

- **Board of Directors**
Communications and Legislation Committee

May 8, 2007 Board Meeting

9-8

Subject

Report on AB 885 (Calderon, D-Whittier) – Metropolitan water districts

Description

AB 885 by Assemblyman Charles Calderon ([Attachment 1](#)) proposes to amend the Metropolitan Water District Act (MWD Act) to freeze the composition and minimum number of directors representing each member agency as of January 1, 2007, and require Metropolitan to recommend “reforms” to the Legislature by January 1, 2009, regarding the selection of directors and the number of directors allocated to each member agency.

Presently, directors are appointed or designated by Metropolitan’s member agencies. Each member agency is represented by at least one director (MWD Act, Sec. 51) and may appoint an additional director for each full five percent of the total assessed valuation of property within Metropolitan’s service area that is located within such member agency. (MWD Act, Sec. 52)

The voting strength of each member agency also is determined by assessed valuation. Each member agency is entitled to cast one vote for each \$10,000,000 of assessed valuation of the property in the member agency. (MWD Act, §55) When a member agency is represented by multiple directors, the right to cast its votes is divided equally among all its directors who are present. (MWD Act, Sec. 52)

Both the number of directors and the number of votes of a member agency are adjusted annually, usually in August, based on the certified assessed valuations of property within each member agency that are provided by county auditors of the six counties within Metropolitan’s service area.

AB 885 is sponsored by Central Basin Municipal Water District to maintain existing representation on Metropolitan’s Board, while allowing agencies that gain seats due to increases in assessed valuation to do so. Central Basin asserts that AB 885 will ensure equitable representation among member agencies, pointing out that built-out urban areas are experiencing less increase in assessed valuation than other areas with room for new development. Central Basin is represented by two directors and (as of August 15, 2006) includes 5.35 percent of the assessed valuation within Metropolitan. Central Basin’s assessed valuation increased from 2005 to 2006 by 9.8 percent, but other member agencies experienced more growth, so its percentage of the total assessed valuation within Metropolitan declined from 5.46 percent (as of August 16, 2005). Central Basin projects that it will lose one of its seats on the Board within the next few years.

AB 885, as amended on April 19, 2007, would add a new section to the MWD Act (Section 52.5), to provide that “the composition and number of the Board of directors of the Metropolitan Water District of Southern California shall be the same as those members who serve on the board as of January 1, 2007.” This language goes farther than the sponsor’s stated intent of the bill, and can be read to require that the board members serving as of January 1, 2007, continue to serve on the board.

Proposed Section 52.5 adds that member agencies may appoint additional representatives pursuant to Section 52 of the MWD Act. This appears to allow member agencies with increased assessed valuations to gain directors, if permitted under Section 52, although no member agency would lose a director because of a decrease in assessed valuation.

In addition, Metropolitan is required to periodically review the composition of the Board. For this purpose, Metropolitan is required to study the manner in which directors are designated and the criteria for determining the allocation of directors to each member agency. Metropolitan is further required to make recommendations to the

Legislature by January 1, 2009. From its inception the MWD Act granted Metropolitan’s member agencies the authority to designate and appoint their respective representatives. Metropolitan has consistently deferred to member agencies concerning the selection of their directors prior to engaging in relevant legislation.

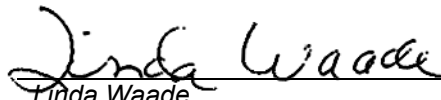
AB 885 does not propose to change the way in which the voting strength of each member agency is determined. Only the number of directors representing a member agency would be affected, not the number of votes they are entitled to cast. The sponsor has stated that the impetus of the bill is to protect the current numerical representation of each member agency so that it will not lose seats in the future. Losing a director, in the sponsor’s view, is detrimental to its ability to participate in committees and engage in policy discussions.

Policy


Metropolitan Water District Act Sections 51 and 52: Appointment and designation by member agencies of their representatives on Metropolitan’s Board

Fiscal Impact

Metropolitan would incur the costs of the required study and development of recommendations to the Legislature and expenses for a greater number of directors.


Linda Waade
Deputy General Manager, External Affairs

5/1/2007
Date


Jeffrey Kightlinger
General Manager

5/1/2007
Date

Attachment 1 – Assembly Bill 885

BLA #5401

AMENDED IN ASSEMBLY APRIL 19, 2007

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 885

Introduced by Assembly Member Charles Calderon

February 22, 2007

An act to add Section 52.5 to the Metropolitan Water District Act (Chapter 209 of the Statutes of 1969), relating to metropolitan water districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 885, as amended, Charles Calderon. Metropolitan Water District of Southern California.

(1) The Metropolitan Water District Act provides for the creation of metropolitan water districts, governed by a board of directors composed of one or more representatives of each member public agency, designated or selected by the member public agency, as prescribed.

This bill would require the ~~Metropolitan Water District of Southern California~~ *composition and number of the board of directors of the Metropolitan Water District of Southern California to be the same as those members who serve on the board as of January 1, 2007. The bill would preserve the ability of any member public agency to designate and appoint additional representatives to the board. The bill would require the district to periodically review the composition of its board of directors and study the manner in which board members are designated and selected. The bill would require the district to recommend reforms to the Legislature by January 1, 2009. By*

establishing requirements on that district, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 52.5 is added to the Metropolitan Water
 2 District Act (Chapter 209 of the Statutes of 1969), to read:

3 Sec. 52.5. (a) ~~The~~ *Notwithstanding any other law, the*
 4 *composition and number of the board of directors of the*
 5 *Metropolitan Water District of Southern California shall be the*
 6 *same as those members who serve on the board as of January 1,*
 7 *2007. Any public agency member may designate and appoint*
 8 *additional representatives to the board, pursuant to Section 52.*

9 (b) *The Metropolitan Water District of Southern California shall*
 10 *periodically review the composition of its board of directors.*

11 ~~(b) For the purpose of carrying out subdivision (a), the district~~
 12 ~~shall consider the process involved in designating or selecting of~~
 13 ~~the members to the board of directors and the criteria that it uses~~
 14 ~~for determining the number of directors allocated to each member~~
 15 ~~public agency.~~

16 (c) *For the purpose of carrying out subdivision (b), the district*
 17 *shall study the manner in which members of the board of directors*
 18 *are designated and selected and the criteria that it uses for*
 19 *determining the number of directors allocated to each member*
 20 *public agency. Based on this study, the district shall recommend*
 21 *reforms to the Legislature by January 1, 2009.*

22 SEC. 2. If the Commission on State Mandates determines that
 23 this act contains costs mandated by the state, reimbursement to
 24 local agencies and school districts for those costs shall be made

- 1 pursuant to Part 7 (commencing with Section 17500) of Division
- 2 4 of Title 2 of the Government Code.

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