

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

RESOLUTION 9393

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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  
2026/27**

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

1. The Board, pursuant to Sections 133 and 134 of the Metropolitan Water District Act (the “Act”), is authorized to fix such rate or rates for water that, so far as practicable, will result in revenue which, together with revenue from any water standby or availability service charge or assessment, will pay the operating expenses of Metropolitan Water District of Southern California (“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
2. By Resolution 8774, “Resolution Of The Board Of Directors Of The Metropolitan Water District Of Southern California To Approve Rate Structure Proposal And To Direct Further Actions In Connection Therewith,” adopted October 16, 2001, the Board approved a new revenue structure, which unbundled water rates and charges to reflect the different functions undertaken by Metropolitan to provide its services, and determined that the new rate structure (i) was consistent with the Board’s Strategic Plan Policy Principles, (ii) addressed issues raised during the consideration of the December 2000 Proposal, (iii) furthered Metropolitan’s strategic objectives of ensuring the region’s long term water supply reliability through encouragement of sound and efficient water resources management, water conservation, and accommodating a water transfer market, and (iv) enhanced the fiscal stability of Metropolitan; and
3. By Resolution 8774, the Board directed the General Manager to implement the new rate structure in proposed rates and charges beginning January 1, 2003, in accordance with Metropolitan’s annual rate-setting procedure under the Administrative Code, which became a biennial rate-setting procedure in 2010; and
4. On March 12, 2002, the Board adopted Resolution 8805, “Resolution Of The Board Of Directors Of The Metropolitan Water District Of Southern California Fixing And Adopting Rates And Charges For Fiscal Year 2002/03 Connection Therewith”, implementing for the first time the new rate structure and finding that the cost of service process for the new rate structure reasonably and fairly: (i) identified revenue requirements; (ii) allocated costs to the functions that Metropolitan undertakes to provide its services to its member agencies; (iii) classified service function costs based upon use of and benefit from Metropolitan’s system, and (iv) allocated costs to rates and charges based upon customary water industry standards; and
5. Raftelis Financial Consultants, Inc. (“RFC”), the firm engaged in 1998 to perform a comprehensive cost of service study and assist in the development of the rate structure, has reviewed Metropolitan’s ongoing application of the rate structure and methodology periodically and found them to be consistent with water industry best practices and guidelines in the American Water Works Association’s Manual M-1, Principles of Water Rates, Fees and Charges; and
6. Since the initial adoption of the rate structure, Metropolitan’s Board has made some modifications. On November 23, 2021, Metropolitan’s Board approved an action directing staff to recover 100 percent of demand management costs from Metropolitan’s supply rate elements in the future rate and charge proposals, and no longer adopted a Water Stewardship Rate element. In 2025, following the expiration of the ten-

year purchase orders with its member agencies, Metropolitan removed the Tier 2 Supply Rate from the rate structure. On July 13, 2025, by Resolution 9385 the Board adopted three fixed treatment charge components, including the Peaking Capacity Charge, Used Standby Capacity Charge, and Remaining Capacity Charge, which collectively will be set recover up to 30% of the treatment revenue requirements, with the remainder continuing to be recovered through the volumetric Treatment Surcharge. The new treatment fixed charges are to be incorporated into the rate structure beginning January 1, 2027 and will be phased in as set forth in Resolution 9385; and

7. At its meeting on April 8, 2025, the Board adopted Resolution 9372 “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, 2026;”

8. At its meeting on April 14, 2026, the Board adopted Resolution 9387 “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, 2027;”

9. 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;

10. 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;

11. 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;

12. 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;

13. 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;

14. 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

15. 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 2026, 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

16. Written notice of the intention of Metropolitan’s Board to consider and take action at its regular meeting of May 12, 2026, to continue the Standby Charge for fiscal year 2026/27 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 2026/27 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 2026/27 and 2027/28 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 2026/27:

**2026/27 Water Standby Charge**

<u>Member Agency</u>	<u>Amount</u>
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	0.10
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.

**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, 2026. 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, Affordability, Asset Management, and Efficiency 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, Affordability, Asset Management, and Efficiency 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.

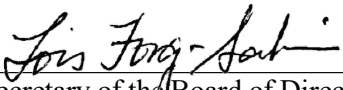
**Section 8.** That the General Manager is hereby authorized and directed to take all necessary action to secure the collection of the Standby Charge by the appropriate county officials, including payment of the

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 reasonable 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 12, 2026.

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