

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA
RESOLUTION 9205

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
FIXING AND ADOPTING
A CAPACITY CHARGE
EFFECTIVE JANUARY 1, 2017**

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 8, 2016, the General Manager presented to the Finance and Insurance Committee of Metropolitan’s Board his proposed biennial budget for fiscal years 2016/17 and 2017/18, determination of total revenues and of revenues to be derived from water sales and firm revenue sources required during the fiscal years 2016/17 and 2017/18; and

WHEREAS, Board workshops and discussions regarding the proposed biennial budget for fiscal years 2016/17 and 2017/18 and water rates and charges for 2017 and 2018 were held on February 8, 2016 and March 7, 2016 at the regularly scheduled Finance and Insurance Committee meetings, and on February 23, 2016 and March 22, 2016 at the Finance and Insurance Committee; and

WHEREAS, the Board conducted a public hearing on its proposed rates and charges for 2017 and 2018 at its regular meeting on March 8, 2016, 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, written notice of intention of Metropolitan’s Board to consider and take action at its regular meeting to be held April 12, 2016, to adopt Metropolitan’s Capacity Charge for calendar year 2017 was given to each of Metropolitan’s member public agencies; and

WHEREAS, based on the feedback received from board workshops held on February 8, 2016, February 23, 2016, March 7, 2016, and March 22, 2016, and at the public hearing on March 8, 2016, the General Manager proposed rates and charges on April 12, 2016; and

WHEREAS, the supporting cost of service report was provided to the Board on March 16, 2016, was discussed with the Board on March 22, 2016, and an updated cost of service report with minor revisions was provided to the Board on March 30, 2016; and

WHEREAS, on April 12, 2016, the board considered the rates and charges presented by the General Manager and approved the biennial budget for fiscal years 2016/17 and 2017/18 and adopted recommended water rates and charges for 2017 and 2018; and

WHEREAS, in adopting the rates and charges on April 12, 2016, the Board determined the amount of revenue to be raised by the Capacity Charge in 2017 to be based on a Capacity Charge in such year of \$8,000 per cubic-foot-per-second; 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;

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

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, 2017.

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, as well as operations, maintenance and overhead costs incurred to provide peaking capacity within Metropolitan's distribution system, which Metropolitan owns or has the right to use.

Section 3. That such Capacity Charge effective January 1, 2017 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 is made, or conferring the benefit provided, 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 capacity of Metropolitan's distribution system, which Metropolitan owns or has the right to use.

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 2017 Capacity Charge

AGENCY	Peak Day Demand (cfs) (May 1 through September 30)				Rate (\$/cfs): \$8,000
	Calendar Year				
	2013	2014	2015	3-Year Peak	Calendar Year 2017 Capacity Charge
Anaheim	31.3	34.0	33.7	34.0	\$272,000
Beverly Hills	30.8	30.6	25.5	30.8	\$246,400
Burbank	19.7	22.6	10.0	22.6	\$180,800
Calleguas	228.7	240.8	175.5	240.8	\$1,926,400
Central Basin	73.6	61.0	51.4	73.6	\$588,800
Compton	2.9	0.0	0.1	2.9	\$23,200
Eastern	262.1	239.4	177.2	262.1	\$2,096,800
Foothill	18.9	19.9	14.9	19.9	\$159,200
Fullerton	20.0	22.2	15.3	22.2	\$177,600
Glendale	44.9	43.7	33.2	44.9	\$359,200
Inland Empire	153.9	144.0	94.8	153.9	\$1,231,200
Las Virgenes	43.2	46.1	42.8	46.1	\$368,800
Long Beach	66.9	67.8	61.3	67.8	\$542,400
Los Angeles	767.1	782.5	600.9	782.5	\$6,260,000
MWDOC	379.4	443.1	293.0	443.1	\$3,544,800
Pasadena	52.5	48.5	36.9	52.5	\$420,000
San Diego CWA	967.4	1138.2	960.7	1,138.2	\$9,105,600
San Fernando	4.9	0.0		4.9	\$39,200
San Marino	6.1	7.3	4.7	7.3	\$58,400
Santa Ana	19.6	17.5	15.6	19.6	\$156,800
Santa Monica	22.7	15.2	11.7	22.7	\$181,600
Three Valleys	178.6	152.8	108.1	178.6	\$1,428,800
Torrance	34.1	33.5	28.2	34.1	\$272,800
Upper San Gabriel	16.1	40.4	79.1	79.1	\$632,800
West Basin	230.2	217.5	178.5	230.2	\$1,841,600
Western MWD	197.7	179.7	137.7	197.7	\$1,581,600
Total	3,873.3	4,048.3	3,190.8	4,212.1	\$33,696,800

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, 2017, 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 12, 2016.


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