



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Action

- **Board of Directors**  
***Finance and Asset Management Committee***

5/14/2024 Board Meeting

8-2

## Subject

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

This action continues the Standby Charge at a rate ranging from \$0.66 to \$14.20 per year for each acre or parcel (if less than an acre) of nonexempt real property within the service area of member agencies that have elected since fiscal year (FY) 1993/94 to pay all or a portion of their Readiness-to-Serve (RTS) Charge obligation through the Standby Charge. The Standby Charge has been collected for those agencies at rates that do not exceed the rates set in FY 1993/94. Continuance of the Standby Charge generates funds that are applied against the participating member agencies' RTS Charge obligation.

## Proposed Action(s)/Recommendation(s) and Options

### Staff Recommendation: Option #1

#### Option #1

Adopt the resolution to continue the Standby Charge for fiscal year 2024/25.

**Fiscal Impact:** None for Metropolitan, because the Standby Charge revenue of \$44.0 million (approximately) would be applied towards the RTS Charge obligation of the participating member agencies. Any RTS Charge obligation not met by the Standby Charge will be due to Metropolitan pursuant to the agencies' RTS Charge obligation.

**Business Analysis:** This option involves the collection of charges that result in fixed revenues of \$44.0 million (approximately) to pay all or a portion of the RTS Charge of participating member agencies, which is done at the prior option of the participating member agencies.

#### Option #2

Do not adopt the resolution to continue the Standby Charge for fiscal year 2024/25, which would require the participating member agencies to pay the full RTS Charge directly to Metropolitan, rather than having a portion collected through the Standby Charge.

**Fiscal Impact:** None for Metropolitan, because member agencies would pay the full RTS Charge directly to Metropolitan, including the \$44.0 million (approximately) that would have been collected in FY 2024/25 through the continuation of the Standby Charge.

**Business Analysis:** This option would require the collection of \$44.0 million (approximately) not approved to be collected through the Standby Charge to be collected through the full RTS Charge.

## Alternatives Considered

Not applicable

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**Applicable Policy**

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Metropolitan Water District Act Section 61: Ordinances, Resolutions and Orders

Metropolitan Water District Act Section 133: Fixing of Water Rates

Metropolitan Water District Act Section 134: Adequacy of Water Rates; Uniformity of Rates

Metropolitan Water District Act Section 134.5: Water Standby or Availability of Service Charge

Metropolitan Water District Administrative Code Section 4301(a): Cost of Service and Revenue Requirement

Metropolitan Water District Administrative Code Section 4304: Apportionment of Revenues and Setting of Water Rates

Metropolitan Water District Administrative Code Section 4305: Setting of Charges to Raise Fixed Revenue

Metropolitan Water District Administrative Code Section 4507: Billing and Payment for Water Deliveries

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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**Related Board Action(s)/Future Action(s)**

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By Minute Item 53217, dated April 11, 2023, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2024.

By Minute Item 8-7, dated April 9, 2024, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2025.

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**Summary of Outreach Completed**

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Not applicable

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**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

The proposed action is not defined as a project under 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. (State CEQA Guidelines Section 15378(b)(4)).

**CEQA determination for Option #2:**

None required

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**Details and Background**

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**Background**



On April 11, 2023, Metropolitan's Board of Directors adopted Resolution 9341, fixing and adopting the RTS Charge for the calendar year (CY) 2024. On April 9, 2024, the Board adopted Resolution 8-7, fixing and adopting the RTS Charge for CY 2025. The proposed resolution (**Attachment 1**) provides participating member agencies the ability to continue having a portion of their RTS Charge collected by the Standby Charge within their respective service areas for FY 2024/25, which covers a portion of each of the calendar year (CYs) 2024 and 2025. **Attachment 1** is a form of resolution that, if adopted by the Board, will continue the Standby Charge for FY 2024/25.

The amount of the Standby Charge, per acre or per parcel (if less than an acre), within each of the participating member agencies, has not exceeded the rates set in FY 1993/94 and has been collected within the service areas of 22 of Metropolitan's 26 member agencies that had elected to pay all or a portion of their respective RTS Charge through the Standby Charge since then. Metropolitan proposes to continue the Standby Charge for the

coming fiscal year at rates not exceeding the rates set in FY 1993/94, and therefore, no additional statutory procedures are required for approval.

The resolution also authorizes the General Manager to act upon applications for exemption of certain lands from the collection of the Standby Charge in accordance with the terms and conditions for exemption specified in the resolution. In addition, the resolution provides for an appeal process to review and make recommendations to the Board on appeals by property owners who have been denied the exemption, with final determinations to be made by the Board. The exemption criteria are the same as those adopted for prior years and will be subject to specific guidelines set by the General Manager.

Funds collected from the proposed continuation of the Standby Charge will be segregated to ensure that they are used only for the purposes for which the Standby Charge was collected. **Attachment 2** is the Notice to Member Agencies of Proposed Adoption of Readiness-to-Serve Charge and Capacity Charge for Calendar Year 2025 and Continuation of Standby Charge for Fiscal Year 2024/25, sent to member agencies via email on February 12, 2024.

	5/6/2024
Katano Kasaine	Date
Assistant General Manager/ Chief Financial Officer	
	5/7/2024
Adel Hagekhalil	Date
General Manager	

**Attachment 1 – Resolution of The Board of Directors of The Metropolitan Water District of Southern California Continuing the Water Standby Charge for Fiscal Year 2024/25**

**Attachment 2 – Notice to Member Agencies of Proposed Adoption of Readiness-to-Serve Charge and Capacity Charge for Calendar Year 2025 and Continuation of Standby Charge for Fiscal Year 2024/25**

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

RESOLUTION XXXX

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**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA CONTINUING THE  
WATER STANDBY CHARGE FOR FISCAL YEAR  
2024/25**

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The Board of Directors of the Metropolitan Water District of Southern California (the "Board"), hereby finds that:

1. At its meeting on April 11, 2023, the Board adopted Resolution 9341 "Resolution of the Board of Directors of The Metropolitan Water District of Southern California Fixing and Adopting a Readiness-to-Serve Charge Effective January 1, 2024;"
2. At its meeting on April 9, 2024, the Board adopted Resolution 9354 "Resolution of the Board of Directors of The Metropolitan Water District of Southern California Fixing and Adopting a Readiness- to-Serve-Charge Effective January 1, 2025;"
3. Certain member public agencies ("member agencies") of Metropolitan have previously elected to pay all or a portion of their Readiness-to-Serve ("RTS") Charge obligation through the continuance of the Metropolitan water standby charge ("Standby Charge") collected from parcels within those member agencies;
4. Metropolitan is willing to comply with the requests of those member agencies opting to have Metropolitan continue to collect the Standby Charge within their respective territories, on the terms and subject to the conditions contained herein;
5. Section 134.5 of the Metropolitan Water District Act authorizes the Board to collect a service charge from member agencies or, as an alternative, to collect a service charge as a standby charge against individual parcels within the district;
6. Metropolitan first established the Standby Charge in 1992, pursuant to the procedures authorized by Section 134.5 of the Metropolitan Water District Act and the Uniform Standby Charge Procedures Act ("USCPA"), Sections 54984-54984.9, inclusive, of the Government Code;
7. The Standby Charge has not exceeded the rates set in fiscal year 1993/94, and in fiscal year 1995/96 was reduced to \$0.00 for the member agencies electing not to have any portion of their RTS Charge obligation collected through the Standby Charge;
8. The Standby Charge is not subject to the procedures set forth in Article XIII D, Section 4 of the California Constitution effective July 1, 1997 (Proposition 218), as the Standby Charge has not exceeded the rates set in fiscal year 1993/94, has not exceeded the amount of the Standby Charge existing in fiscal year 1996/97 when Proposition 218 became effective, and the proceeds of the Standby Charge are used for purposes specified in Section 5 of Article XIII D; and
9. The particular charge, per acre or per parcel, applicable to land within each member agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report dated April 2024, supporting the RTS Charge and Standby Charge option (the "Engineer's Report"), which is attached hereto and on file with the Board Executive Secretary of Metropolitan; and
10. Written notice of the intention of Metropolitan's Board to consider and take action at its regular meeting of May 14, 2024, to continue the Standby Charge for fiscal year 2024/25 was given to each of

Metropolitan's member agencies.

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, pursuant to the Engineer's Report, finds that lands within Metropolitan are benefited as described in such report and on that basis, hereby continues its Standby Charge for fiscal year 2024/25 on lands within requesting member agencies of Metropolitan to which the water system is made available for any purpose, whether water is actually used or not, as specified in the Engineer's Report.

**Section 2.** That the rates of such Standby Charge, per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report, may vary by member agency, and shall not exceed the amount of the fiscal year 1996/97 Standby Charge for the member agency. The Standby Charge applicable to each electing member agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report which was prepared by a registered professional engineer certified by the state of California, water resources professional, and financial professional, which methodology is in accordance with Section 134.5 of the Metropolitan Water District Act and reflects the range of costs provided in Metropolitan's Fiscal Years 2024/25 and 2025/26 Cost of Service Report for Proposed Rates and Charges.

**Section 3.** That the Standby Charge, per acre of land, or per parcel of land less than an acre, applicable to land within each electing member agency as allocated in the Engineer's Report shall be as follows for fiscal year 2024/25:

#### **2024/25 Water Standby Charge**

<b><u>Member Agency</u></b>	<b><u>Amount</u></b>
Anaheim	\$8.55
Beverly Hills	---
Burbank	14.20
Calleguas MWD	9.58
Central Basin MWD	10.44
Inland Empire Utilities Agency	7.59
Coastal MWD*	11.60
Compton	0.66
Eastern MWD***	6.94
Foothill MWD	10.28
Fullerton	10.71
Glendale	12.23
Las Virgenes MWD	8.03
Long Beach	12.16
Los Angeles	---
MWD of Orange Co.**	10.09
Pasadena	11.73
San Diego CWA***	11.51
San Fernando	0.00
San Marino	8.24
Santa Ana	7.88
Santa Monica	---
Three Valleys MWD	12.21
Torrance	12.23
Upper San Gabriel Valley MWD	9.27
West Basin MWD	--
Western MWD of Riverside Co.	9.23

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- \* Applicable to parcels included within territory of former Coastal MWD.  
\*\* Exclusive of parcels included within territory of former Coastal MWD.  
\*\*\* Includes reorganization of Fallbrook Public Utility District parcels out from San Diego County Water Authority to Eastern MWD.

**Section 4.** That the Standby Charge shall continue to be collected on the tax rolls, together with the *ad valorem* property taxes that are levied by Metropolitan for the payment of pre-1978 voter approved indebtedness. The amounts of the Standby Charge are continued at amounts that are not estimated to exceed a member agency's RTS Charge obligation. However, any amounts collected shall be applied as a credit against the applicable member agency's RTS Charge obligation. After such member agency's RTS Charge allocation is fully satisfied, any additional collections shall be credited to other outstanding obligations of such member agency to Metropolitan that funds the capital costs or maintenance and operation expenses for Metropolitan's water system, or future RTS Charge obligations of such agency. Any member agency requesting to have all or a portion of its RTS Charge obligation collected through the Standby Charge levies within its territory as provided herein shall pay any portion not collected through net Standby Charge collections to Metropolitan within fifty (50) days after Metropolitan issues an invoice for the remaining RTS Charge obligations for such member agency, as provided in Administrative Code Section 4507.

**Section 5.** That the following exemption procedures apply:

- (a) It is the intent of the Board that the following lands shall be exempt from the Standby Charge: (1) lands owned by the Government of the United States, the state of California, or by any political subdivision thereof or any entity of local government; (2) lands permanently committed to open space and maintained in their natural state that are not now and will not in the future be supplied water; (3) lands not included in (1) or (2) above, which the General Manager, in his discretion, finds do not now and cannot reasonably be expected to derive a benefit from the projects to which the proceeds of the Standby Charge will be applied; and (4) lands within any member public agency, subagency, or city if the governing body of such public entity elects and commits to pay out of funds available for that purpose, in installments at the time and in the amounts established by Metropolitan, the entire amount of the Standby Charge which would otherwise be collected from lands within those public entities. However, no exemption from the Standby Charge shall reduce the applicable member agency's RTS Charge obligation. The General Manager may develop and implement additional criteria and guidelines for exemptions in order to effectuate the intent expressed herein.
- (b) The General Manager shall establish and make available to interested applicants procedures for filing and consideration of applications for exemption from the Standby Charge pursuant to subsections (2) and (3) of Section 5(a) above. All applications for such exemption and documents supporting such claims must be received by Metropolitan in writing on or before December 31, 2024. The General Manager is further directed to review any such applications for exemption submitted in a timely manner to determine whether the lands to which they pertain are eligible for such exemption and to allow or disallow such applications based upon those guidelines. The General Manager shall also establish reasonable procedures for the filing and timing of the appeals from his determination. The procedures will be on file and available for review by interested parties at Metropolitan's headquarters.
- (c) The Finance and Asset Management Committee of Metropolitan's Board of Directors shall hear appeals from determinations by the General Manager to deny or qualify an application for exemption from the Standby Charge. The Finance and Asset Management Committee shall consider such appeals and make recommendations to the Board to affirm or reverse the General Manager's determinations. The Board shall act upon such recommendations and its decision as to such appeals shall be final.

**Section 6.** That no exemption from the Standby Charge shall reduce the applicable member agency's RTS Charge obligation, nor shall any failure to collect, or any delay in collecting, any Standby Charge excuse or delay

payment of any portion of the RTS Charge when due.

**Section 7.** That the RTS Charge is collected by Metropolitan as a rate, fee or charge from its member agencies, and is not a fee or charge imposed upon real property or upon persons as incidents of property ownership, and the Standby Charge is collected within the respective territories of electing member agencies as a mechanism for collection of the RTS Charge. In the event that the Standby Charge, any portion thereof, or the collection of the Standby Charge, 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 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 Standby Charge, then no further Standby Charge shall be collected within any member agency and each member agency which has requested the continuation of the Metropolitan Standby Charge as a means of collecting its RTS Charge obligation shall pay such RTS Charge obligation in full, as if such Standby Charge had never been sought.

**Section 8.** That the General Manager is hereby authorized and directed to take all necessary action to secure the collection of the Standby Charge by the appropriate county officials, including payment of the reasonable cost of collection.

**Section 9.** 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 10.** 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.

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 14, 2024.

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

**NOTICE TO MEMBER AGENCIES OF PUBLIC HEARING FOR PROPOSED RATES  
FOR CALENDAR YEARS 2025 AND 2026, AND CHARGES FOR CALENDAR YEAR  
2025, TO MEET THE REVENUE REQUIREMENTS FOR FISCAL YEARS 2024/25 AND  
2025/26**

Notice is hereby given to each member public agency of The Metropolitan Water District of Southern California (“Metropolitan”) that at its regular meeting to be held March 12, 2024 (or such other date as the Board shall hold its regular meeting in such month), Metropolitan’s Finance, Audit Insurance, and Real Property (“FAIRP”) Committee will hold a public hearing at 12:00 p.m. in the Board Room of Metropolitan’s headquarters building at 700 North Alameda Street, Los Angeles, California before Metropolitan’s Board of Directors, at which interested parties may present their views regarding the proposed rates for Calendar Years (“CY”) 2025 and 2026, and charges for CY 2025, to meet the revenue requirements for Fiscal Years (“FY”) 2024/25 and 2025/26.

Notice is hereby given to each member public agency of Metropolitan that at its regular meeting to be held April 9, 2024 (or such other date as the Board shall hold its regular meeting in such month), Metropolitan’s Board of Directors will consider whether to adopt its water rates for Calendar Years 2025 and 2026, and charges for CY 2025, including the readiness-to-serve charge and capacity charge, to meet the revenue requirements for FYs 2024/25 and 2025/26.

The schedule for presentation of the proposed FYs 2024/25 and 2025/26 Biennial Budget and proposed rates and charges effective January 1, 2025 and January 1, 2026 to meet the revenue requirements for FY 2024/25 and 2025/26 is as follows:

FAIRP Committee: present FY 2024/25 and 2025/26 Biennial Budget, and water rates and charges; hold Workshop #1	February 12, 2024
FAIRP Committee: Workshop #2	February 27, 2024
FAIRP Committee: Workshop #3	March 12, 2024
Public Hearing on proposed water rates and charges	March 12, 2024
FAIRP Committee: Workshop #4, if needed	March 26, 2024
FAIRP Committee: Recommended Biennial Budget and Calendar Year	April 8, 2024
Board Action regarding Biennial Budget and Calendar Year rates and charges	April 9, 2024

The Board reserves the right to make changes to any of these rates and charges as a result of comments received at the public hearing.

Notice is also hereby given to each member public agency of Metropolitan that at its regular meeting to be held May 13, 2024 (or such other date as the Board shall hold its regular meeting in such month), the Board will consider whether to adopt the General Manager’s recommendation to continue Metropolitan’s water standby charge for fiscal year 2024/25 under authority of Section 134.5 of the



Metropolitan Water District Act on land within Metropolitan at the same rates, per acre of land, or per parcel of land less than an acre, as presently in effect.

Any such water standby charge will be continued as a means of collecting the readiness-to-serve charge.

Information about the proposed FYs 2024/25 and 2025/26 Biennial Budget and proposed rates and charges effective January 1, 2025 and January 1, 2026 to meet the revenue requirements for FYs 2024/25 and 2025/26 is available at [www.mwdh2o.com](http://www.mwdh2o.com) and may also be requested from the Board Executive Secretary at (213) 217- 6291.

Dated: February 12, 2024



Katano Kasaine  
Assistant General Manager/Treasurer/Chief Financial Officer

## PROOF OF SERVICE

STATE OF CALIFORNIA                    )  
  )    ss.  
COUNTY OF LOS ANGELES            )

I am employed in the County of Los Angeles, State of California. I am over the age of 18 years and am employed by The Metropolitan Water District of Southern California; my business address is 700 North Alameda Street, Los Angeles, California 90012.

On February 12, 2024, I served the foregoing document described as:

**NOTICE TO MEMBER AGENCIES OF PUBLIC HEARING FOR PROPOSED RATES  
FOR CALENDAR YEARS 2025 AND 2026, AND CHARGES FOR CALENDAR YEAR  
2025, TO MEET THE REVENUE REQUIREMENTS FOR FISCAL YEARS 2024/25 AND  
2025/26**

on the Metropolitan member public agencies via electronic mail (email) to the following email addresses:

[cobegolu@glendaleca.gov](mailto:cobegolu@glendaleca.gov); [chris.garner@lbwater.org](mailto:chris.garner@lbwater.org); [Martin.adams@ladwp.com](mailto:Martin.adams@ladwp.com);  
[cbilezerian@torranceca.gov](mailto:cbilezerian@torranceca.gov); [cparker@anaheim.net](mailto:cparker@anaheim.net); [cmiller@wmwd.com](mailto:cmiller@wmwd.com);  
[ddenham@sdca.org](mailto:ddenham@sdca.org); [dpedersen@lvwmwd.com](mailto:dpedersen@lvwmwd.com); [edwardc@westbasin.org](mailto:edwardc@westbasin.org);  
[garry.hofer@amwater.com](mailto:garry.hofer@amwater.com); [hdelatorre@mwdoc.com](mailto:hdelatorre@mwdoc.com); [mouawadj@emwd.org](mailto:mouawadj@emwd.org);  
[kmccaffrey@calleguas.com](mailto:kmccaffrey@calleguas.com); [mlitchfield@tvmwd.com](mailto:mlitchfield@tvmwd.com); [nsaba@santa-ana.org](mailto:nsaba@santa-ana.org); [nina.jaz@fmwd.com](mailto:nina.jaz@fmwd.com); [PEskandar@cityofSanMarino.org](mailto:PEskandar@cityofSanMarino.org);  
[rwilson@burbankca.gov](mailto:rwilson@burbankca.gov); [sepstein@beverlyhills.org](mailto:sepstein@beverlyhills.org); [sdeshmukh@ieua.org](mailto:sdeshmukh@ieua.org);  
[sjackson@cityofpasadena.net](mailto:sjackson@cityofpasadena.net); [Stephen.Bise@cityoffullerton.com](mailto:Stephen.Bise@cityoffullerton.com);  
[sunny.wang@smgov.net](mailto:sunny.wang@smgov.net); [tom@usgvmwd.org](mailto:tom@usgvmwd.org); [vmeza@comptoncity.org](mailto:vmeza@comptoncity.org);  
[vponto@bwslaw.com](mailto:vponto@bwslaw.com); [wjohnson@sfcity.org](mailto:wjohnson@sfcity.org)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on February 12, 2024, at Los Angeles, California.

Mya Ros  
Mya Ros