

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

RESOLUTION 9304

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
FIXING AND ADOPTING
A CAPACITY CHARGE
EFFECTIVE JANUARY 1, 2023**

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

1. The 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
2. 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
3. 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
4. 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 FYs 2022/23 and 2023/24 Cost of Service Report for Proposed Water Rates and Charges (the “2022 Cost of Service Report”), as introduced in February 4, 2022 and finalized following the Board’s approval of the budget, rates, and charges on April 12, 2022; and
5. Pursuant to Resolution 8329, adopted by the Board on July 9, 1991, Resolution 9199, adopted by the Board on March 8, 2016, and Resolution 9201, adopted by the Board on March 8, 2016, and as each is thereafter amended and supplemented, proceeds of the Capacity Charge and other revenues from the sale or availability of water are pledged to the payment of Metropolitan’s outstanding revenue bonds, subordinate revenue bonds and short-term certificates, and to revenue bonds, subordinate revenue bonds and short-term certificates to be issued pursuant to Resolution 8329, Resolution 9199, and Resolution 9201; and
6. 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

7. On April 12, 2022, the Board considered the options for rates and charges presented by the General Manager and approved the biennial budget for fiscal years 2022/23 and 2023/24 and adopted water rates for calendar years 2023 and 2024 and charges for calendar year 2021, and received information and documents available at <https://www.mwdh2o.com/who-we-are/budget-finance/>; and

8. In approving the biennial budget and adopting the rates and charges on April 12, 2022, the Board determined the amount of revenue to be raised by the Capacity Charge in calendar year 2023 to be based on a Capacity Charge in such year of \$10,600 per cubic-foot-per-second, based on information and documents available at <https://www.mwdh2o.com/who-we-are/budget-finance/>; and

9. 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 does hereby resolve, determine and order as follows:

Section 1. That the Board hereby fixes and adopts a Capacity Charge, as described below, to be effective January 1, 2023.

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 other appropriately allocated costs, incurred to provide peaking capacity within Metropolitan's distribution system.

Section 3. That such Capacity Charge effective January 1, 2023 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, based on the maximum summer day demand placed on the system between May 1 and September 30 for the three-calendar year period ending December 31, 2003, and thereafter for a rolling three-calendar year period.

Section 4. The allocation of the Capacity Charge among member agencies is based on data recorded by Metropolitan and shall be conclusive in the absence of manifest error. Corrections may be made by staff for any incorrect recording or calculation, upon verification by the member agency.

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 2023 Capacity Charge

Table 1					
Calendar Year 2023 Capacity Charge					
	Peak Day Demand (cfs) (May 1 through September 30)				Rate (\$/cfs): \$10,600
	Calendar Year				
Member Agency	2019	2020	2021	3-Year Peak	Calendar Year 2023 Capacity Charge
Anaheim	37.1	84.1	77.2	84.1	\$891,460
Beverly Hills	23.5	23.2	24.8	24.8	\$262,880
Burbank	17.3	16.6	15.5	17.3	\$183,380
Calleguas	168.9	178.2	189.6	189.6	\$2,009,760
Central Basin	48.6	51.9	54.1	54.1	\$573,460
Compton	2.9	0.0	0.0	2.9	\$30,740
Eastern	196.8	211.5	215.3	215.3	\$2,282,180
Foothill	16.0	19.3	22.8	22.8	\$241,680
Fullerton	13.1	14.1	20.0	20.0	\$212,000
Glendale	32.2	37.9	32.5	37.9	\$401,740
Inland Empire	118.7	98.4	101.4	118.7	\$1,258,220
Las Virgenes	39.4	41.7	42.9	42.9	\$454,740
Long Beach	51.8	67.3	45.7	67.3	\$713,380
Los Angeles	283.2	339.0	584.1	584.1	\$6,191,460
MWDOC	262.8	272.0	332.4	332.4	\$3,523,440
Pasadena	39.9	46.4	48.2	48.2	\$510,920
San Diego CWA	672.1	723.4	672.5	723.4	\$7,668,040
San Fernando	0.0	0.0	0.0	0.0	\$0
San Marino	2.3	7.3	5.4	7.3	\$77,380
Santa Ana	19.4	21.7	18.3	21.7	\$230,020
Santa Monica	20.7	17.0	15.1	20.7	\$219,420
Three Valleys	128.1	134.3	138.3	138.3	\$1,465,980
Torrance	27.8	28.9	27.2	28.9	\$306,340
Upper San Gabriel	29.1	21.1	32.4	32.4	\$343,440
West Basin	211.8	196.0	218.2	218.2	\$2,312,920
Western MWD	186.1	175.1	189.4	189.4	\$2,007,640
Total	2,649.6	2,826.4	3,123.3	3,242.7	\$34,372,620
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, 2023, which forms the basis of the Capacity Charge, and the corresponding 2022 Cost of Service Report. The adopted rates and charges and cost of service reports are on file and available for review by interested parties at Metropolitan's headquarters.


Section 7. 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.

Section 8. 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 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 and taking all necessary action to satisfy relevant statutes requiring notice by publication.

Section 10. 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 12, 2022.



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