

- **Board of Directors**
Executive Committee

May 13, 2003 Board Meeting

8-8

Subject

Adopt resolution of intention to impose water standby charge for the reattachment of the Altmann Property to San Diego County Water Authority and Metropolitan

Description

San Diego County Water Authority (SDCWA) requests reattachment of the Altmann Property, concurrently to SDCWA and The Metropolitan Water District of Southern California (Metropolitan), and impose standby charges at a rate of \$11.51 per acre or per parcel of less than one acre. The total area for the reattachment is 3.43 acres. The property is located on Questhaven Road east of Elfin Forest Road in the San Marcos area. The area was originally annexed to Bueno Colorado Municipal Water District and Metropolitan in 1956. In 1979, Bueno Colorado Municipal Water District was dissolved and this area became a part of Vallecitos Water District with the exception of this parcel. The exclusion of the parcel was an error. Metropolitan's Administrative Code § 3100(e) allows for reattachments due to administrative errors. Prior to completion of this reattachment, SDCWA will pay a fee of \$5,031.93, if the annexation is completed prior to December 31, 2003. SDCWA also requests that Metropolitan impose a water standby charge within the proposed territory. See [Attachment 1](#) for the detailed report.

Policy

Territory may be reattached to Metropolitan in accordance with Division III, § 3100(e) of its Administrative Code and Metropolitan may levy Standby Charge as stated in Article XIII D of the California Constitution (Proposition 218).

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action to correct an administrative error is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves 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).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and the resolution of intention to impose water standby charge for the reattachment of the Altmann Property to SDCWA and Metropolitan substantially in the form of **Attachment 2**, conditioned upon receipt of \$5,031.93 to Metropolitan if completed by December 31, 2003.

Fiscal Impact: Receipt of the processing fee of \$5,031.93 and water sales revenue from newly reattached territory.

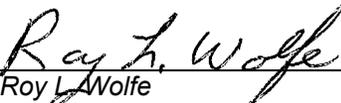
Option #2

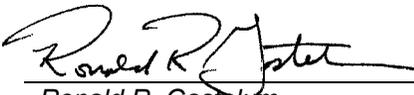
Decline Altmann Property reattachment

Fiscal Impact: Unrealized fees and water sales revenue from territory.

Staff Recommendation

Option #1

	4/15/2003
_____ Roy L. Wolfe Manager, Corporate Resources	Date

	4/15/2003
_____ Ronald R. Gastelum Chief Executive Officer	Date

Attachment 1 – Detailed Report

Attachment 2 – Resolution of Intention to Impose Standby Charges and Supplement I

BLA #2198

Detailed Report

Altmann Reattachment

San Diego County Water Authority (SDCWA) has requested conditional approval for the Altmann reattachment, concurrently to The Metropolitan Water District of Southern California (Metropolitan) and SDCWA. The 3.43-acre territory, shown on the attached legal description and map, is located on Questhaven Road east of Elfin Forest Road in the San Marcos area. The area was originally annexed to Bueno Colorado Municipal Water District and Metropolitan in 1956. In 1979, Bueno Colorado Municipal Water District was absolved and this portion of the service area became a part of Vallecitos Water District with the exception of this parcel. Metropolitan's Administrative Code § 3100 (e) allows for reattachments due to administrative errors. Prior to completion of this reattachment, SDCWA will pay minor charges for the period of detachment with the standby processing fee of \$5031.93, if the annexation is completed prior to December 31, 2003, or if completed later, at the then current rate. SDCWA also requests that Metropolitan impose a water standby charge within the proposed territory.

SDCWA has requested that Metropolitan impose water standby charges within the reattachment territory at the rate of \$11.51 per acre or per parcel of less than one-acre, which is the current rate that water standby charges are levied in other portions of SDCWA service area. 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 2 is the form of Resolution of Intention to Impose Water Standby Charge, 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 that the property owners will be asked to mark and return. The ballots are weighted according to the proportionate obligation of each property. These ballots will be tabulated at a public hearing on the assessments scheduled to commence on June 10, 2003, or such other date as the Board shall determine. Imposition of the water standby charges in the annexed area will be imposed concurrently with final Board approval of the annexation unless a majority of those ballots received from property owners protest the charges.

EXHIBIT "A"

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 27, TOWNSHIP 12 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF, BEING MORE PARTICULARLY DESCRIBED AS PARCEL 1 BELOW AND ILLUSTRATED AS EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF THIS DOCUMENT:

PARCEL 1

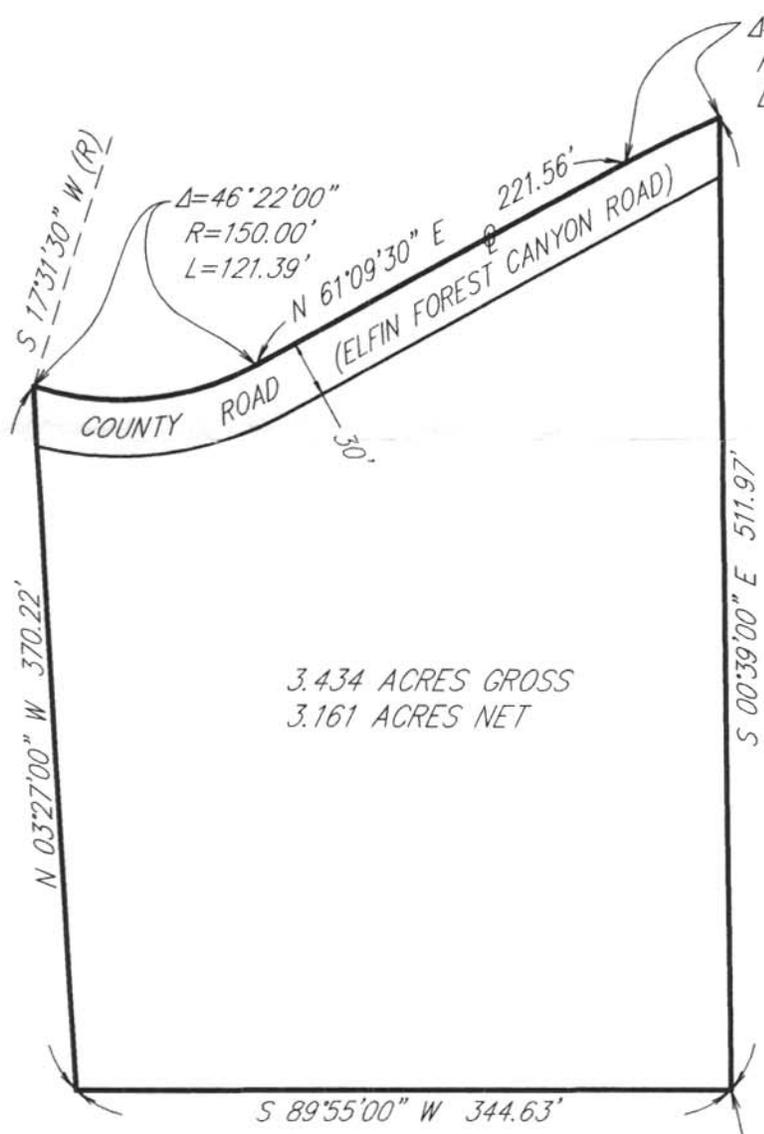
BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 27, SAID POINT BEING THE **TRUE POINT OF BEGINNING**; THENCE SOUTH 89°55'00" WEST ALONG THE SOUTHERLY LINE OF SAID SECTION 27, A DISTANCE OF 344.63 FEET; THENCE LEAVING SAID SOUTHERLY LINE, NORTH 03°27'00" WEST 370.22 FEET TO A POINT ON THE CENTERLINE OF A COUNTY ROAD KNOWN AS ELFIN FOREST CANYON ROAD, SAID POINT LYING ON A NON-TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 150.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 17°31'30" WEST; THENCE EASTERLY ALONG SAID CENTERLINE THROUGH A CENTRAL ANGLE OF 46°22'00" AN ARC DISTANCE OF 121.39 FEET; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 61°09'30" EAST 221.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 600.00 FEET; THENCE NORTHEASTERLY ALONG SAID CENTERLINE THROUGH A CENTRAL ANGLE OF 05°16'12" AN ARC DISTANCE OF 55.19 FEET TO A POINT ON THE EASTERLY LINE OF SAID SOUTHWEST QUARTER OF SAID SECTION 27, THENCE LEAVING SAID CENTERLINE, SOUTH 00°39'00" EAST ALONG SAID EASTERLY LINE A DISTANCE OF 511.97 FEET TO THE POINT OF BEGINNING.

SAID PORTION OF LAND CONTAINING: 3.434 ACRES GROSS AND 3.161 ACRES NET

REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
RIGHT OF WAY ENGINEERING TEAM
DATE: 01-22-2003



EXHIBIT "B"



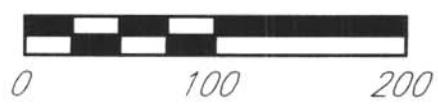
TRUE POINT OF BEGINNING, SOUTHEAST CORNER OF SOUTHWEST QUARTER OF SECTION 27, T12S, R3W, SBM.



REVIEWED BY
 THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
 RIGHT OF WAY ENGINEERING TEAM
 DATE: 01-22-2003

EXCEL ENGINEERING
 440 STATE PLACE
 ESCONDIDO, CA 92029
 PHONE (760) 745-8118

Michael D. Levin
 MICHAEL D. LEVIN L.S. 6896 1/2/03 DATE



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 San Diego County Water Authority (“SDCWA”) 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 February 2003 (the “Engineer’s Report”) has applied for annexation into SDCWA 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, SDCWA 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 June 10, 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 2003/04 on the properties described in the Engineer’s Report attached hereto as Attachment “A” 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 \$11.51, which is equal to the amount of Metropolitan’s

existing standby charge on other properties located within the territory of SDCWA. 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 Altmann Reattachment, 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 SDCWA's 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 June 10, 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 Altmann Reattachment to Metropolitan and SDCWA. If water standby charges are approved and such annexation is not completed in time to permit imposition of standby charges for fiscal year 2003/04, 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 SDCWA 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 continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, this activity is not subject to 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).

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 May 13, 2003.

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,

SAN DIEGO COUNTY WATER AUTHORITY

Altmann Reattachment

April 2003

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 2003/04, dated December 2002, adopted by Metropolitan's Board on March 11, 2003, (Engineer's Report). A copy of the Engineer's Report is on file with the Executive 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 properties.

DESCRIPTION OF ANNEXING AREA

The San Diego County Water Authority (SDCWA) has requested that Metropolitan collect all or a portion of its RTS obligation through a Metropolitan water standby charge imposed on parcels within SDCWA's service area boundary. The owners of property constituting proposed Altmann Reattachment have applied for annexation into SDCWA. 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. SDCWA has requested that Metropolitan impose water standby charges on these properties at the rate specified in the Engineer's Report, following annexation of these properties into Metropolitan.

COST BENEFIT OF THE ANNEXING AREA

The properties identified in this report have applied for annexation into Metropolitan. Consent by the property owners to Metropolitan's levying of an annual water standby charge in the amount of \$11.51 per acre, or \$11.51 per parcel of less than one acre, is a condition to annexation of these properties into SDCWA and Metropolitan.

The following table lists the parcels included in the Altmann Reattachment and the proposed water standby charge for fiscal year 2003/04.

Table A
Water Standby Charges for Altmann Reattachment

<u>Parcel Number</u>	<u>Acres</u>	<u>Standby Charges</u> <u>(Fiscal Year 2003/04)</u>
222-110-44	3.37	\$ 38.79
Total	3.37	\$ 38.79

The estimated potential benefits of Metropolitan's water supply program that could be paid by a standby charge are approximately \$242 million for fiscal year 2003/04, as shown in Table 1 of the Engineer's Report. An average total standby charge of \$57.44 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.

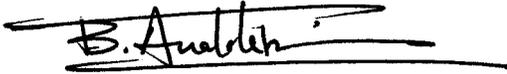
Table 5 of the Engineer's Report shows that the distribution of standby charge revenues from the various member agencies would provide revenue of approximately \$42 million for fiscal year 2003/04. This total amount is less than projected collections from the RTS charge. Metropolitan will use other revenue 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 the Altmann Reattachment 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. SDCWA has requested that a water standby charge be imposed on lands within the Altmann Reattachment as a credit against SDCWA's RTS obligation for fiscal year 2003/04, in the amount of \$11.51 per acre or parcel of less than one acre, to be

levied by Metropolitan within SDCWA. 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 Altmann Reattachment total \$ 38.79.

Prepared Under the Supervision Of:



B. Anatole Falagan RCE 45669
Assistant Group Manager
Water Resources Management

Prepared Under the Supervision Of:



Brian G. Thomas
Chief Financial Officer

