

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**RESOLUTION 9189**

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**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA  
FIXING AND ADOPTING  
A CAPACITY CHARGE  
EFFECTIVE JANUARY 1, 2016**

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WHEREAS, the Board of Directors (“Board”) of The Metropolitan Water District of Southern California (“Metropolitan”), pursuant to Sections 133, 134 and 134.5 of the Metropolitan Water District Act (the “Act”), is authorized to fix such rate or rates for water as will result in revenue which, together with revenue from any water standby or availability of service charge or assessment, will pay the operating expenses of Metropolitan, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by Metropolitan, and provide for the payment of the interest and principal of its bonded debt; and

WHEREAS, the Capacity Charge is charged (on a dollar per cubic-foot-per-second basis) to member agencies, based upon the amount of capacity used by such member agency that is designed to recover the cost of providing peaking capacity within the distribution system; and

WHEREAS, on February 10, 2014, the General Manager presented to the Finance and Insurance Committee of Metropolitan’s Board his proposed biennial budget for fiscal years 2014/15 and 2015/16, determination of total revenues and of revenues to be derived from water sales and firm revenue sources required during the fiscal years 2014/15 and 2015/16, and detailed reports for each fiscal year describing each of the proposed rates and charges and the supporting cost of service process, dated February 2014, that (i) describe the rate structure process and design, (ii) show the costs of major service functions that Metropolitan provides to its member agencies, (iii) classify these service functions costs based on the use of the Metropolitan system to create a logical nexus between the revenues required from each of the rates and charges, and (iv) set forth the rates and charges necessary to defray such costs; and

WHEREAS, the Board conducted a public hearing on its proposed rates and charges for 2015 and 2016 at its regular meeting on March 11, 2014, at which interested parties were given the opportunity to present their views regarding the proposed rates and charges; and

WHEREAS, notice of the public hearing on the proposed rates and charges was published prior to the hearing in various newspapers of general circulation within Metropolitan’s service area; and

WHEREAS, based on the feedback received from board workshops held on February 10, 2014, February 25, 2014, and March 10, 2014, and at the public hearing on March 11, 2014, the General Manager presented three alternative options for rates and charges on April 8, 2014, as well as a fourth option for the Board to adopt different rates and charges; and

WHEREAS, updated cost of service reports, dated April 2014, for the three options included in the General Manager's recommendations for rates and charges were presented to the Board on April 8, 2014; and

WHEREAS, on April 8, 2014, the board considered the three alternative options for rates and charges presented by the General Manager and approved the biennial budget for fiscal years 2014/15 and 2015/16 and adopted recommended water rates and charges for 2015 and 2016; and

WHEREAS, in adopting the rates and charges on April 8, 2014, the Board determined the amount of revenue to be raised by the Capacity Charge in 2016 to be based on a Capacity Charge in such year of \$10,900 per cubic-foot-per-second; and

WHEREAS, notice of intention of Metropolitan's Board to consider and take action at its regular meeting to be held April 14, 2015, to increase Metropolitan's Capacity Charge for calendar year 2016 was mailed to each of Metropolitan's member public agencies; and

WHEREAS, each of the meetings of the Board were conducted in accordance with the Brown Act (commencing at Section 54950 of the Government Code), for which due notice was provided and at which quorums were present and acting throughout; and

WHEREAS, the amount of revenue to be raised by the Capacity Charge shall be as determined by the Board and allocation of such charges among member public agencies shall be in accordance with the method established by the Board; and

WHEREAS, the Capacity Charge is a charge fixed and adopted by Metropolitan and charged to its member agencies, and is not a fee or charge imposed upon real property or upon persons as an incident of property ownership; and

WHEREAS, Metropolitan has legal authority to fix and adopt the Capacity Charge as a water rate pursuant to Sections 133 and 134 of the Metropolitan Water District Act (the "Act"); and

WHEREAS, under authority of Sections 133 and 134 of the Act, the Board has the authority to fix the rate or rates for water as will result in revenue which, together with other revenues, will pay Metropolitan's operating expenses and provide for the payment of other costs, including payment of the interest and principal of Metropolitan's non-tax funded debt; and

WHEREAS, the Capacity Charge is intended to recover the debt service and other appropriately allocated costs to construct, operate and maintain projects needed to meet peak demands on Metropolitan's distribution system, as shown in the cost-of service report; and

WHEREAS, in the alternative, under Section 134.5 of the Metropolitan Water District Act, an availability of service charge may be collected from the member public agencies within 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 the Board of Directors of Metropolitan hereby fixes and adopts a Capacity Charge, as described below, to be effective January 1, 2016.

**Section 2.** That the Capacity Charge shall be in an amount sufficient to provide for payment of the capital financing costs not paid from *ad valorem* property taxes, and other appropriately allocated costs needed to provide peaking capacity within Metropolitan's distribution system.

**Section 3.** That such Capacity Charge effective January 1, 2016 shall be a charge as specified in Section 6 (set in dollars per cubic-foot-per-second of the peak day capacity) for capacity provided to a member agency.

**Section 4.** That in the alternative, and without duplication, the Capacity Charge shall be an availability of service charge pursuant to Section 134.5 of the Act.

**Section 5.** That the Capacity Charge specified in Table 1 does not exceed the reasonable and necessary cost of providing the service for which the charge, or conferring the benefit provided, is made and is fairly apportioned to each member agency in proportion to the peak day capacity utilized by each member agency. Accordingly, the Board finds and determines that the Capacity Charge is a reasonable fee charged according to the burden on or benefit from the use of peaking capacity of Metropolitan's distribution system.

**Section 6.** That the Capacity Charge shall be a fixed charge as shown in the following table and collected from each member agency monthly, quarterly or semiannually as agreed to by Metropolitan and the member agency.

**Table 1. Calendar Year 2016 Capacity Charge**

AGENCY	Peak Day Demand (cfs) (May 1 through September 30)				Rate (\$/cfs): \$10,900
	Calendar Year			3-Year Peak	Calendar Year 2016 Capacity Charge
	2012	2013	2014		
Anaheim	38.3	31.3	34.0	38.3	\$417,470
Beverly Hills	32.7	30.8	30.6	32.7	\$356,430
Burbank	20.9	19.7	22.6	22.6	\$246,340
Calleguas	224.0	228.7	240.8	240.8	\$2,624,720
Central Basin	74.5	73.6	61.0	74.5	\$812,050
Compton	2.3	2.9	0.0	2.9	\$31,610
Eastern	237.2	267.4	239.2	267.4	\$2,914,660
Foothill	17.6	18.9	19.9	19.9	\$216,910
Fullerton	24.4	20.0	22.2	24.4	\$265,960
Glendale	41.5	44.9	43.7	44.9	\$489,410
Inland Empire	126.7	153.9	144.0	153.9	\$1,677,510
Las Virgenes	41.9	43.2	56.0	56.0	\$610,400
Long Beach	60.4	66.9	67.8	67.8	\$739,020
Los Angeles	512.9	767.1	782.5	782.5	\$8,529,250
MWDOC	398.6	379.4	443.1	443.1	\$4,829,790
Pasadena	52.1	52.5	48.5	52.5	\$572,250
San Diego CWA	961.5	967.4	1138.2	1,138.2	\$12,406,380
San Fernando	2.8	4.9	0.0	4.9	\$53,410
San Marino	5.3	6.1	7.3	7.3	\$79,570
Santa Ana	19.2	19.6	17.5	19.6	\$213,640
Santa Monica	19.7	22.7	15.2	22.7	\$247,430
Three Valleys	133.0	178.6	151.4	178.6	\$1,946,740
Torrance	36.2	34.1	33.5	36.2	\$394,580
Upper San Gabriel	15.2	16.1	45.4	45.4	\$494,860
West Basin	222.6	230.2	217.5	230.2	\$2,509,180
Western MWD	193.7	198.6	176.6	198.6	\$2,164,740
<b>Total</b>	<b>3,515.3</b>	<b>3,879.5</b>	<b>4,058.5</b>	<b>4,205.9</b>	<b>\$45,844,310</b>

Totals may not foot due to rounding

**Section 7.** That the Capacity Charge for each member public agency, the method of its calculation, cost allocations and other data used in its determination are as specified in the General Manager's recommendation on rates and charges to be effective January 1, 2016, and the corresponding cost of service report. Such recommendation and cost of service report are on file and available for review by interested parties at Metropolitan's headquarters.

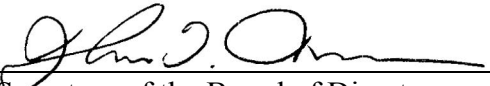
**Section 8.** That the General Manager and the General Counsel are hereby authorized to do all things necessary and desirable to accomplish the purposes of this Resolution, including, without limitation, the commencement or defense of litigation.

**Section 9.** That this Board finds that the proposed capacity charge is not defined as a Project under the California Environmental Quality Act ("CEQA") since 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 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 10.** That the General Manager is hereby authorized and directed to take all necessary action to satisfy relevant statutes requiring notice by publication.

**Section 11.** That the Board Executive Secretary is hereby directed to transmit a certified copy of this Resolution to the presiding officer of the governing body of each member public agency.

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 April 14, 2015.

  
Secretary of the Board of Directors  
of The Metropolitan Water District  
of Southern California