciting the facts concerning the usage of water for Interim Agricultural Water Program service, and stating that such usage was in conformity with the provisions described herein, it shall be conclusively presumed that the water was used for full service, and the District's billing shall be on this basis.

(i j) Determination by General Manager as to Type of Delivery

In the event the respective quantities of water sold and delivered in any month on order of any member public agency for use therein in Interim Agricultural Water Program service or Seasonal Storage Service are not determinable to the satisfaction of the General Manager in time for preparing regular monthly bills therefor, then billing and payment for all water sold and delivered in such month to such member public agency shall be made at the rates prescribed for water used in full service in Section 4401(a)(1) hereof. Upon the determination by the General Manager of the correct quantities of water sold and delivered and used in Interim Agricultural Water Program service or Seasonal Storage Service, any adjustment which is necessary to give effect to the reduced rates applicable to water used in Interim Agricultural Water Program service or Seasonal Storage Service shall be made by application of credits on subsequent purchases of water from the District by such member public agency. Such adjustments shall not be made in cases where a claim for the reduced rates is not submitted within the ~~four-month~~ period provided in Section 4507(g).

(i k) Obligation to Pay for Appropriate Class of Service

If water has been sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program service, Seasonal Storage Service, or other water program or contract and appropriate certifications have been submitted for the water so used, but the water has in fact been used in full service or another class of service, the member public agency shall be obligated to pay the difference between the rates prescribed for water sold for Interim Agricultural Water Program service, Seasonal Storage Service, or other water program or contract and the rates prescribed for the class of service actually used.

(k) Submission of Documentation by Member Agency

With respect to water sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program service, or other water programs (unless otherwise specified in an agreement with the District or excluding Seasonal Storage Service which shall follow the provisions outlined in its Handbook) original documentation supporting the use of such water as certified must be submitted no later than December 31 following the end of the fiscal year in which a certification is submitted. If the documentation is not submitted by December 31 following the end of the fiscal year in which a certification is submitted, an agency will receive a late penalty of \$2,500. If the agency does not submit documentation by February 28/29 following the end of the fiscal year in which a certification is submitted, it shall be conclusively presumed that:

- (1) The water sold from the District was used for full service, and the District's next monthly billing shall reflect such adjustment; or
- (2) The yield was not produced as certified and the District's next monthly billing shall reflect such adjustment.

This provision will apply individually to each program or agreement that an agency or subagency participates in separately.

(1) Review Process

With respect to water sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program service, or other water programs (excluding Seasonal Storage Service which shall follow the provisions outlined in its Handbook) the District will complete its review within twelve months from date of receipt of the original supporting documentation.

- (1) Should the District not complete its review within twelve months of the submittal of all source documentation, the review will be considered complete and the certifications final.
- (2) When the review is completed, the District will notify the member agency of its initial findings for its comments. The member agency will provide its comments within 60 days. Metropolitan staff and the agency will work together to reconcile any differences.
- (3) If the member agency and Metropolitan staff cannot reconcile the differences, Metropolitan's Water System Operations' Group Manager has the responsibility to consult with the member agency and make a final ruling subject to the General Manager's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's Water Planning and Resources Committee.
- (4) If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60 day comment period as specified (m)(2), then it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.

(m) Discovery of Mistakes or Errors

In the event a mistake or error is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action; ~~except that n~~No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.

- (1) A District water sales record shall include a water billing invoice, an or District invoice for other water-related charges.
- (2) If the District finds the mistake or error, the discovery of the mistake or error shall be documented in writing to the member agency. The date of discovery for corrective action purposes shall be the date notice is sent to the member agency.
- (3) If the member agency discovers the mistake or error, the discovery of the mistake or error shall be documented in writing to the District by either a revised certification form or letter, whichever is applicable. The date of discovery for corrective action purposes shall be the date the certification or letter is received by the District.
- (4) If an incorrect invoice has been issued to a member public agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.
- (5) Mistakes or errors shall also include but are not limited to mistakes or errors in metering or recording deliveries to member agencies, entry or calculation errors in fixed charges, discovery of errors in either a member agency or subagency submitted certification(s), or processing of a certification(s) for the Local Projects Program, the Local Resources Program, the Groundwater Recovery Program, Conservation Credits Program, Interim Agricultural Water Program, Seasonal Storage Service Program, or any other water management program or storage programs or agreements unless specified otherwise in the contract.
- (6) Any mistake or error for a fiscal year period that is less than five acre-feet cumulative by agency or subagency, by program or agreement, shall be waived.

(n) Rate Change

In the event that deliveries of water are made by the District to member public agencies over a billing period during which the District's water rates change, the General Manager may cause the meters recording deliveries of water during such period to be read at the end of the period and the statement of charges for such deliveries of water may be based on a proration between the previous and new water rates for the periods of time during which each were in effect as determined by the General Manager.

§ 4508. Additional Payment and Reporting in the Event of Delinquency in Payment for Water.

In the event any member public agency shall be delinquent in the payment for water delivered and other charges as invoiced by the District, an additional charge equal to two (2) percent of such delinquent payment for each month or portion thereof that such payment remains delinquent shall be

assessed, and the member public agency shall pay such charge to the District in addition to the amount of such delinquent payment. Notwithstanding the above, if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one (1) percent of such delinquent payment. Invoices for delinquencies including additional charges shall be mailed not later than the tenth day of each month. In the event any member public agency shall be delinquent for more than thirty (30) days in the payment for water, such delinquency shall be reported by the General Manager to the Board of Directors of the District at its next meeting. The Board, in its discretion and upon such other conditions as it may prescribe after giving the member public agency a reasonable opportunity to be heard, may order the termination of service to such member public agency until all delinquent payments, including additional charges, are made to the District or may authorize such other actions as may be legally available to effectuate collection.

§ 4509. Water Restricted to Use Within the District.

In order to insure that water served by the District is not used for the direct or indirect benefit of areas outside the District, the amount of water served by the District's facilities that shall be made available to any member public agency shall be limited to an amount equal to that required for uses within the area of the District lying within, or served by or through, such member public agency. No area lying outside the boundaries of the District shall be served with water from the District's facilities, except as service to such area may, when found to be such by the Board, be a reasonably unavoidable incident to the service of such water within the District, and under such circumstances the amount of water served by the District that shall be made available to any member public agency shall be limited to an amount equal to that required for uses within the area of the District lying within, or served by or through, such member public agency. Any question of fact involved in the application of this Section 4509 shall be finally determined by the Board, after giving the member public agency concerned adequate opportunity to present pertinent factual evidence and the views of such member public agency.

§ 4510. Application of Regulations.

The provisions hereof shall not be applicable to service of water to the United States of America, or to any board, department or agency thereof, or to the State of California, or to the service of surplus water under contract made in accordance with statute, but such service shall be controlled by the applicable contract.

§ 4511. Notices.

All notices and communications from member public agencies of the District, relating to the service of water or the administration of these regulations by the District, shall be addressed to the General Manager, Post Office Box 54153, Los Angeles, California 90054.

§ 4512. Sales Subject to System and Water Availability.

All sales and deliveries of water at the rates established by Section 4401 shall be subject to the ability of the District to sell and deliver such water under operating conditions determined by the

General Manager, and, to the extent not inconsistent herewith, shall be subject to the provisions of this chapter, and Chapter 9.

With respect to water delivered for groundwater replenishment purposes, deliveries of such water may be made at the General Manager's discretion when water and system capacity are considered available for same.

§ 4513. Equal Opportunity Requirements.

Pursuant to contract between agencies of the United States and the District, any delivery of water by the District to a member public agency shall be subject to the following provisions. For the purposes of these provisions only, the member public agency is therein referred to as "Contractor."

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Federal Contracting Officer, advising said labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Federal Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Federal Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said amended Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

§ 4514. Seasonal Storage Service.

(a) General - The goals of the Sseasonal Sstorage Sservice program are to:

1. Achieve greater conjunctive use of imported and local supplies.
2. Encourage construction of additional local production facilities.
3. Reduce member agencies' dependence on deliveries from Metropolitan during the summer months and periods of shortage.

Member agencies are encouraged to take seasonal water through a discounted rate offered by Metropolitan. This economic incentive encourages local agencies to invest in new water production, storage, treatment and transmission facilities, or to fully utilize existing facilities. These facilities are needed to augment local agencies' capability to produce local water, as well as store imported water purchased from Metropolitan during periods of abundance.

To receive the lower rates, agencies must certify to Metropolitan the amounts of imported water that they have stored in local reservoirs and groundwater basins by direct and in-lieu means and/or the amount of deliveries shifted from the summer to winter period. Certification forms are provided to agencies to assist in their calculations and standardize the certifications. Agencies shall comply with the administrative procedures as set forth in the most current Seasonal Storage Service Handbook, as amended from time to time by the General Manager, to receive the Sseasonal Sstorage Sservice rate on water purchased from Metropolitan.

(b) Storage Types - Sseasonal Sstorage Sservice water shall be stored for either seasonal shift or long-term storage.

1. Seasonal Shift Storage is additional summer local production offset by an equivalent Metropolitan winter delivery within a 12-month period. Under this concept, the member public agency's total annual purchases of Metropolitan water are unchanged from the purchases that would have occurred had Seasonal Storage Service not been in place.

2. Long-Term Storage is that water delivered by Metropolitan to a member public agency or subagency for storage, by direct or in-lieu methods, beyond the 12-month Sseasonal Sstorage Sservice period. Under this concept, total annual purchases from metropolitan increase by the amount of Seasonal Storage water, which qualifies for long-term storage. Water that an agency leaves in storage to replace groundwater overdraft in any previous drought year when Seasonal Storage Service was declared unavailable is considered long-term storage.

(c) Normal Period of Availability - Seasonal Shift storage water service shall be available between October 1 and the following April 30, treated as a full service delivery, subject to the ability of the District to sell and deliver such water under operating conditions determined by the General Manager, and, to the extent not inconsistent herewith, shall be subject to the provisions of this chapter and Chapter 9. Long-Term Storage water service shall be available between October 1 and the following April 30 whenever and so long as the General Manager determines that water and system capacity are available. If required for Metropolitan's system regulation, groundwater replenishment by spreading or injecting or water deliveries/sales pursuant to any storage agreement, may be offered to specific member public agencies during any time of the year at the Sseasonal Sstorage Sservice rate at the General Manager's discretion. In the event that excess supplies available between April 30 and October 1, the General Manager may make such supplies available to all agencies at the Sseasonal Sstorage Sservice rate in accordance with the objectives of this program, unless limited by system constraints. If an agency should take Long-Term Storage water service when it is deemed not available by the General Manager then it shall pay the full service rates for that water. With respect to service for direct reservoir storage and for groundwater replenishment by spreading or injecting, service availability may be activated or terminated immediately upon notice by the General Manager to affected member public agencies. With respect to service for in-lieu groundwater replenishment or in-lieu reservoir storage, service availability may be activated upon notice to the member public agencies and terminated upon 15 days notice to the member public agencies.

(d) Certification - Member public agencies may receive seasonal storage water service only upon filing of the required certifications specified in Section 4507. All certifications as to the storage of water under the Seasonal Storage Service Program must be on forms provided by the District or in electronic format acceptable to the District. Receipt of a certification electronically by computer modem or otherwise shall be considered identical to receipt of a written and signed certification binding on the member public agency for all purposes. The General Manager may make or cause to be made such investigations as the General Manager may require in order to determine the quantities of water to which the seasonal storage rates shall apply. Such investigations may result in revisions either upward or downward in the amount of water actually received in Sseasonal Sstorage Sservice. No such investigation shall be made unless the member public agency has requested Sseasonal Sstorage Sservice and submitted the requisite certifications. The General Manager may reject any certification if the certifying agency is unable to furnish sufficient documentation as to the facts of the certification.

§ 4516. Local Projects Program.

(a) To financially assist local agencies in the development of Local Project Program Yield, there shall be a Local Projects Program. A member public agency may submit an application to the General Manager for a project proposed for inclusion in the Local Projects Program. The application shall be in the form designated by the General Manager. To qualify for the Local Projects Program, the Project Sponsor shall demonstrate and certify in the application to the General Manager's satisfaction that the following criteria will be met:

(1) The project will produce Local Projects Program Yield, which will replace an existing demand or prevent a new demand on the District for beneficial use;

(2) The project will deliver at least 100 acre-feet per year of Local Project Program Yield;

(3) The cost of the water to be produced by the project will exceed the cost of purchasing water from the District;

(4) The project must be capable of being implemented in compliance with the Metropolitan Water District Act and any other applicable laws;

(5) The Project Sponsor will obtain public health and regulatory permits required by the project; and

(6) The obligations of the lead agency under the California Environmental Quality Act will be complied with by an agency other than the District.

(b) The General Manager may reject any application for any reason.

(c) The General Manager is authorized to execute an agreement, subject to approval as to legality by the General Counsel, with an agency that complies with the above criteria. Such agreement, at a minimum shall provide:

(1) That the District will purchase the Local Project Program Yield from a project at a rate per acre-foot equal to the local project contribution plus the District's rate for recycled water. The local project contribution is currently \$154 per acre-foot, but may be increased in the future by action of the Board for then-existing as well as future Local Project agreements. The increase shall apply to an existing agreement if the contracting Project Sponsor demonstrates to the satisfaction of the General Manager a need for the increase based on changes in costs of project operation and guarantees production and reuse of certain annual amount of recycled water.

(2) That water purchased from a project may be sold by the District to any member public agency including the member agency within whose territory the project is located.

(3) For a maximum term not exceeding 25 years from the date when the project first produces Local Project Program Yield.

(4) That the Project Sponsor will pay and be responsible for design, construction, operation, maintenance, and management of the project.

§ 4517. Cooperative Storage Program.

(a) The Cooperative Storage Program that provides a means for coordinating storage capacity available to the District's member public agencies, with the District's annual carryover storage needs as those needs are determined under Subsection 4206(c). The purpose of the Program is to place additional amounts of imported water in local storage to improve regional water supply reliability within the District's service area, in a manner that will recognize local costs and risks of participating in the program, but will not adversely impact either the District's finances or the member public agencies' ability to participate in the Seasonal Storage Service Program.

(b) Storage Allocation - The General Manager shall allocate needed storage by reservoir and by groundwater basin to optimize the availability and usefulness of the storage to the District; and shall administer the Program so that, in any fiscal year, Program water in storage shall be accessible to offset demands on the District that year by the participating member public agency pursuant to subsection (h).

(c) Availability of Water for Storage - The General Manager may make water available during the period May 1 through September 30, for storage under the Cooperative Storage Program, upon notice to the respective participating member public agency, subject to a determination that the storage will increase the District's ability to receive imported water supplies.

(d) Application for Participation - Member public agencies may apply for participation in the Cooperative Storage Program by filing a written application containing at least the following:

(1) A verified statement that the member public agency will comply with the requirements of this section.

(2) A water supply and demand estimate based on historical data to ensure that:

(i) The agency's participation in the Program will not offset its firm purchases of water from the District, and

(ii) The agency will store additional imported District water.

(iii) The estimate may be updated if conditions change, provided the updating is first agreed to in writing by the agency and the District.

(3) A proposal for placing water provided by the District under this Program in storage available to the member public agency, and for administering that storage pursuant to this Section.

(4) An estimate of any expected losses of Program water while that water is in the proposed storage, and the method of estimating those losses.

(5) Evidence of compliance with the California Environmental Quality Act prior to delivery of imported water for placement in Program storage.

(6) If more than one member public agency overlies a common groundwater basin, the overlying member public agencies may file a joint application, with each such agency providing a separate water supply and demand estimate for its respective service area pursuant to subsection (d)(2) and any other separate information the General Manager may require.

(e) Approval for Participation - The General Manager shall approve an application for participation in the Program upon determination that it is consistent with the requirements of this section. The General Manager shall approve the application in writing which shall include a monthly estimate of total demand, water purchased from Metropolitan, available local supplies, and the maximum quantity of District water which shall qualify for storage under the Program, and those figures shall be approved by signature of a duly authorized representative of the participating member public agency prior to storage of water under the Program. Any later modification to said figures must be approved by both parties in writing. The application of any modification shall not be effective until approved in writing. The District shall conduct end-of-the-year verifications of stored water.

(f) Storing Process

(1) The District will deliver at its cost, available imported water to the respective participating member public agency at its appropriate District service connection, for Program storage by direct or in-lieu methods, following verbal or electronic acceptance by that agency. This delivery shall be deemed to be a Cooperative Storage Program sale by the District to the member public agency as defined in Section ~~4118~~ 4119, subject to the payment requirements of subsection (i) and (j) of this Section.

(2) The agency will, at its cost, cause the water to be placed in storage in a manner that meets all applicable storage requirements; and shall warrant that the stored water shall not be withdrawn or used until after the District releases the stored water pursuant to this Section.

(3) Program water delivered to a member public agency shall not offset a firm water sale of District Water by that agency. If a participating member public agency's firm water purchases from the District on a monthly basis during the May through September period are less than the District's firm water sales on a monthly basis during the same period in any one of the last five years, the agency must clearly demonstrate to the District, in writing, that such reduction occurred due to the availability of unexpected local water supplies. Any resulting change in the baseline established pursuant to Subsection (e) shall be approved in writing by the General Manager prior to becoming effective. Should the agency fail to make the required demonstration, the District shall bill the agency at the firm water rate for that portion of Cooperative Storage water delivered which will bring the firm water sales up to the agreed base amount of firm water for the month(s) in question.

(g) Storage Accounting

(1) Each participating member public agency shall maintain a Program storage account for Program water it stores, which shall account for monthly deliveries, releases, and storage losses approved by the District, if any, and other information which the General Manager shall deem necessary.

(2) The District shall bear reasonable and equitable losses of stored water provided that the General Manager approves the respective member public agency's justification of the loss criteria prior to placement of water into storage and shall consider those losses in allocating Program storage. Otherwise the District shall not bear any loss of stored water.

(3) Water stored under this Program shall be stored by a participating agency in such a manner as to assure that such water can be produced by that agency when released by Metropolitan. Program water delivered to a member public agency for storage shall be considered local water produced in that year for purposes of Seasonal Storage Service.

(h) Release of Stored Water - The General Manager shall release stored Program water to the participating member public agency in which it is stored under the following criteria:

(1) Water Delivered to Storage Prior to 1995

(i) In an fiscal year when Seasonal Storage Service deliveries are available, the General Manager may release, up to half of the Program water stored by the respective member public agency, in place of the agency's request for delivery of Seasonal Storage Service through the District's distribution system, except for conditions described in provisions (iv) and (v) of this subsection;

(ii) In a fiscal year in which Seasonal Storage Service or Full Service deliveries have been suspended, the General Manager shall release, and the participating member public agency shall accept, up to half of the Program water stored by the respective public agency, to the extent the agency requests that release, except for conditions described in provisions (iv) and (v) of this subsection;

(iii) During an emergency such as an earthquake, when District water service is interrupted, the General Manager shall release up to all stored Program water stored by the respective member public agency, to the extent of the interruption in water service and that the agency requests that release;

(iv) When the Program water stored by the respective member public agency is less than ten percent of the agency's average annual purchase of Seasonal Storage Service deliveries for the prior four years, the General Manager may release all of the Program water stored by the agency;

(v) In any fiscal year during which a participating member public agency's Seasonal Storage Service or Program water release request is less than its average annual purchase of Seasonal Storage Service of the prior four years, the General Manager may release the Program water stored by the respective member public agency in combination with Seasonal Storage Service sales up to the agency's four-year average Seasonal Storage Service purchase. The District shall not release more than half of the Program water stored by the respective member public agency for this purpose and shall provide the agency with a 90-day advance notice of the release.

(2) Water Delivered to Storage After 1994

(i) The General Manager may release in a fiscal year up to one-third of the total amount of Program water placed in storage by a respective member public agency in place of that agency's request for delivery of water from the District's distribution system or for Seasonal Storage Service, in order to fill Diamond Valley Lake ~~Domenigoni Valley Reservoir~~, meet operational requirements, or reduce or eliminate shortages. Program water used to reduce or eliminate shortages, or for operational requirements may be released during any ten months selected by the General Manager during a twelve-month period from the time of release. Program Water may be released at any time in place of the agency's request for Seasonal Storage Service.

(ii) Upon release of Program water by District, the participating member agency shall furnish to District, within 60 days, water supply and demand data based on historical information sufficient to document that it has produced the amount of Program water released to it.

(iii) The General Manager shall release stored Program water to the respective member public agency no later than ten years after delivering it to that agency for storage.

(iv) If a member public agency receives delivery of Program water for storage after 1994, any Program water that agency has stored in previous years shall also be subject to the release provisions of this subsection (h)(2).

(v) Participating Member Public Agencies may transfer Program water they have placed into storage under the Program into other long-term water storage programs the District may develop as part of its Integrated Resource Plan under mutually agreeable transfer terms, executed in writing by both parties.

(i) Payment

(1) The participating member public agency shall pay the District's incremental costs of delivering Program water for storage plus interest at the average yield on the District's investment portfolio, from the date of delivery to the member public agency to the date of the invoice. Pursuant to the provisions of Section 4507, the District will invoice the member public agency on

or about July 10 of the calendar year following the year in which the water is delivered. For water delivered in 1995, the incremental cost plus interest shall be \$90 per acre-foot.

(2) At the time the General Manager releases stored Program water to the respective participating member public agency the District shall invoice the respective participating member public agency pursuant to the provisions of Section 4507, at the applicable treated or untreated Seasonal Storage Service rate in effect when the respective Program water was placed in storage, less any previous payment for the incremental costs of delivering the water for storage (but not including credit for the interest required by subsection (i)(1)).

(3) Water released from storage to the participating member public agency shall be the oldest water then in storage.

(4) Readiness-to-Serve and New Demand Charge Treatment.

(i) Program water delivered to storage prior to April 12, 1994 shall be exempted from the Readiness-to-Serve and the New Demand charge determinations. Those charge determinations shall be applied to water delivered to storage after that date, except as applied in (ii) below, when the stored water is released to the participating member public agency.

(ii) The Readiness-to-Serve charge for Program water delivered for storage in 1995 shall be \$36 per acre foot and will be paid monthly as the water is released to the member public agency. Program water delivered for storage in 1995 shall be included in the member public agency's New Demand calculation as the water is released to it from Program storage.

(j) Penalty - A participating member public agency shall pay the applicable treated or untreated Full Service water rates for Program water the District delivers to it for placement in storage, to the extent it fails to comply with all the requirements of this Section.

(k) Indemnification - Participating member public agencies shall indemnify and defend the District, its employees, officers and directors for any injuries or damages that may be caused as a result of placing Program water in storage, storage itself, or storage releases and related withdrawal or use of Program water.

Chapter 9

INTERIM AGRICULTURAL WATER PROGRAM SERVICE REGULATIONS

Sec.

- 4900. Interim Agricultural Water Program Term
- 4901. Maximum Amount of Annual Water Deliveries
- 4902. Member Public Agency Certifications
- 4903. Program ~~Reviews~~ Audits
- 4904. Member Public Agency Plan to Meet Mandatory Cuts to Interim Agricultural Water Program
- 4905. Interim Agricultural Water Program Reductions During a Shortage
- 4906. Agencies to Pass Through Entire Interim Agricultural Water Program Discount

§ 4900. Interim Agricultural Water Program Term.

The Interim Agricultural Water Program (Program) is an interim program for service of water to agriculture for agricultural purposes as described in Section 4106 and shall be governed by the Metropolitan Water District Act, this Chapter 9 and other applicable provisions of this Division IV.

§ 4901. Maximum Amount of Annual Water Deliveries.

The maximum amount of water delivered annually under the Program available to each member public Agency under the Program is as follows:

Member Public Agency	Maximum Annual Amount of <u>Interim Agricultural Water Program</u> Discount Water Member Public Agency May Purchase (acre-feet)
Anaheim	115
Calleguas MWD	7,164
Chino Basin MWD	122
Coastal MWD	232
Eastern MWD	6,761
Fullerton	60
Las Virgenes MWD	207
MWD of Orange County	7,425
San Diego CWA	100,459

Three Valleys MWD	106
Torrance	22
West Basin MWD	170
Western MWD	<u>32,347</u>
Total	155,190

§ 4902. Member Public Agency Certifications.

Member Public Agencies shall provide monthly Interim Agricultural Water Program certifications in conformance with Section 4507.

§ 4903. Program Reviews ~~Audits~~.

Program transactions will be reviewed ~~audited~~ by Metropolitan during the twelve months following the end of each fiscal year in accordance with Section 4507. Member public agencies shall provide to Metropolitan ~~audit~~ the following monthly information to facilitate such review: (1) total water use, (2) Metropolitan deliveries, (3) local water use, (4) Metropolitan deliveries to agriculture for Interim Agricultural Water Program purposes, and (5) local deliveries to agriculture for Interim Agricultural Water Program purposes and any other information the General Manager deems necessary to complete the review. Reviews ~~Audits~~ may be performed sooner or more frequently if requested by the member public agency or Metropolitan.

§ 4904. Member Public Agency Plan to Meet Mandatory Cuts to Interim Agricultural Water Program.

On or before November 30, 1994, each member public agency which plans to participate in the Program shall submit a written plan to Metropolitan showing how it will meet the mandatory cuts to Interim Agricultural Water Program water during a shortage. The plan shall describe the member public agency's drought management strategy and how it plans to either cut back Interim Agricultural Water Program water or use local resources to supply agriculture being supplied by Interim Agricultural Water Program water during a shortage.

§ 4905. Interim Agricultural Water Program Reductions During a Shortage.

Should a supply shortage occur, the General Manager may exercise discretion to reduce Interim Agricultural Water Program deliveries up to 30 percent prior to imposing ~~Incremental Interruption and Conservation Plan (IICP) mandatory reduction targets for firm deliveries~~ any mandatory allocation under the Water Surplus and Drought Management Plan. ~~The required reduction would be measured against the specified target reduction in the Member Agency's IICP base year usage.~~

As soon as practical after the General Manager makes a determination to reduce or interrupt delivery of water for Interim Agricultural Water Program service, the General Manager shall give written notice of such determination to affected member public agencies.

§ 4906. Agencies to Pass Through Entire Interim Agricultural Water Program Discount

The member public agency shall pass the entire Interim Agricultural Water Program discount through to its subagencies, and shall use its best efforts to assure that its subagencies pass the entire discount through to the Interim Agricultural Water Program water users.