



- Board of Directors  
*Real Property and Asset Management Committee*

7/13/2021 Board Meeting

7-4

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## Subject

Adopt amendments to Metropolitan's Administrative Code to move certain responsibilities for annexations from the Finance and Insurance Committee to Real Property and Asset Management Committee; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

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## Executive Summary

To eliminate inefficiencies, this action moves the responsibility to study, advise, and make recommendations with regards to annexations and annexation policies from the Finance and Insurance Committee to the Real Property and Asset Management Committee.

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## Details

Annexation is a Metropolitan policy and procedure encouraging orderly growth and development and efficient water use through the annexation of new water service areas into Metropolitan's service area boundaries upon terms and conditions set by the Board of Directors.

The main function of the annexation is to fulfill member agency requests to annex property into Metropolitan's service area, allowing the property to be served by Metropolitan. Annexation actions are currently exercised at Finance and Insurance Committee and reported by the Real Property and Asset Management Committee to Metropolitan's Board. Therefore, to eliminate inefficiencies, staff recommends moving land-specific annexation actions, including the requirements, procedures, terms and conditions for annexations, to the Real Property and Asset Management Committee. Staff will continue to collaborate internally about annexation matters and to ensure a collective and expeditious response. The determination of financial policies related to annexations under Sections 3300 and 3301 of the MWD Administrative Code shall remain with the Finance and Insurance Committee.

The proposed action would amend the Administrative Code by deleting Sections 2441(w) and adding Section 2491(i). (**Attachment 1**)

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## Policy

Metropolitan Water District Act Part 7: Changes in Organization.

Metropolitan Administrative Code Division III: Annexations.

Metropolitan Administrative Code Section 2441: Finance and Insurance Committee.

Metropolitan Administrative Code Section 2491: Real Property and Asset Management Committee.

Metropolitan Administrative Code Section 11104: Delegation of Responsibilities

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## California Environmental Quality Act (CEQA)

### CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and involves continuing

administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines) and organizational or administrative activities (Section 15378(b)(5) of the State CEQA guidelines).

In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

**CEQA determination for Option #2:**

None required

**Board Options**

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**Option #1**

Adopt amendments to Metropolitan's Administrative Code to move certain responsibilities for annexations from the Finance and Insurance Committee to Real Property and Asset Management Committee as shown in **Attachment 1**.

**Fiscal Impact:** None

**Business Analysis:** This action will align the process, policy, approval and reporting of annexations.

**Option #2**

Do not approve this action

**Fiscal Impact:** None

**Business Analysis:** Maintain the current annexation process separately from the board approval process.

**Staff Recommendation**

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Option #1

  
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Marcia Scully  
General Counsel

6/23/2021  
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Date

  
\_\_\_\_\_  
Jeffrey Rightlinger  
General Manager

6/28/2021  
\_\_\_\_\_  
Date

**Attachment 1 – Proposed Amendments to Administrative Code, Division II, Ch. 4**

Ref# rpam12681266

**Division II****PROCEDURES PERTAINING TO BOARD, COMMITTEES  
AND DIRECTORS****Chapter 4****Standing Committees****STRIKEOUT/UNDERLINE VERSION:****§2441. Duties and Functions.**

The Finance and Insurance Committee shall study, advise and make recommendations with regard to:

- (a) Preparation of budgets;
- (b) Policies and procedures related to budget development and cost containment;
- (c) Sale of bonds and borrowing and repayment of money;
- (d) Disposition and investment of funds;
- (e) Authorization of appropriations, except appropriations for capital projects;
- (f) The determination of revenues to be obtained through water transactions, including, but not limited to, sales, exchanges, and wheeling of water, water standby or availability of service charges, and the levying of taxes;
- (g) The financial impact and requirements of policies concerning annexation;
- (h) The financial aspects of the District's risk management program;
- (i) Questions pertaining to insurance coverage and self-insurance;
- (j) The selection of financial and insurance consultants and the determination of the scope of their assignments;
- (k) Form and contents of accounts, financial reports, and financial statements;
- (l) Proposed amendments to the Metropolitan Water District Act affecting the finance and insurance functions of the District;
- (m) Goals and objectives related to financial planning for Metropolitan, including but not limited to revenues, operating expenses, reserve policies, internally funded construction, debt management, investments and capital financing strategies;
- (n) The prices and conditions governing water transactions, including, but not limited to, sales, exchanges, and wheeling sales of water;

(o) Costs and accounting procedures relating to the District's and other state water service contracts;

(p) Policies regarding water transactions, including, but not limited to, the sale, exchange, and wheeling of water for various uses;

(q) Policies regarding allocation of water standby or availability of service revenue requirements among member public agencies;

(r) Water standby or availability of service charges within the District;

(s) Determinations by the General Manager with respect to appeals concerning charges for water service, including readiness-to-serve charges and capacity charges, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(t) Appeals from determinations by the General Manager to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(u) The purchase, management and disposition of personal property assets such as equipment and vehicles;

(v) Facility master plans, including budgeting for capital improvements and long-term facilities commitments; ~~and~~

~~(w) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations.~~

#### **§ 2491. Duties and Functions**

The Real Property and Asset Management Committee shall study, advise, and make recommendations with regard to:

(a) Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership, and sale of land by the District;

(b) Proposed rules and proposals regarding business development opportunities for real property;

(c) Policies for the acquisition of rights-of-way;

(d) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs;

(e) The incidental use of land in farming operations and otherwise;

(f) The operation and maintenance of buildings;

(g) The development, oversight, and coordination of recreational facilities at Diamond

Valley Lake and Lake Skinner; and

(h) The use of proceeds from the sale or disposition of surplus property related to Diamond Valley Lake and Lake Skinner for recreational purposes.

(i) Annexations and annexation policies including the requirements, procedures, terms and conditions for annexations.

**CLEAN VERSION:**

**§2441. Duties and Functions.**

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- (c) Sale of bonds and borrowing and repayment of money;
- (d) Disposition and investment of funds;
- (e) Authorization of appropriations, except appropriations for capital projects;
- (f) The determination of revenues to be obtained through water transactions, including, but not limited to, sales, exchanges, and wheeling of water, water standby or availability of service charges, and the levying of taxes;
- (g) The financial impact and requirements of policies concerning annexation;
- (h) The financial aspects of the District's risk management program;
- (i) Questions pertaining to insurance coverage and self-insurance;
- (j) The selection of financial and insurance consultants and the determination of the scope of their assignments;
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(p) Policies regarding water transactions, including, but not limited to, the sale, exchange, and wheeling of water for various uses;

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(r) Water standby or availability of service charges within the District;

(s) Determinations by the General Manager with respect to appeals concerning charges for water service, including readiness-to-serve charges and capacity charges, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(t) Appeals from determinations by the General Manager to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

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(h) The use of proceeds from the sale or disposition of surplus property related to Diamond Valley Lake and Lake Skinner for recreational purposes.

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