

- **Board of Directors**
Executive Committee

November 19, 2002 Board Meeting

8-7

Subject

Grant conditional approval for Annexation No. 79 to Calleguas Municipal Water District and Metropolitan; and adopt resolution of intention to impose water standby charge

Description

The Calleguas Municipal Water District (Calleguas) requests conditional approval for Annexation No. 79, concurrently to Calleguas and the Metropolitan Water District of Southern California (Metropolitan). The total area for annexation is 51.40 acres of which 4.26 acres is for road right-of-way. The development plan consists of 200 residential units with a 14.5-acre park site. The territory is currently vacant and will be annexed into the city of Oxnard. This annexation would close an existing window in Metropolitan's service area. Prior to completion of the annexation, Calleguas will pay a fee of \$168,104.40 if the annexation is completed prior to December 31, 2002, or if completed later, at the then current annexation charge rate. The projected annual water demand on Metropolitan is approximately 72.65 acre-feet per year. Calleguas also requests that Metropolitan impose a water standby charge within the proposed annexing territory. See [Attachment 1](#) for the detailed report.

Policy

Territory may be annexed to Metropolitan upon terms and conditions fixed by the Board and in accordance with Chapter 1, Article 1, § 350 through § 356 of Metropolitan's Act and Division III, § 3100(b) of its Administrative Code.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action, i.e., grant conditional approval for the annexation and adopt the resolution of intention to impose water standby charges, is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378 (b) (4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Prior to formal approval of the annexation and water standby charges from the Board, CEQA documentation will be prepared by the Lead Agency and processed in accordance with CEQA and the State CEQA Guidelines. As the Responsible Agency, Metropolitan's Board will then review and consider the CEQA documentation before taking action.

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(4) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Grant conditional approval for Annexation No. 79, concurrently to Calleguas and Metropolitan, conditioned upon receipt in full of annexation fee of \$168,104.40 to Metropolitan if completed by December 31, 2002, or if completed later, at the then-current annexation charge rate (**Attachment 1**);
- b. Approve Calleguas' proposed Plan for Implementing Water Use Efficiency Guidelines (**Attachment 2**); and
- c. Adopt the resolution of intention to impose water standby charge within the proposed annexation territory, substantially in the form of (**Attachment 3**).

Fiscal Impact: Receipt of annexation fee (\$168,104.40) and water sales revenue from newly annexed territory

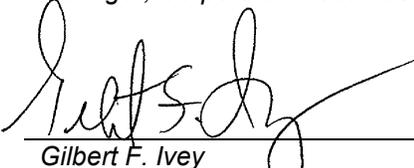
Option #2

Decline Annexation No. 79.

Fiscal Impact: Unrealized annexation fees and water sales revenue from non-annexed territory

Staff Recommendation

Option #1

| | |
|---|--------------------|
|  _____ Roy L. Wolfe Manager, Corporate Resources | 10/14/2002 Date |
|  _____ Gilbert F. Ivey for Ronald R. Gastelum Chief Executive Officer | 10/16/2002 Date |

Attachment 1 – Detailed Report – Calleguas Annexation No. 79

Attachment 2 – Implementation Plan

Attachment 3 – Resolution

Detailed Report – Calleguas Annexation No. 79

The Calleguas Municipal Water District (Calleguas) requested conditional approval for Annexation No. 79, concurrently to the Metropolitan Water District of Southern California (Metropolitan) and Calleguas. The 51.40-acre annexation territory, shown on the attached legal description and map, is located on the southwest corner of Patterson Road and West Fifth Street in Oxnard. The annexation would close an existing window in Metropolitan's service area per Metropolitan's Administrative Code § 3201. The territory is currently vacant. The development plan consists of 200 residential units with a 14.5-acre park site. The proposed annexation is in accordance with the city of Oxnard's General Plan. The total estimated water demand for this project is approximately 132.09 acre-feet per year (AFY), of which 45 percent will come from local sources, and 55 percent, or approximately 72.65 AFY, will come from Metropolitan through Calleguas.

Pursuant to § 3107 of Metropolitan's Administrative Code, Calleguas has submitted an acceptable Plan for Implementing Water Use Efficiency Guidelines for this project (Attachment 2).

The annexation charge has been calculated pursuant to § 3300 of Metropolitan's Administrative Code. Utilizing the current rate of \$3,460 per net acre and the sum of \$5,000 for processing costs, the annexation charge is \$168,104.40 if completed by December 31, 2002. The \$5,000 processing charge has already been paid. If the annexation is completed after December 31, 2002, the annexation will be calculated based on the then current charge.

Completion of this annexation will be subject to such terms and conditions as may be fixed by the Board in granting final consent to such annexation. Calleguas has requested that Metropolitan impose water standby charges within the annexation territory at the rate of \$9.58 per acre or per parcel of less than one acre (the rate at which water standby charges are presently levied in other portions of Calleguas). Under the requirements of Article XIII D of the California Constitution (Proposition 218), such charges must be treated as new assessments, subject to approval by the property owners in the area to be annexed through mailed ballot proceedings. Attachment 3 is the form of resolution of intention to impose water standby charges, which, if adopted by the Board, will authorize the Executive Secretary to mail notices to the property owners. The notices to property owners will include ballots which the property owners will be asked to mark and return. Ballots will be tabulated at a public hearing on the assessments scheduled to commence on January 14, 2003, or such other date as the Board shall determine, and unless a majority of those ballots received from property owners (weighted according to the proportionate obligation of each property) protest the charges, imposition of the water standby charges in the annexed area may be considered by the Board concurrently with final approval of annexation.

**CALLEGUAS MUNICIPAL WATER DISTRICT ANNEXATION
FIFTH & PATTERSON, LCC
(ANNEXATION NO. 79)**

Those portions of Lots 101, 102, 109 and 110, of the Patterson Ranch Subdivision, partially in the City of Oxnard and partially in the Unincorporated Territory, County of Ventura, State of California, said lots are shown on the map of said Patterson Ranch Subdivision recorded in the office of the County Recorder of said County in Book 8, Page 1 of Miscellaneous Records, described as follows:

Beginning at the southeasterly corner of the "Gross Area 47.14 Acres" parcel shown on the map filed in the office of said County Recorder in Book 43, Page 48 of Records of Survey, said corner also being the easterly terminus of the 7th course of Parcel No. 9 of Annexation No. 5 to the Calleguas Municipal Water District as filed with the Secretary of State on December 8, 1964; thence, along the boundary of said "Gross Area 47.14 Acres" parcel by the following three courses and along said 7th course by the following two courses:

1st - North 88°47'02" West 1330.09 feet; thence,

2nd - North 88°47'39" West 320.16 feet to the 1st course of Parcel No. 21 of Annexation No. 7 (Oxnard Second Fringe Area Annexation) to the Calleguas Municipal Water District as recorded on November 13, 1969 in the office of said County Recorder in Book 3579, Page 129 of Official Records; thence, along the boundary of said Parcel No. 21 by the following two courses:

3rd - North 01°12'01" East 1244.36 feet; thence,

4th - North 88°47'13" West 110.98 feet to the 3rd course of Parcel No. 3 of Annexation No. 21 to the Calleguas Municipal Water District as shown in the Certificate of Completion recorded on March 24, 1982 in the office of said County Recorder as Document No. 028497 of Official Records; thence, along said 3rd course,

5th - North 01°13'14" East 110.00 feet to the north line of West Fifth Street as described in the Easement Deed recorded on June 29, 1965 in the office of said County Recorder in Book 2816, Page 96 of Official Records; thence, along said north line,

6th - South 88°47'13" East 440.98 feet to the 13th course of the Annexation No. 1 to the Calleguas Municipal Water District, as described in Resolution No. 32, of the Board of Directors of said Calleguas Municipal Water District, adopted March 7, 1961; thence, along the boundary of said Annexation No. 1 by the following two courses:

7th - South 01°13'14" West 4.00 feet; thence,

REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
TITLE ENGINEERING TEAM

DATE: 8-15-2002 ~~8~~

- 8th - South 88°47'03" East 1295.38 feet, at 600.00 feet begins the 5th course of Parcel No. 6 of said Annexation No. 5, at 1295.38 feet the westerly boundary of Parcel B of Annexation No. 35 to the Calleguas Municipal Water District as shown in the Amendment to Previously Recorded Certificate of Completion recorded on February 2, 1994 in the office of said County Recorder as Document No. 94-018919 of Official Records; thence, along said westerly boundary of said Parcel B by the following three courses:
- 9th - South 01°12'57" West 106.00 feet to the beginning of a nontangent curve concaved southwesterly, having a radius of 25.00 feet, and having a radial to said beginning of said curve bearing North 01°12'57" East, said beginning of said curve also being in the boundary of said "Gross Area 47.14 Acres" parcel; thence, along the boundary of said "Gross Area 47.14 Acres" parcel by the following two courses:
- 10th - Easterly, southeasterly, and southerly along said curve 39.27 feet through a central angle of 89°59'26"; thence,
- 11th - South 01°12'23" West 1219.33 feet to the Point of Beginning.

51.40 Gross Acres
-4.26 Road Acres
 47.14 Net Acres



Alan Azell Rawlins 1/6/2002

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 THE METROPOLITAN WATER
 DISTRICT OF SOUTHERN CALIFORNIA
 TITLE ENGINEERING TEAM

DATE: 8-15-2002 ~~3~~

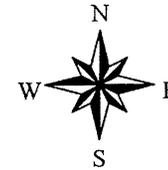
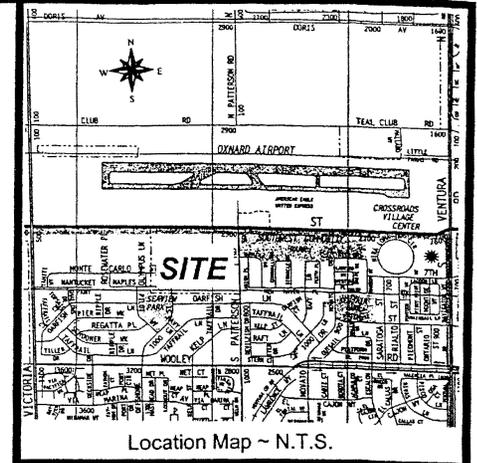
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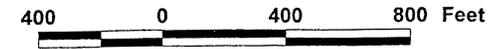
COURSES

- 1st - N 88°47'02" W 1330.09'
- 2nd - N 88°47'39" W 320.16'
- 3rd - N 01°12'01" E 1244.36'
- 4th - N 88°47'13" W 110.98'
- 5th - N 01°13'14" E 110.00'
- 6th - S 88°47'13" E 440.98'
- 7th - S 01°13'14" W 4.00'
- 8th - S 88°47'03" E 1295.38'
- 9th - S 01°12'57" W 106.00' (RADIAL)
- 10th - R = 25.00'; L = 39.27'; D = 89°59'26"
- 11th - S 01°12'23" W 1219.33'

51.40 Gross Acres
4.26 Road Acres
47.14 Net Acres



Alan Azell Rawlings 3/12/02



Prepared For:
Community Dynamics
2800 Twenty Eighth Street, Ste. 206
Santa Monica, CA 90405
(310) 396-7282

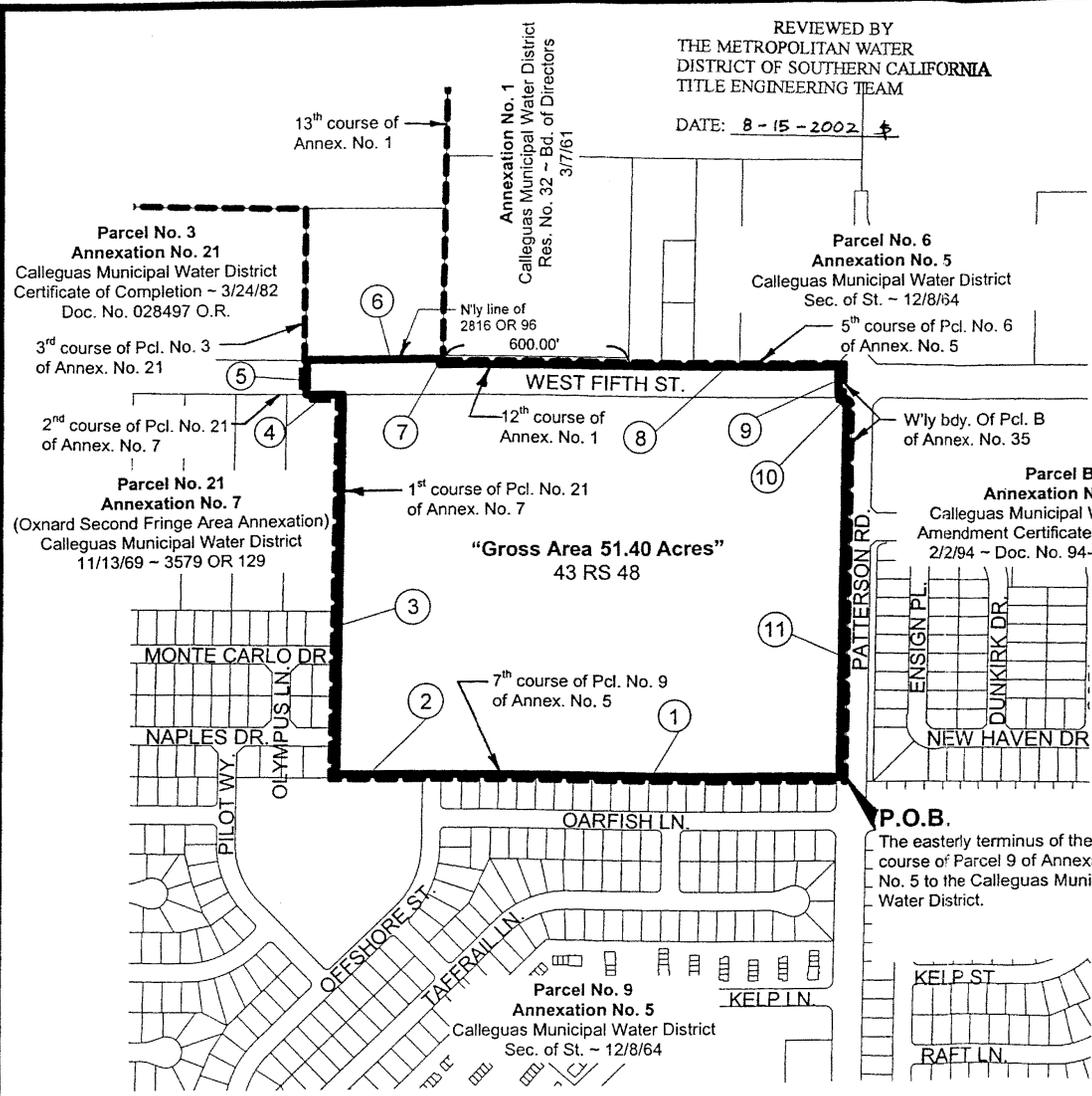
Prepared By:
Z & M Consulting
2146 Mandrill Avenue
Ventura, CA 93003
(805) 647-8928

**CALLEGUAS MUNICIPAL WATER DISTRICT ANNEXATION
FIFTH & PATTERSON, LCC
(ANNEXATION NO. 79)**

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January 4, 2002 ~ Revised 3/12/02

Sheet 1 of 1



----- Existing Calleguas Municipal Water District Boundary

▭ Proposed Annexation Boundary

IMPLEMENTATION PLAN

WATER USE EFFICIENCY GUIDELINES FOR ANNEXATION NO. 79 TO THE CALLEGUAS MUNICIPAL WATER DISTRICT AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (Fifth and Patterson, LLC)

GENERAL DESCRIPTION OF ANNEXING AREA

Annexation No. 79 (Fifth and Patterson LLC) consists of approximately 51.40 gross acres (47.14 net acres). It is located south and adjacent to West Fifth Street, west of and adjacent to Patterson Road.

The annexation includes Assessor Parcels Number 183-0-050-180 (Oxnard Property LLC).

The property is in the process of being annexed to the City of Oxnard for a subdivision of 200 single-family homes and about 14.5 acres of public park land. The City General Plan designates the property as Low-Medium Density Residential and Business & Research Park..

The property is zoned AE-Urban Reserve (Agricultural Exclusive) in the unincorporated area. It is currently used for agricultural production.

ANNUAL WATER USAGE

The projected annual demand for water after development of the property is 132.09 acre-feet per year (AFY) or an average factor of 117,940 gallons per day (GPD). Peak demands are estimated at approximately 2.5 times the average daily factor, or 0.9 AF/day.

The property will receive water from the City of Oxnard. It obtains water from both Calleguas/MWD and the United Water Conservation District. Oxnard currently blends 1.2:1 with Calleguas; therefore CMWD and MWD would provide 55% of the demand.

PEAK WATER USAGE

Lake Bard Reservoir

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

Implementation Plan
Annexation No. 79 (Fifth and Patterson LLC)
Page 2

Groundwater Conjunctive Use

In conjunction with MWD, Calleguas is currently developing the first 16 of 30 dual purpose, injection/extraction wells that will be constructed within the Las Posas Groundwater Basin. Each well is designed to inject an estimated 1,000 acre-feet of pre-treated water during the winter months for later use during emergencies, drought or summer months when imported supplies may be limited.

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

High and Low Flow Penalties

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

Local Area Water Management

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

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

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

WATER CONSERVATION

Incorporating the following water conservation measures will minimize additional water demands placed on MWD.

Implementation Plan
Annexation No. 79 (Fifth and Patterson LLC)
Page 3

Calleguas

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

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

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

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

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

Annexing Area

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

Implementation Plan
Annexation No. 79 (Fifth and Patterson LLC)
Page 4

USE OF RECLAIMED WATER

Calleguas

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

Annexing Area

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

Landscaped areas exceeding one acre and other uses for which non-potable water is practical shall receive reclaimed water when available.

WATER DELIVERY CURTAILMENT

Calleguas

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

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

The second source is from Lake Bard Reservoir, which is used for system peaking and emergency storage. Lake Bard's storage capacity (10,500 acre feet) is adequate to supply water

for total system usage for periods of 15 to 20 days at maximum unregulated demands during summer and in excess of 45 days during winter months.

In addition to Lake Bard, Calleguas has ten reservoirs with a combined storage capacity of 63 million gallons.

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

Implementation Plan
Annexation No. 79 (Fifth and Patterson LLC)
Page 5

CAPITAL CONSTRUCTION CHARGES

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

URBAN CONSERVATION BEST MANAGEMENT PRACTICES

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

WATER USE EFFICIENCY GUIDELINES

To the extent practicable the City of Oxnard and the owners of Annexation No. 79 agree to comply with MWD and Calleguas Water Use Efficiency Guidelines as set forth in Attachment B to this Implementation Plan.

DUAL DISTRIBUTION SYSTEM

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

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

MODEL HOMES

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

WATER CONSERVATION MEASURES

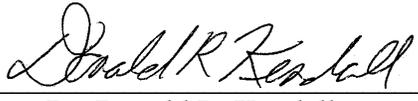
To the extent practicable, the City of Oxnard and the Owners of Annexation 79 will incorporate Water Conservation measures when development plans are made.

Implementation Plan
Annexation No. 79 (Fifth and Patterson LLC)
Page 6

COMPLIANCE

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

CALLEGUAS MUNICIPAL WATER DISTRICT

By:  Dated: 7/31/02
Dr. Donald R. Kendall

CITY OF OXNARD

By: _____ Dated: _____
Matthew G. Winegar, Public Services Director

OXNARD PROPERTY LLC

By: _____ Dated: _____

Title: _____

Fifth and Patterson, L.L.C.

By: _____ Dated: _____
Loren Bloch

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

WHEREAS, at the meeting of the Board of Directors (“Board”) of The Metropolitan Water District of Southern California (“Metropolitan”) on December 14, 1993, the Board approved the rate structure and additional revenue sources described in the board letter on the Financial Structure Study, dated December 1, 1993, including a readiness-to-serve charge;

WHEREAS, pursuant to § 134.5 of the Metropolitan Water District Act (the “Act”), a readiness-to-serve charge may be collected as an availability service charge from the member public agencies within Metropolitan, or may be imposed as a water standby charge against individual parcels within Metropolitan;

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

WHEREAS, certain member public agencies of Metropolitan including the Calleguas Municipal Water District (“Calleguas”) have requested the option to provide collection of all or a portion of their readiness-to-serve charge obligation through a Metropolitan water standby charge imposed on parcels within those member agencies;

WHEREAS, the owner of the parcel identified in the attached Engineer’s Report, dated August 2002 (the “Engineer’s Report”) has applied for annexation into Calleguas and Metropolitan;

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

WHEREAS, Calleguas has requested that Metropolitan impose water standby charges on such properties at the rate specified in the Engineer’s Report and provided herein, following annexation of such properties into Metropolitan;

NOW THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

Section 1. That notice is hereby given to the public and to each member public agency of The Metropolitan Water District of Southern California of the intention of Metropolitan’s Board to consider and take action at its meeting to be held on January 14, 2003, or such other date as the Board

shall determine, on the Chief Executive Officer's (CEO) recommendation to impose a water standby charge for fiscal year 2002/03 on the properties described in the Engineer's Report attached hereto and incorporated herein by reference. A registered professional engineer certified by the state of California prepared the Engineer's Report.

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

Section 3. That the proposed water standby charge, if imposed following completion of the proposed Annexation No. 79, shall be collected on the tax rolls, together with the *ad valorem* property taxes which are levied by Metropolitan for the payment of pre-1978 voter-approved indebtedness, or at Metropolitan's election may be billed directly to the property owners. Any amounts so collected shall be applied as a credit against Calleguas' obligation to pay its readiness-to-serve charge. After such member agency's readiness-to-serve charge allocation is fully satisfied, any additional collections shall be credited to other outstanding obligations of such member agency to Metropolitan or future readiness-to-serve obligations of such agency.

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

Section 5. That the Board will meet in regular session at its meeting on January 14, 2003, or such other date as the Board shall determine, to hold a public protest hearing at which interested parties may present their views regarding the proposed water standby charges and the Engineer's Report. All written protests and comments presented at the hearings or received by the Executive Secretary on or before the conclusion of the public hearing which contain a description sufficient to identify the land owned by the landowners will be given due consideration by the Board before its final action on the proposed water standby charge, and all assessment ballots will be tabulated. If, upon the conclusion of the hearing, ballots submitted in opposition to the water standby charge (weighted according to the proportionate financial obligation of the affected property) exceeds the ballots submitted in favor of the water standby charge, the water standby charge shall not be imposed.

Section 6. That imposition of the proposed water standby charges, if authorized by the Board following the public protest hearing, will be contingent upon completion of the concurrent annexation of Annexation No. 79 to Metropolitan and Calleguas. If water standby charges are approved

and such annexation is not completed in time to permit imposition of standby charges for fiscal year 2002/03, Metropolitan may levy standby charges at the rate stated in this resolution beginning in a subsequent fiscal year.

Section 7. That in the event that the water standby charge, or any portion thereof, is determined to be an unauthorized or invalid fee, charge or assessment by a final judgment in any proceeding at law or in equity, which judgment is not subject to appeal, or if the collection of the water standby charge shall be permanently enjoined and appeals of such injunction have been declined or exhausted, or if Metropolitan shall determine to rescind or revoke the water standby charge, then no further standby charge shall be collected within the territory described in the Engineer's Report and Calleguas shall pay its readiness-to-serve charge obligation to Metropolitan in full, as if imposition of such water standby charges had never been sought.

Section 8. That this Board finds that the intention to adopt proposed water standby charges provided in this Resolution is not defined as a project under the provisions of the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378 (b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Prior to formal approval of the annexation and water standby charges from the Board, CEQA documentation will be prepared by the Lead Agency and processed in accordance with CEQA and the State CEQA Guidelines. As the Responsible Agency, Metropolitan's Board will then review and consider the CEQA documentation before taking action.

Section 9. That the CEO is hereby authorized and directed to take all necessary actions to satisfy relevant statutes requiring notice by mailing or by publication.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on November 19, 2002.

Executive Secretary
The Metropolitan Water District
of Southern California

**Attachment to Resolution of Intention
to Impose Standby Charges**

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

ENGINEER'S REPORT

Supplement I

PROPOSED PROGRAM TO LEVY STANDBY CHARGES,

CALLEGUAS MUNICIPAL WATER DISTRICT

ANNEXATION NO. 79

August 2002

BACKGROUND

This report is a supplement to The Metropolitan Water District of Southern California (Metropolitan) Engineer's Report for the Program to Levy Readiness-To-Serve Charge, Including Local Option for Standby Charge During Fiscal Year 2002/03, dated December 2001, adopted by Metropolitan's board on March 12, 2002 (Engineer's Report). A copy of the Engineer's Report is on file with the Board Secretary. Metropolitan collects a readiness-to-serve charge (RTS) as an availability of service charge from the member public agencies. Member public agencies may request that Metropolitan collect a portion of their RTS obligation through Metropolitan's water standby charge. This Supplement to the Engineer's Report satisfies the requirements of Proposition 218, the "Right to Vote on Taxes Act", approved by California voters November 5, 1996, which classifies standby charges as assessments on newly annexed property.

DESCRIPTION OF ANNEXING AREA

The Calleguas Municipal Water District (Calleguas) has requested that Metropolitan collect all or a portion of its RTS obligation through a Metropolitan water standby charge imposed on parcels within Calleguas' service area boundary. The owners of property constituting proposed Annexation No. 79 have applied for annexation into Calleguas. Once the territory is annexed, Metropolitan water will be available to these parcels and these parcels will receive the benefit of the projects funded in part by Metropolitan water standby charges, as described in the Engineer's Report. Calleguas has requested that Metropolitan impose water standby charges on this property at the rate specified in the Engineer's Report, following annexation of these properties into Metropolitan.

COST BENEFIT OF THE ANNEXING AREA

The property identified in this report has applied for annexation into Metropolitan. Consent by the property owners to Metropolitan's levying of an annual water standby charge in the amount of \$9.58 per

acre, or \$9.58 per parcel of less than one acre, is a condition to annexation of this property into Calleguas and Metropolitan.

The following table lists the parcel included in Annexation No. 79 and the proposed water standby charge for fiscal year 2002/03.

Table A
Water standby charges for Annexation No. 79

| <u>Parcel Number</u> | <u>Acres</u> | <u>Standby Charge</u> <u>(Fiscal Year 2002-03)</u> |
|----------------------|--------------|---|
| 183-0-150-180 | 46.65 | \$ 446.91 |
| Total | 46.65 | \$ 446.91 |

The estimated potential benefits of Metropolitan's water supply program that could be paid by a standby charge are approximately \$345 million for fiscal year 2002/03, as shown in Table 1 of the Engineer's Report. An average total standby charge of \$81.77 per acre of land or per parcel of less than one acre would be necessary to pay for the total potential program benefits within Metropolitan's service area. The Engineer's Report has estimated total benefits of this magnitude accrue to each acre of property and parcel within Metropolitan, as these properties are eligible to use water from the Metropolitan system. Because only properties located within Metropolitan's boundaries may receive water supplies from Metropolitan (except for certain contractual deliveries as permitted under Section 131 of the Metropolitan Water District Act), any benefit received by the public at large or by properties outside of the proposed area to be annexed is merely incidental.

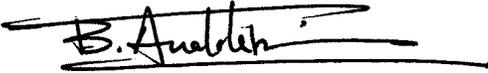
Table 5 of the Engineer's Report shows that the distribution of standby charge revenues from the various member agencies would provide revenue of approximately \$42 million for fiscal year 2002/03. This total amount is less than projected collections from the RTS charge. Metropolitan will use other revenue sources, such as water sales revenues, RTS revenues (except to the extent collected through standby charges, as described above), interest income, and revenue from sales of hydroelectric power, to pay for the remaining program benefits. Thus, the benefits of Metropolitan's investments in water conveyance, storage, distribution and supply programs far exceed the recommended standby charge, thus ensuring that no parcel within Annexation No. 79 is assessed water standby charges in excess of the reasonable cost of the proportional special benefit conferred on that parcel.

SUMMARY

The foregoing and the attached tables in the Engineer's Report describe the current benefits provided by the projects listed as mainstays to the water supply system for Metropolitan's service area. Calleguas has requested that a water standby charge be imposed on lands within Annexation No. 79 as a credit against Calleguas' RTS obligation for fiscal year 2002/03, in the amount of \$9.58 per acre or parcel of less than

one acre, to be levied by Metropolitan within Calleguas. The special benefits described in this Engineer's Report exceed the recommended charge. The water standby charges for parcels (identified in Table A above) within Annexation No. 79 total \$446.91.

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