

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA
RESOLUTION 9223

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
FIXING AND ADOPTING
A CAPACITY CHARGE
EFFECTIVE JANUARY 1, 2018**

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 amount of revenue to be raised by the Capacity Charge shall be as determined by the Board and allocation of such charges among member 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, 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, pursuant to Resolution 8329, adopted by the Board on July 9, 1991 and Resolution 9199, adopted by the Board on March 8, 2016, and as each is thereafter amended and supplemented, proceeds of the RTS Charge and other revenues from the sale or availability of water are pledged to the payment of Metropolitan’s outstanding revenue bonds and to the payment of Metropolitan’s outstanding subordinate revenue bonds and to revenue bonds and subordinate bonds to be issued pursuant to Resolution 8329 and Resolution 9199; and

WHEREAS, the Capacity Charge is charged (on a dollar per cubic-foot-per-second basis) to member public agencies (“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 calendar years 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 special meetings of 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 held April 12, 2016, to adopt Metropolitan's Capacity Charge for calendar year 2017 was given to each of Metropolitan's member agencies; and

WHEREAS, the supporting cost of service report was provided to the Board on March 16, 2016 and was presented to 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, 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 for adoption on April 12, 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 for calendar years 2017 and 2018 and charges for calendar year 2017; and

WHEREAS, in approving the biennial budget and adopting the rates and charges on April 12, 2016, the Board determined the amount of revenue to be raised by the Capacity Charge in calendar year 2018 to be based on a Capacity Charge in such year of \$8,700 per cubic-foot-per-second; and

WHEREAS, written notice of intention of Metropolitan's Board to consider and take action at its regular meeting to be held April 11, 2017, to adopt Metropolitan's Capacity Charge for calendar year 2018 was given to each of Metropolitan's member 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;

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, 2018.

Section 2. That said 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.

Section 3. That such Capacity Charge effective January 1, 2018 shall be a charge as specified in Section 5 (set in dollars per cubic-foot-per-second of the peak day capacity) for capacity provided to a member agency.

Section 4. That the Capacity Charge specified in Section 5, together with other revenues from Metropolitan's water rates, other charges, ad valorem property taxes, and other miscellaneous revenue, does not exceed the reasonable and necessary cost of providing Metropolitan's water service for which the rates and charges are 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, as specified in Section 5 below.

Section 5. 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 2018 Capacity Charge

AGENCY	Peak Day Demand (cfs) (May 1 through September 30)				Rate (\$/cfs): \$8,700
	Calendar Year				Calendar Year 2018 Capacity Charge
	2014	2015	2016	3-Year Peak	
Anaheim	34.0	33.7	29.7	34.0	\$295,800
Beverly Hills	30.6	25.5	26.2	30.6	\$266,220
Burbank	22.6	10.0	12.1	22.6	\$196,620
Calleguas	240.8	175.5	176.2	240.8	\$2,094,960
Central Basin	61.0	51.4	43.0	61.0	\$530,700
Compton	-	0.1	0.3	0.3	\$2,610
Eastern	239.4	178.5	207.7	239.4	\$2,082,780
Foothill	19.9	14.9	17.1	19.9	\$173,130
Fullerton	22.2	15.3	14.3	22.2	\$193,140
Glendale	43.7	33.2	38.8	43.7	\$380,190
Inland Empire	144.0	94.8	118.3	144.0	\$1,252,800
Las Virgenes	46.1	42.8	45.3	46.1	\$401,070
Long Beach	67.8	61.3	61.5	67.8	\$589,860
Los Angeles	782.5	600.9	530.3	782.5	\$6,807,750
MWDOC	443.1	293.0	406.0	443.1	\$3,854,970
Pasadena	48.5	36.9	38.0	48.5	\$421,950
San Diego CWA	1,138.2	960.7	911.3	1,138.2	\$9,902,340
San Fernando	-			0.0	\$0
San Marino	7.3	4.7	6.8	7.3	\$63,510
Santa Ana	17.5	15.6	14.7	17.5	\$152,250
Santa Monica	15.2	11.7	10.8	15.2	\$132,240
Three Valleys	152.8	108.1	113.5	152.8	\$1,329,360
Torrance	33.5	28.2	39.1	39.1	\$340,170
Upper San Gabriel	40.4	79.1	11.9	79.1	\$688,170
West Basin	217.5	178.5	197.9	217.5	\$1,892,250
Western MWD	179.7	129.0	175.4	179.7	\$1,563,390
Total	4,048.3	3,183.4	3,246.2	4,092.9	\$35,608,230

Totals may not foot due to rounding

Section 6. That the Capacity Charge for each member agency, the method of its calculation, cost allocations and other data used in its determination are as specified in the adopted rates and charges to be effective January 1, 2018, which forms the basis of the Capacity Charge, and the corresponding cost of service report. The adopted rates and charges and cost of service report are on file and available for review by interested parties at Metropolitan’s headquarters.

Section 7. 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 8. That this Board finds that the Capacity Charge provided in this Resolution is not defined as a project under the California Environmental Quality Act (“CEQA”) because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). Finally, the action is


not subject to CEQA because it can be seen with certainty that there is no possibility that the proposed action may have a significant impact on the environment (Section 15061(b)(3) of the State CEQA Guidelines).

Section 9. That if any provision of this Resolution or the application to any member agency, property or person whatsoever is held invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable

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 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 11, 2017.



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