

- **Board of Directors**
Asset and Real Property Committee

May 10, 2005 Board Meeting

7-2

Subject

Grant conditional approval for Peaceful Valley Ranch Annexation to San Diego County Water Authority and Metropolitan; and adopt resolution of intention to impose water standby charge

Description

The San Diego County Water Authority (SDCWA) requests conditional approval to annex Peaceful Valley Ranch concurrently to SDCWA and The Metropolitan Water District of Southern California (Metropolitan) and to impose a water standby charge for the annexed property.

The proposed Peaceful Valley Ranch annexation consists of 160.7 acres in the Jamul community within the Otay Water District east of Campo Road, south and east of Peaceful Valley Ranch Road in San Diego County (see [Attachment 1](#) for the map and legal description). Temecula Valley LLC/Lennar proposes to develop 52 estate residential units on minimum 2-acre lots. Onsite groundwater wells are proposed to supply water for agricultural uses, a polo field, and common landscaped areas. SDCWA would pay \$561,091.20, if the annexation is completed prior to December 31, 2005. If the annexation is completed later, the fee would be based on the then current annexation charge rate pursuant to Section 3300 of Metropolitan's Administrative Code. Projected annual water demand on Metropolitan is approximately 49.4 acre-feet per year.

Pursuant to Section 3107 of Metropolitan's Administrative Code approved on October 12, 2004, SDCWA has submitted an acceptable Water Use Efficiency Compliance Statement for this project ([Attachment 2](#)).

Completion of this annexation would be subject to such terms and conditions as may be fixed by Metropolitan's Board in granting final consent to such annexation. SDCWA has requested that Metropolitan impose a water standby charge within the annexation territory at the rate of \$11.51 per acre or per parcel of less than one acre, which is the rate the water standby charge is presently levied in other portions of SDCWA. Under the requirements of Article XIII D of the California Constitution (Proposition 218), such charge 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 charge that, if adopted by the Board, will authorize the Executive Secretary to mail notices to the property owners ([Attachment 3](#) includes the "Engineer's Report.") Notices to property owners would include ballots, which the property owners will be asked to mark and return. Ballots would be tabulated at a public hearing on the assessments scheduled for July 12, 2005, or such other date as the Board shall determine. The ballots received from property owners are weighted according to the proportionate obligation of each property. Unless a majority vote protests the charge, the Board may impose the water standby charge in the annexed area concurrently with final approval of annexation.

Policy

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

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed actions are not defined as a project under CEQA because they involve 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 actions in question may have a significant effect on the environment, the proposed actions are not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Prior to formal approval of the annexation and water standby charge 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 actions are 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 Peaceful Valley Ranch annexation concurrently to SDCWA and Metropolitan, conditioned upon receipt in full of annexation fee of \$561,091.20 to Metropolitan if completed by December 31, 2005, or if completed later, the then current annexation charge rate would apply (**Attachment 1**);
- b. Approve SDCWA's Statement of Compliance with the current Water Use Efficiency Guidelines (**Attachment 2**); and
- c. Adopt the resolution of intention to impose water standby charge within the proposed annexation territories, substantially in the form of **Attachment 3**.

Fiscal Impact: Receipt of annexation fee of \$561,091.20 and water sales revenue from newly annexed territory

Option #2

Decline the annexation of Peaceful Valley Ranch

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

Staff Recommendation

Option #1

 _____ Roy L. Wolfe Manager, Corporate Resources	3/7/2005 Date
 _____ Dennis B. Underwood CEO/General Manager	4/19/2005 Date

Attachment 1 – Peaceful Valley Ranch Legal Descriptions and Maps

Attachment 2 – Plans for Implementing Water Use Efficiency Compliance Statement

Attachment 3 – Resolution of Intention to Impose Water Standby Charge and Engineer's Report

**MUNICIPAL WATER DISTRICT ANNEXATION
PEACEFUL VALLEY RANCH
(ANNEXATION NO. __)**

That portion of Parcel 4 of Parcel Map No. 16190, in the County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County on August 16, 1990, described as follows:

Beginning at the Northwest corner of Parcel 2 of said Parcel Map No. 16190, said point being the beginning of a 725.00 foot radius curve, concave to the North, a radial bearing to said point bears South 06°58'00" East; thence along the Northerly line of said Parcel 2 the following three courses:

- 1st - Easterly, along said curve, through a central angle of 27°15'43" an arc distance of 344.96 feet;
- 2nd - North 55°46'17" East, 68.41 feet to the beginning of a tangent 300.00 foot radius curve, concave to the South;
- 3rd - Easterly, along said curve, through a central angle of 31°13'10" an arc distance of 163.46 feet; thence leaving said Northerly line of Parcel 2, non-tangent to said curve,
- 4th - North 02°09'30" East, 602.46 feet to the Northerly line of said Parcel 4; thence along said Northerly line,
- 5th - South 84°45'02" West, 525.53 feet to the Northwest corner of said Parcel 4; thence along the West line of said Parcel 4,
- 6th - South 02°09'30" West, 764.72 feet to the Point of Beginning.

8.27 Acres - Gross Area



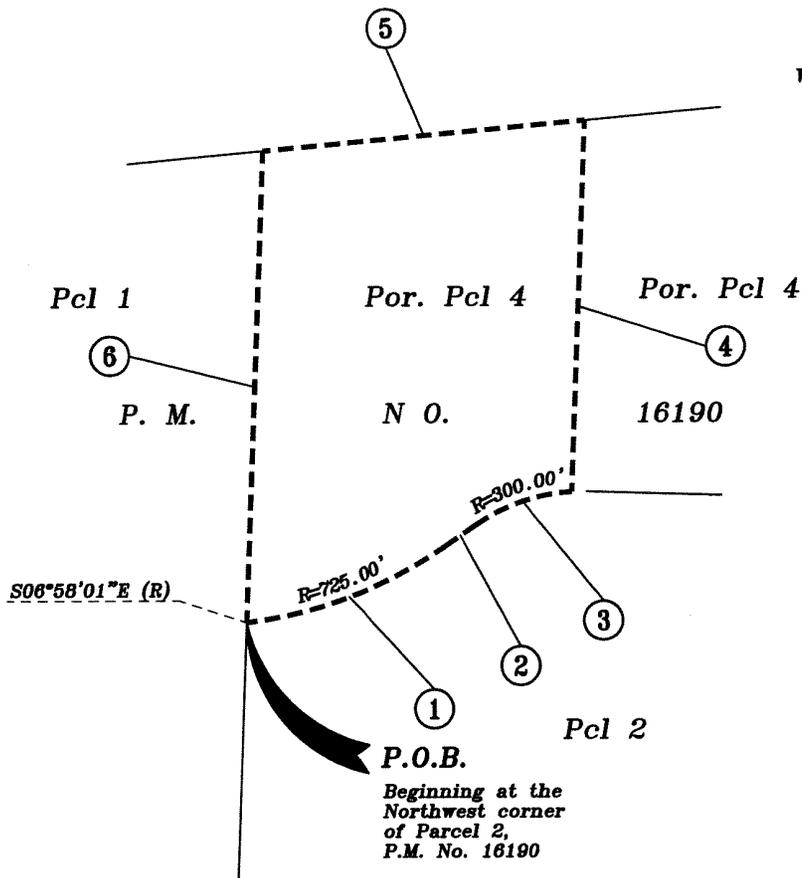
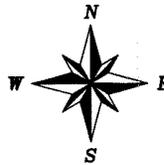
Stephen R. Hawxhurst, L.S. 7355

JUNE 16, 2004

Dated

REVIEWED BY THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA RIGHT OF WAY ENGINEERING TEAM DATE: <u>6/21/2004</u> <i>W</i>
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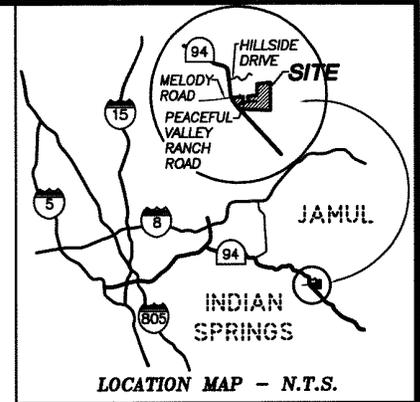




COURSES

- 1st - D=27°15'43" L=344.96'
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- 3rd - D=31°13'10" L=163.46'
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- 5th - S 84°45'02" W 525.53'
- 6th - S 02°09'30" W 764.72'

8.27 Acres - Gross Area



REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
RIGHT OF WAY ENGINEERING TEAM
DATE: 6/21/2004 *mg*

Prepared By:
RBF CONSULTING
9755 Clairemont Mesa Boulevard, Ste 100
San Diego, CA 92124-1324
(252) 614-5000

200 0 200 400 Feet

**SAN DIEGO COUNTY WATER AUTHORITY
MUNICIPAL WATER DISTRICT ANNEXATION
PEACEFUL VALLEY RANCH
(ANNEXATION NO. ___)**

That portion of Parcel 4 of PARCEL MAP NO. 16190, in the County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, DATE

Stephen R. Hawzhurst
Stephen R. Hawzhurst, L.S. 7355 Dated JUNE 16, 2004



PROPOSED ANNEXATION BOUNDARY

**MUNICIPAL WATER DISTRICT ANNEXATION
PEACEFUL VALLEY RANCH
(ANNEXATION NO. __)**

All of Parcels 2, 3, the Remainder Parcel and a portion of Parcel 4 of Parcel Map No. 16190, in the County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County on August 16, 1990, described as follows:

Beginning at the Northwest corner of said Parcel 2, said point being the beginning of a 725.00 foot radius curve, concave to the North, a radial bearing to said point bears South 06°58'00" East; thence along the Northerly line of said Parcel 2 the following three courses:

- 1st - Easterly, along said curve, through a central angle of 27°15'43" an arc distance of 344.96 feet;
- 2nd - North 55°46'17" East, 68.41 feet to the beginning of a tangent 300.00 foot radius curve, concave to the South;
- 3rd - Easterly, along said curve, through a central angle of 31°13'10" an arc distance of 163.46 feet; thence leaving said Northerly line of Parcel 2, non-tangent to said curve,
- 4th - North 02°09'30" East, 602.46 feet to the Northerly line of said Parcel 4; thence along said Northerly line,
- 5th - North 84°45'02" East, 1010.71 feet to the Southwest corner of said Remainder Parcel; thence along the Westerly, Northerly and Easterly lines of said Remainder Parcel, the following three courses:
- 6th - North 00°42'22" East, 1293.00 feet to the Northwest corner thereof;
- 7th - North 83°49'47" East, 1512.40 feet to the Northeast corner thereof;
- 8th - South 00°24'58" East, 1312.81 feet to the Southeast corner thereof; thence along the Easterly line of said Parcels 3 and 4,
- 9th - South 00°02'56" East, 1806.43 feet to the Southeast corner of said Parcel 3; thence along the Southerly line of said Parcels 2 and 3,
- 10th - North 88°42'00" West, 3115.99 feet to the Southwest corner of said Parcel 2; thence along the Westerly line of said Parcel 2,

11th - North 02°09'30" East, 688.81 feet to the Point of Beginning.

152.45 Acres - Gross Area



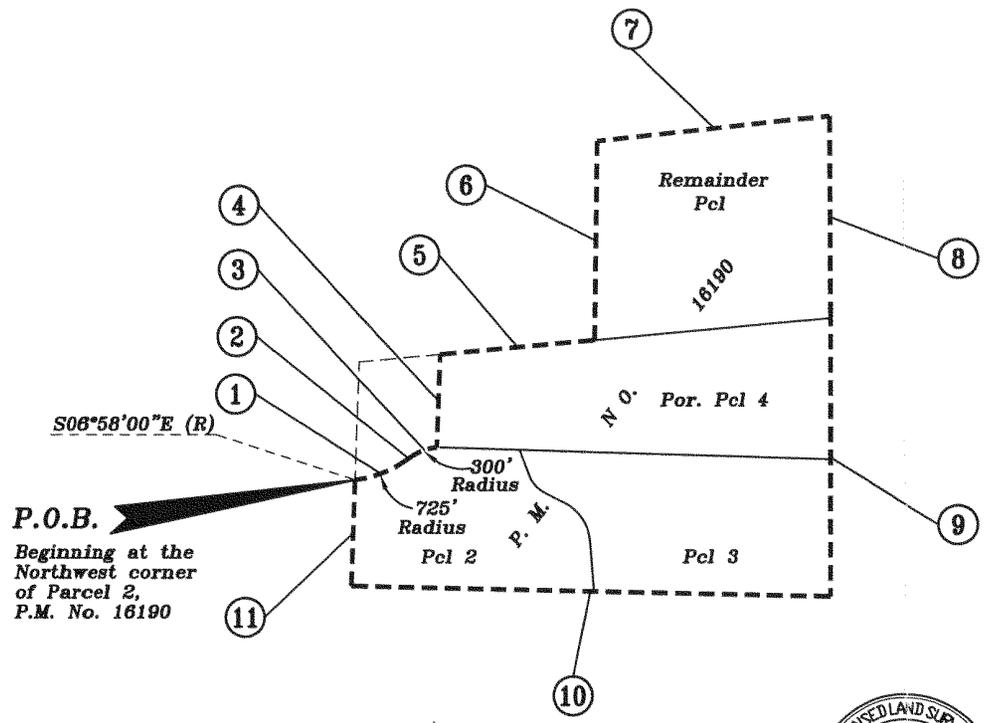
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Dated



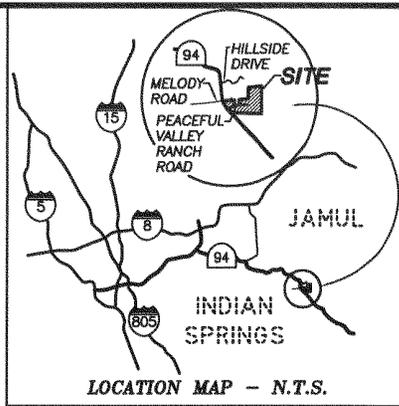
REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
RIGHT OF WAY ENGINEERING TEAM
DATE: 6/21/2004 



COURSES

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152.45 Acres - Gross Area



REVIEWED BY
 THE METROPOLITAN WATER
 DISTRICT OF SOUTHERN CALIFORNIA
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 DATE: 6/21/2004 *WJ*

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**SAN DIEGO COUNTY WATER AUTHORITY
 MUNICIPAL WATER DISTRICT ANNEXATION
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 Stephen R. Hawxhurst, L.S. 7355 Dated JUNE 16, 2004



PROPOSED ANNEXATION BOUNDARY

**Documentation for Annexation of Lands to
Metropolitan Water District of Southern California
Water Use Efficiency Compliance Statement**

A. General Information

<p>Description of Annexing Area</p>	<p>Member Agency: Otay Water District</p> <p>Annexation Name: Peaceful Valley Ranch Project</p> <p>The Peaceful Valley Ranch project is a 181.3-acre property located in the Jamul community in the County of San Diego. Approximately 28.9 acres of the project are already within the boundaries of Metropolitan Water District of Southern California (MWD), San Diego County Water Authority (Water Authority), and Otay Water District (OWD) improvement district.</p> <p>OWD is a member agency of the Water Authority. The remaining 152 acres are within the boundaries of OWD, but require annexation to MWD, the Water Authority, and an OWD improvement district prior to being eligible for water service from OWD. Along with the 152 acres from Peaceful Valley Ranch, an existing 8-acre residence will also be annexed. Thus, the total area to be annexed is 160 acres.</p> <p>Annexing Water Demand: The OWD August 2002 Water Resources Master Plan criteria for water demand projection is 1,050 gpd/unit to estimate average annual water usage for very low-density residential developments. For the equestrian center restroom facilities, the demand is conservatively estimated, assuming that 1.0-acre would use potable water and use a water usage factor of 1,785 gpd/acre.</p> <p><i>See Table 1 on page 3 of the "Overview of Water Service for the Peaceful Valley Ranch Project. July 2004" which has already been submitted.</i></p> <p>Table 1 provides the estimated average annual water usage for the project. The average demand of 59,865 gpd is equal to an annual average usage of 67.1 acre-feet per year (AFY). The projected maximum daily demand for the project is 17,595 gpd (201.2 AFY). For the area of the</p>	<p>MWD Staff Confirmation: Yes <input checked="" type="radio"/> No <input type="radio"/></p> 
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	<p>project to be annexed, the annual average and maximum day water demands are projected to be 50.6 AFY and 151.7 AFY, respectively. Potable water will be used to serve the residences and the restroom facilities at the equestrian center. The remaining water demands for the equestrian center and agricultural uses are proposed to be met by existing groundwater sources within the property.</p> <p>Percent MWD Supplied: 100% groundwater to be used for the Polo Field/Stable (30± acres). 100% remaining will use imported water for residential (130 ± acres).</p> <p>Development Plans: The Peaceful Valley Ranch property has historically been used for dry farming and currently includes two single-family houses and an organic farm. The proposed land use for the property is a rural residential community including 47 homes (including one existing home) with minimum lot sizes of 2.0 acres. There will also be equestrian and agricultural elements within the proposed Peaceful Valley Ranch project. An existing 8-acre lot off-site and under separate ownership is included in this annexation request. It is anticipated that potable water will be used to serve the residences plus the restroom facilities at the equestrian center. The remaining water demands for the equestrian center and agricultural uses are proposed to be met by existing groundwater sources .</p> <p>Additional Agencies Involved in Annexation:</p> <hr/> <ol style="list-style-type: none"> 1. Otay Water District Improvement District Number 9 	
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B. Member Agency Water Use and Efficiency Plans

<p>1. Does your agency minimize annual water demand by incorporating water conservation measures into new development plans?</p>	<p>Member Agency Response: Yes <input checked="" type="checkbox"/> No</p> <p>Description:</p> <p>Currently, the Otay Water District (OWD) does not include language incorporating water conservation measures into new development plans. However, future annexations will involve modified service agreements and will-serve letters that will strongly encourage developers to implement additional water conservation measures. New developments in the OWD service area are required to use recycled water when allowable. District staff plans to draft language to include into the 2005 Urban Water Management Plan (UWMP) requiring new developments minimize their water demand through the implementation of a number of conservation measures. OWD's 2005 UWMP will be brought to its Board for their consideration and approval in late 2005.</p> <p>In the interim, OWD will take a voluntary approach to encourage the developer of Peaceful Valley Ranch to consider the incorporation of a number of water conservation measures that exceed Federal water efficiency standards and the fourteen Water Conservation Best Management Practices highlighted in B-7. Since all 47 homes will be custom built by each individual owner, and there will not be any model homes built, there is a limited opportunity to promote water conservation measures. The developer will receive an amended will-serve letter encouraging the consideration of weather-based irrigation controllers and planting California Friendly landscapes in the common areas. The developer will also receive information on a number of other water efficiency measures now being incorporated into new homes of larger scale developments. In addition, individual homeowners will receive information on new water efficient technologies and existing incentives for high efficiency clothes washers and dual-flush toilets when they activate their meter.</p>	<p>MWD Staff Confirmation: <input checked="" type="radio"/> Yes <input type="radio"/> No <i>AW</i> Comments: <i>A. Webb concurs 3/1/05 AW</i></p> <p>Documentation: Received <input checked="" type="checkbox"/> On File (Date: _____)</p>
<p>2. Does your agency use groundwater, surface water, and recycling to reduce annual demand on MWD?</p> <p>Describe.</p>	<p>Member Agency Response: Yes <input checked="" type="checkbox"/> No</p> <p>Description: OWD submitted their "2000 Urban Water Management Plan" to the Department of Water Resources.</p> <p>GROUNDWATER. Agencies within the Water Authority's service area currently use about 24,000 AF of groundwater annually. Groundwater production (water</p>	<p>MWD Staff Confirmation: <input checked="" type="radio"/> Yes <input type="radio"/> No <i>AW</i> Comments:</p> <p>Documentation: Received <input checked="" type="checkbox"/> On File (Date: _____)</p>

taken from below ground) currently amounts to about 3 percent of the region's total water supply. Much of the groundwater in the Water Authority's service area is not suitable as a drinking water supply without expensive treatment because it contains high concentrations of salt. Recent advancements in desalination technology and improvements in cost effectiveness have led to a renewed interest and development of groundwater as a local water source.

The Water Authority has helped support recent efforts to recover and treat brackish groundwater. Two demineralization facilities recently constructed by member agencies in Chula Vista and in Oceanside have results in an additional 4,000 acre-feet per year of drinking water supplies.

Supporting Documentation: San Diego County Water Authority's "2000 Urban Water Management Plan." Pages 4-16 through 4-23. Submitted with packet.

4.2 SURFACE WATER

Seven major stream systems originate in the mountains of San Diego County and drain into the Pacific Ocean. Runoff within these watersheds has largely been developed over the last century. Twenty-four surface reservoirs are located within the Water Authority's service area, with a combined capacity of approximately 571,000 AF.

Surface water supplies represent the largest single local resource in the Water Authority's service area. However, annual surface water yields can vary substantially due to fluctuating hydrologic cycles. Since 1980, annual surface water yields have ranged from a low of 33,000 AF to a high of 174,000 AF. For planning purposes, local surface water supplies are assumed to have a dependable yield of 25,000 AF and a normal yield of 85,600 AF (based on a historic 24-year average). Table 4-4 shows the projected average surface water supply within the Water Authority's service area.

**TABLE 4-4
PROJECTED SURFACE WATER SUPPLIES
NORMAL YIELD (AF/YR)**

2005	2010	2015	2020
85,600	85,600	85,600	85,600

Supporting Documentation: San Diego County Water Authority's "2000 Urban Water Management Plan." Pages 4-6 through 4-8.

4.3 WATER RECYCLING

Agencies in the San Diego County use recycled water to fill lakes, ponds, and ornamental fountains; to irrigate parks, campgrounds, golf courses, freeway medians, community greenbelts, school athletic fields, food crops, and nursery stock; to control dust at construction sites; and to recharge groundwater basins. Recycled water is also used in certain industrial processes and for flushing toilets and urinals in non-residential buildings. As an example, the newly constructed detention facility in the Otay Mesa area was dual-plumbed to allow the future use of recycled water for toilet and urinal flushing.

Water recycling is an important component of the area's local water resources. OWD, in the San Diego region, continues to implement and expand their water recycling projects. Currently, about 13,700 AF of recycled water is beneficially reused within the Water Authority's service area annually. Approximately 94 percent of the water is used for agriculture, landscape irrigation, and other M&I use, the remaining 6 percent is recharged into groundwater basins.

San Diego agencies currently beneficially reuse about 13,700 AFY of recycled water, primarily for groundwater recharge, landscape irrigation and other industrial and commercial uses. The region's demand for

recycled water is projected to increase to about 45,100 AFY in 2010 and about 53,400 AFY in 2020. Table 4-6 displays the total projected recycled water use anticipated through the year 2020 within the Water Authority's service area.

**TABLE 4-6
PROJECTED RECYCLED WATER USE (AF/YR)**

2005	2010	2015	2020
33,400	45,100	51,800	53,400

Supporting Documentation: San Diego County Water Authority's "2000 Urban Water Management Plan." Pages 4-8 through 4-16. Submitted with packet.

<p>3. Does your agency use storage and groundwater facilities and conservation to reduce peak demand on MWD?</p> <p>Describe.</p>	<p>Member Agency Response: Yes <input checked="" type="checkbox"/> No</p> <p>Description: <i>See following documentation for details.</i></p> <p>STORAGE</p> <p>Surface Storage Operating Agreement Offsets Peak Demands</p> <p>The Water Authority delivers the water it imports to its 23 member agencies throughout San Diego County. The member agencies either deliver water directly to homes and businesses in their areas, or store it in their local reservoirs for later use. The demand for water from member agencies' customers increases each summer as temperatures rise. The member agencies request more treated water from the Water Authority, which in turn requests more treated water from MWD. MWD's other member agencies also increase their requests for water when temperatures rise, impacting MWD's ability to meet everyone's needs at once.</p> <p>In fiscal 2003, the Water Authority developed and negotiated an agreement with MWD that helps reduce demands on MWD during peak days. Under a new reservoir storage and operating agreement, MWD offers discounted water to member agencies during cooler months when more capacity is available. The water is stored in reservoirs for use during warmer months when demands are more likely to put strains on the treated water system. The new programs helps offset peak demands on MWD during the summer by requiring participating agencies to store and use discounted water according to an operating plan. Agencies pay for the water only when it is used and MWD assumes the cost of water lost to evaporation.</p> <p><i>Supporting Documentation: "2003 San Diego County Water Authority Annual Report. Transformation" Page 19. Submitted with packet.</i></p> <p>Emergency Storage Project Progresses</p> <p>The Emergency Storage Project is a system of reservoirs, pipelines, pump stations and other facilities that will work together to store and move water around the county in case of a prolonged interruption of the region's imported water supply. The project includes the construction of the Olivenhain Dam and Reservoir, raising the San Vicente Dam, and the construction of interconnected pipelines and pumping stations that will allow water to move north or south to all member agencies in an emergency. The Olivenhain Dam and Reservoir will connect to Lake Hodges, together providing 38,000 acre-feet of emergency water storage. Combined with the raising of the San Vicente Dam, storage available for emergency water supplies will increase by 90,100 acre-feet by 2010. This</p>	<p>MWD Staff Confirmation: Yes/ No <input checked="" type="checkbox"/>  Comments:</p> <p>Documentation: Received <input checked="" type="checkbox"/> On File (Date: _____)</p>
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emergency supply will support the region for up to six months during a disruption in imported supplies.

Supporting Documentation: "2003 San Diego County Water Authority Annual Report. Transformation" Page 16. Submitted with packet.

Supporting Documentation: "Emergency Storage. Project Building. Water Reliability." Fact sheet submitted with packet.

GROUNDWATER.

Groundwater Basins Studied.

San Diego County does not have a large supply of groundwater, and the groundwater basins it does have contain water that is "brackish." or salty. Today, new technology makes it possible to cost-effectively convert this brackish water into a supply suitable for drinking.

Storing fresh, surface water in aquifers (an aquifer naturally stores and transmits water to wells and springs underground) may prove feasible. The Water Authority is studying that idea through the Lower San Luis Rey River Valley Groundwater Storage and Recovery Feasibility Study and Pilot Program. The Water Authority is also exploring the viability of storing substantial amounts of surface water in northern San Diego's Mission and Bonsall groundwater basins when supplies are abundant. This stored water would be used later when supplies are scarce

Supporting Documentation: "2003 San Diego County Water Authority Annual Report. Transformation" Page 24. Submitted with packet.

CONSERVATION

The Water Authority has conceived, developed and administered several major urban and agricultural water conservation programs. The agency invests more than \$1 million each year on conservation programs. Water conservation programs operated by the Water Authority and its member agencies have saved more than 282,000 acre-feet over the past 13 years.

These programs include:

- An ULFT Voucher Incentive Program, which in the past 13 years installed more than 466,000 ULFTs in San Diego region.
- A water-saving showerheads incentive program that installed more than 600,000 water-saving showers.
- A Residential High-Efficiency Clothes Washers Voucher Incentive Program that installed more than 21,000 high-efficiency clothes washers

- A commercial-industrial-institutional voucher incentive program saved more than 5,600 acre-feet of water through the installation of commercial ULFTs, urinals, cooling tower conductivity controllers, and high-efficiency clothes washers.
- Residential home surveys and large landscape audits that have saved more than 28,880 acre-fee by eliminating inefficient water use and irrigation practices in single-family homes, multi-family housing complexes, parks and schools.
- An Agricultural audit program through which the Water Authority works with agricultural water users to increase crop production while maintaining highly efficient irrigation standards.

Supporting Documentation: See "Water Conservation. A Way of Life in San Diego" Fact Sheet. Submitted with packet.

Additional Conservation Efforts to Reduce Peak

In an effort to identify peaking issues within the Water Authority's system, Operations and Maintenance staff analyzed demand on Water Authority meters to determine where and what water use sectors were creating high demands for water. The highest demands typically took place on Mondays, Tuesdays and Wednesdays at meters serving urbanized areas. Given that landscape irrigation consumes about 50% of urban water, staff concluded that this was the probable source of peak demand. Contacts in the landscape contractor industry confirmed that landscape irrigators typically do not irrigate on the weekend to avoid the need to pay staff overtime in the event of a problem, leading to high demand during the week.

This same analysis showed that agriculture, which consumes about 15% of regional water use, accounted for relatively little of the peak demand. The Water Authority's vigorous Demand Management programs have resulted in a steady reduction in the overall growth of treated water demand. While conservation programs reduce overall demand, landscape water savings reduce summer peak demands with efficient irrigation scheduling and the promotion of Xeriscape principles. Landscape water use is the single, greatest opportunity for water savings in the region and yet, is the most difficult to achieve because of behavioral components.

Some Phase I peak demand management and public outreach strategies are currently being implemented by staff within existing programs. By focusing on landscape irrigation and maximizing existing operational strategies, staff

believes that much can be done to relieve summer peaking issues.

- Phase I – Water Authority Staff Activities
- Encourage member agencies to utilize their operational treated water storage.
- Encourage member agencies to maximize their available treatment plant capacity.
- Work with the member agencies via the Water Authority’s Joint Public Information Council to notify member agencies of peaking problems and to encourage them to utilize billing notices and newsletter articles to advise both residential and commercial customers to irrigate as efficiently as possible during non-peak hours throughout the entire week.
- Work with the San Diego Chapter of the California Landscape Contractors Association (CLCA) to keep them apprised of peaking problems. They have expressed willingness to work with their membership to address the peaking problem and to ensure adequate

water supplies for their industry.

- Utilize current landscape water conservation programs to advise participants to irrigate during non-peak times throughout the entire week.
- Make presentations to the CLCA and write articles for their publication, ‘Offshoot,’ to advise members to shift irrigation to non-peak times throughout the entire week. The Landscape and Water Symposium on May 16 at the Water Conservation Garden will include a discussion to reinforce non-peak irrigation.
- Work with the Farm Bureau and member agencies to encourage efficient irrigation and voluntary shifting of irrigation to non-peak times when practical even though agriculture does not appear to be a major factor in peaking problems,
- Generate news stories in the print and electronic media to encourage residential and commercial customers to irrigate during non-peak times throughout the entire week.
- Work with member agencies to implement BMP 5 landscape irrigation water budgets within existing budgets and staff levels.

Phase II – Incentives and Penalties

With direction from the Board, staff will work with member agency operations managers, conservation coordinators and public affairs

representatives to develop more aggressive measures that could be employed to help relieve peak treated water demands. For example, beyond these current activities, Water Authority staff and member agencies could develop financial incentives or penalties to encourage agricultural and landscape irrigators to shift their irrigation demand to non-peak times. Staff will return to the Board in May with Phase II recommendations.

Phase III – Peak Shortage Allocations

With direction from the Board, staff will work with member agencies to develop a peak shortage allocation plan for Board review in June.

Supporting Documentation: " Treated Water Peaking Issue and Action Plan." Water Authority Board item approved on April 2003. Report submitted with packet.

Treated Water Peaking Issues & Action Plan

The Water Authority's Board adopted the Peak Treated Water Demand Reduction Action Plan (Plan) at its April 2003 Board meeting, as a way to manage summer time peak treated water demands until new member agency and MWD treatment facilities were completed in 2006. Last summer, through a variety of actions by the landscape industry, public conservation and operational coordination among member agencies, peak demand was managed successfully with only one incident in which the public was notified of the need for extra conservation efforts. It is expected that peak demand challenges will continue until additional facilities are brought on-line. The overall increase in water demands indicates that efforts should be redirected toward increased demand reduction, and continued maximization of operational strategies with Water Authority member agencies and other MWD member agencies also served by the Skinner Filtration Plant. The Plan is divided into two parts: demand reduction (conservation), and operational enhancement.

Demand Reduction

The Water Authority's vigorous Demand Management programs have resulted in a steady reduction in the overall growth of treated water demand. While conservation programs reduce overall demand, landscape water savings reduce the summer demands with efficient irrigation scheduling and the promotion of Xeriscape principles. This summer, efforts will focus on increased landscape irrigation efficiency and overall landscape conservation rather than peak demand. Staff believes that much can be done to relieve summer peaking problems and long-term

high demand by focusing on landscape conservation and public outreach to the commercial and residential sectors.

Landscape conservation activities include the following:

- Work with the member agencies via the Water Authority's Joint Public Information Council and Conservation Coordinators Committee to encourage them to utilize billing notices and newsletter articles, to advise both residential and commercial customers to irrigate as efficiently as possible during non-peak hours throughout the entire week.
- Work with the San Diego Chapter of the California Landscape Contractors Association (CLCA) to keep it apprised of peaking problems. The value of its efforts to reduce peak demand were clearly demonstrated last year when operators saw a shift from the typical Monday through Wednesday peak to a lower peak from Tuesday through Friday.
- Work with the print and electronic media, professional landscape and property management publications, to encourage residential and commercial sectors to irrigate as efficiently as possible throughout the week and during non-peak hours.
- Implement the Water Authority's new Landscape Assistance Programs as quickly as possible. The new program will provide vouchers for weather-based (Eto) irrigation controllers to large residential and small commercial customers, matching funding for upgraded landscape irrigation hardware to over-irrigating commercial sites as well as the usual landscape audits and home surveys.
- Implement a water budget program in cooperation with member agencies. Best Management Practice 5 of the Memorandum of Understanding for Urban Water Conservation in California, requires signatories to implement water budgets for landscape irrigation accounts. Staff has a contract to provide this service. All commercial sites with a dedicated irrigation meter receiving a landscape incentive will be required to implement a water budget as stipulated by the grant funding for the programs.

Operational Optimization

Water Authority staff continue monthly meetings with member agency operating heads and the Skinner Operating Area Group representatives to discuss treated water delivery issues and coordinate maintenance or construction activities that could impact regional treated water delivery.

	<p>Treated water demand has exceeded the Skinner Treatment Plant 95 percent notification level nine times since April 29, 2004.</p> <p>Unusually high temperatures and construction activity at Miramar Water Treatment Plan increased treated water demand during the late April to mid-May time period. The Miramar Treatment Plant has resumed normal operations. In accordance with the Treated Water Shortage Allocation Plan, Operations & Maintenance staff continues to provide e-mail and fax notification to member agencies when the Skinner Treatment Plant exceeds 95 percent of its rated capacity. In addition, staff members are working with MWD, Eastern Municipal Water District, and Rancho California Water District to develop a regional treated water allocation plan, similar to the Water Authority's, for use by all Skinner Operating Area Group members.</p> <p><i>Supporting Documentation: Water Authority Board item approved on June 2004. Report submitted with packet.</i></p>	
<p>4. Does your agency offer all MWD new development conservation programs?</p> <p>Describe how they are promoted.</p>	<p>Member Agency Response: Yes <input checked="" type="checkbox"/> No</p> <p>Description: A pilot program to encourage developers to install dual-flush toilets (DFT) in residential sites was expected to begin in FY04. Unfortunately, this program has not yet had any participants. Developers were concerned about the higher cost of the DFTs in comparison to the standard ULFTs installed in new residential housing. The \$50 incentive originally offered was increased to \$70 and has created more interest in the program. In addition, more models of these toilets are becoming available. As the new models come on the market, the cost should be reduced, which could result in higher participation.</p> <p>Dual-flush toilets to retrofit high-water-consuming toilets can also be obtained with a voucher through the Water Authority's Voucher Incentive Program. In FY04, 51 DFTs were installed. This number is expected to increase significantly next year when more DFT models become available. Staff from MWD, the Water Authority and OWD has met with builders and developers to promote the installation of dual-flush toilets in residential homes.</p> <p>OWD initiated the following outreach to builders and developers:</p> <ul style="list-style-type: none"> ▪ Mailed individual letters to commercial accounts to further promote dual-flush toilets. <i>(See sample letter in packet).</i> ▪ Hosted biannual developer luncheons, highlighting new water 	<p>MWD Staff Confirmation: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: </p> <p>Documentation Received <input checked="" type="checkbox"/> On File (Date: _____)</p>

	<p>conservation programs such as MWD's California Friendly Home Program and the \$70 incentive for dual-flush toilets. The last two luncheons were held on June 23, 2004 and December 15, 2004</p> <ul style="list-style-type: none"> ▪ Provided packets to developers at OWD's engineering front counter explaining the available programs for new construction. ▪ Sent letters to individual developers explaining conservation programs that are currently available. 	
<p>5. Does your agency have a specific conservation program for new development independent of MWD funding?</p> <p>Describe.</p>	<p>Member Agency Response: Yes <input checked="" type="checkbox"/> No</p> <p>Description: In partnership with OWD, the Water Authority has a program to provide a financial incentive (currently \$70) to builders to install dual-flush toilets in new residential construction in lieu of standard ULFTs. MWD funds \$20 for each unit. OWD and the Water Authority each contribute \$45 for each unit, which includes administrative costs.</p> <p>Supporting Documentation: <i>See MWD's Residential Contract 55708.</i></p> <p>The Water Authority vigorously implements conservation programs. OWD consistently supports existing conservation programs, as well as integrating individual retail agency measures.</p> <p>Additionally, the Water Authority funds specific target marketing to commercial sectors in the San Diego region. Through WSA Marketing, a subconsultant of Honeywell HDMC, outreach to industry partners include Building Owners and Managers Association (BOMA), Certified Commercial Investment Member (CCIM), Institute of Real Estate Managers (IREM), International Facilities Management Association (IFMA) and San Diego Building Engineer Association (SDBEA) and the San Diego Gas & Electric Company. These industry partners have shared objectives with new development. While products that are promoted are under the MWD umbrella of incentivized water efficient products, the San Diego region promotes these products aggressively.</p> <p>Member agencies also host events at their agency, providing additional outreach to new developers within their community. And, OWD encourages all developers to use the City of Chula Vista's Water Conservation Plan Guidelines as shown in attachments A, B, and C. These refer to development in both residential and non-residential developments. See attached.</p>	<p>MWD Staff Confirmation: <input checked="" type="radio"/> Yes <input type="radio"/> No </p> <p>Comments:</p> <p>Documentation: Received <input checked="" type="checkbox"/> On File (Date: _____)</p>

6. Does your agency use recycled water in accordance with the California Water Code Section 13550 through 13554.

This section of the California Water Code encourages the conservation of water resources by the maximum reuse of wastewater particularly in areas where water is in short supply.

Member Agency Response: Yes No

Policies, Ordinances, and Guidance Documents

The Water Authority has adopted a number of policies, guidance documents, and a model ordinance to assist local agencies with water recycling project implementation. Many local agencies have adopted the Water Authority-sponsored ordinance which includes provisions that typically require new development project to install recycled water systems, and that where allowed by law and available in sufficient quantities, at a reasonable cost and quality, recycled water shall be the sole water supply delivered for non-potable uses.

Supporting Documentation: San Diego County Water Authority's "2000 UWMP." Pages 4-14. Submitted with packet.

Water Recycled Study

On October 2003, the Water Authority's Board approved entering into an agreement with RBF Consulting to complete tasks associated with the Water Authority's Phase II Study. The Phase II Study expands upon an earlier water recycling study completed by the Water Authority that identified a number of water recycling regional strategies. The purpose of the Phase II Study is to identify potential opportunities to increase the use of recycled water as a means to meet, and potentially exceed, the water recycling goals initially established in the Water Authority's 1997 Water Resources Plan. A significant component of the Phase II Study is the Water Recycling Grant Funding Program (Funding Program). The purpose of the Funding Program is to provide approximately \$900,000 in grant funding to member agencies to conduct water recycling feasibility studies, facilities planning, and design to increase the level of water recycling in the San Diego region.

RBF Consulting drafted a preliminary funding package to provide the member agencies with a clear understanding of the SWRCB's funding requirements associated with the potential award of these grant funds, and to develop equitable selection and evaluation criteria for analyzing and evaluating proposals submitted by the member agencies.

Supporting Documentation: "Water Recycled Study Evaluation Criteria" Water Authority Board Action approved on February 2004. Report submitted with packet.

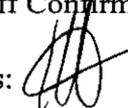
MWD Staff Confirmation:

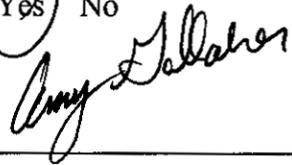
Yes No

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On File (Date: _____)

<p>7. Are Best Management Practices conditioned on all new development?</p>	<p>Member Agency Response: Yes ✓ No</p> <p>Description: Member Agency Response. Brochures and materials are provided to retail water agencies and municipalities to distribute to builders.</p> <p>Water Authority and OWD personnel staffed the MWD booth at the 2004 Building Industry Show to make contacts with developers. Retail agency with mostly new development meets semi-annually with builders and provides information about MWD's model home program.</p> <p>Additionally, OWD has adopted several policies and practices to encourage "Best Management Practices" as they relate to water conservation. OWD has established Section 39 of their <i>District Water Conservation Program Code of Ordinances</i> "to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity." And, OWD encourages all developers to use the City of Chula Vista's Water Conservation Plan Guidelines as shown in attachments A, B, and C. These refer to development in both residential and non-residential developments. See attached.</p> <p><i>Supporting documentation: Refer to document previously submitted document.</i></p>	<p>MWD Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments: </p> <p>Documentation: Received <input checked="" type="checkbox"/> On File (Date: _____)</p>
<p>Describe Conditioning required in non-newly-annexed lands.</p>	<p>Member Agency Response: Yes ✓ No</p> <p>Section 39 OWD Conservation Program. 39.01 Declaration of Policy. California Water Code Section 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity. The Board of Directors hereby establishes a comprehensive water conservation program pursuant to California Water Code Sections 375 et seq., based upon the need to conserve water supplies and to avoid or minimize the effects of any future shortage.</p> <p>The OWD's Board also finds and determines that the conditions prevailing in the San Diego County area require that the water resources available be put to maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use, or unreasonable method of use, of water be prevented and that the conservation of such</p>	

<p>Describe conditioning required in newly annexed lands.</p>	<p>water be encouraged with a view to the maximum reasonable and beneficial use thereof in the interests of the people of the District and for the public welfare.</p> <p><i>Supporting documentation: OWD. "District Water Conservation Program Code of Ordinance." Section 39. Submitted with packet. It is anticipated that Section 39 will be updated by December 31, 2005.</i></p> <p>In addition to the "OWD District Water Conservation Program Code of Ordinance", the Water Authority and OWD offer the following Best Management Practices to their mutual customers:</p> <ul style="list-style-type: none"> ✓ BMP 1. Residential Surveys ✓ BMP 2. Residential Retrofits ✓ BMP 3. System Water Audits ✓ BMP 4. Metering ✓ BMP 5. Landscape ✓ BMP 6. Clothes Washers ✓ BMP 7. Public Info ✓ BMP 8. School Education ✓ BMP 9. CII ✓ BMP 10. Wholesaler Incentive ✓ BMP 11. Rates ✓ BMP 12. Conservation Coordinator ✓ BMP 13. Waste Prohibitions ✓ BMP 14. ULFTs <p><i>Supporting documentation: Refer to OWD's Best Management Practices Report Filing for 2003 and 2004, as well as the Water Authority's Best Management Practices Report Filing for 2003 and 2004.</i></p> <p>In the future, both the Water Authority and OWD are committed to continue to offer vouchers to viable water conserving devices, as well as continuing to proactively search for additional programs that can achieve water savings in the region.</p>	
<p>8. Can your agency sustain a 7-day interruption in service as described in MWD Admin. Code Section 4503?</p>	<p>Member Agency Response: Yes <input checked="" type="checkbox"/> No</p> <p>The Emergency Storage Project is a system of reservoirs, interconnected pipelines and pumping stations and other facilities that work together to store and move water around the county in case of a prolonged interruption of the region's imported water supply. Significant progress</p>	<p>MWD Staff Confirmation: <input checked="" type="radio"/> Yes <input type="radio"/> No </p>

has been made in the multiphased storage project. Work on phase one is nearing an end, with the construction of the new Olivenhain Dam and Reservoir. San Vicente Reservoir will hold an additional 52,100 acre-feet of water through a 54-foot increase in the height of the San Vicente Dam. Pipelines are being built to enable these emergency supplies to be moved from the reservoirs to the Water Authority's main distribution system so the water can get to wherever it is needed throughout the county. Design is now in progress for the San Vicente Pipeline, which will run 11 miles in a tunnel connecting the San Vicente Reservoir to the Water Authority's Second Aqueduct in Mira Mesa.

Has the retail agency developed an emergency water supply plan? If so, describe. If so, what are the details of the plan?

The OWD has developed an emergency water supply plan. See following page.

Member Agency Response: Yes No

Form of Documentation:

Yes, The Water Authority and OWD have been signatories to the California Urban Water Conservation Council since 1991.

See http://bmp.cuwcc.org/bmp/read_only/list.lasso#S for verification. However, the California Urban Water Conservation Council BMP Report for both the Water Authority and OWD is included in packet.

Additionally, OWD has adopted several policies and practices to encourage "Best Management Practices" as they relate to water conservation. OWD has established Section 39 of their *District Water Conservation Program Code of Ordinances* "to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity." It is anticipated that section 39 will be updated by December 31, 2005.

Refer to document previously submitted document.

Documentation:

Received

On File (Date: 3-1-05)

<p>9. Are your agency and all other agencies listed in (A) above signatory to and in compliance with the California Urban Water Conservation Council's BMP MOU?</p>	<p>Member Agency Response Yes ✓ No</p> <p>Form of Documentation.</p> <p>CUWCC website lists all signatories. The Water Authority and OWD have been signatories to the CUWCC since 1991.</p> <p>See http://bmp.cuwcc.org/bmp/read_only/list.lasso#S for verification. The CUWCC BMP Report is included in the packet.</p> <p>Additionally, OWD has adopted several policies and practices to encourage "Best Management Practices" as they relate to water conservation. OWD has established Section 39 of their District Water Conservation Program Code of Ordinances "to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity." And, OWD encourages all developers to use the City of Chula Vista's Water Conservation Plan Guidelines as shown in attachments A, B, and C. These refer to development in both residential and non-residential developments. See attached.</p> <p>Refer to document previously submitted.</p>	<p>MWD Staff Confirmation: <input checked="" type="radio"/> Yes <input type="radio"/> No </p> <p>Documentation: Received ✓ On File (Date: _____)</p>
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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
PEACEFUL VALLEY RANCH**

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 Section 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 March 2005 (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 July 12, 2005, or such other date as the Board shall determine, on the Chief Executive Officer’s recommendation to impose a water standby charge for fiscal year 2005/06 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 Peaceful Valley Ranch annexation, 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 July 12, 2005, 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) exceed the ballots submitted in favor of the water standby charge, the water standby charge shall not be imposed.

Section 6. That imposition of the proposed water standby charges, if authorized by the Board following the public protest hearing, will be contingent upon completion of the concurrent annexation of the Peaceful Valley Ranch 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 2005/06, 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 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 Chief Executive Officer 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 10, 2005.

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
PEACEFUL VALLEY RANCH ANNEXATION**

March 2005

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 2005/06, dated January 2005, adopted by Metropolitan's Board on March 8, 2005 (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 service area boundary. The owners of property constituting proposed Peaceful Valley Ranch Annexation 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 Peaceful Valley Ranch Annexation and the proposed water standby charge for fiscal year 2005/06.

Table A
Water standby charges for Peaceful Valley Ranch Annexation

<u>Parcel Number</u>	<u>Acres</u>	<u>Standby Charge (Fiscal Year 2005/06)</u>
597-070-02-00	27.45	\$ 315.95
597-070-06-00	8.00	\$ 92.08
597-070-07-00	79.92	\$ 919.88
597-050-13-00	45.34	\$ 521.86
Total	160.71	\$1,849.77

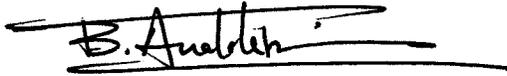
The estimated potential benefits of Metropolitan's water supply program that could be paid by a standby charge are approximately \$259 million for fiscal year 2005/06, as shown in Table 1 of the Engineer's Report. An average total standby charge of \$60.96 per acre of land or per parcel of less than 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 \$42.8 Million for fiscal year 2005/06. 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 annexation 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 Peaceful Valley Ranch Annexation as a credit against SDCWA's RTS obligation for fiscal year 2005/06, 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 charge for parcels (identified in Table A above) within Peaceful Valley Ranch Annexation total \$1,849.77.

Prepared Under the Supervision Of:



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

Prepared Under the Supervision Of:



Brian G. Thomas
Chief Financial Officer

