



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Rate Structure Administrative Procedures Handbook**

**FY2014/15**

# Table of Contents

<b>1</b>	<b>OVERVIEW.....</b>	<b>1</b>
<b>2</b>	<b>RATE STRUCTURE AT-A-GLANCE .....</b>	<b>2</b>
2.1	CURRENT RATES .....	2
2.2	RATE CYCLE & BILLING CYCLE MILESTONES.....	3
2.3	BILLING MEASUREMENT BASIS .....	3
2.4	WATER CLASSIFICATION AND RATE COMPONENTS.....	3
<b>3</b>	<b>PURCHASE ORDER / BASE FIRM DEMAND.....</b>	<b>4</b>
3.1	BACKGROUND .....	4
3.2	ADMINISTRATION .....	4
3.2.1	<i>Base Firm Demand</i> .....	5
3.2.2	<i>Initial Base Firm Demand</i> .....	5
<b>4</b>	<b>TIER 1 AND TIER 2 SUPPLY RATES .....</b>	<b>7</b>
4.1	PURPOSE.....	7
4.2	ADMINISTRATION .....	7
4.3	TIER 2 SUPPLY RATE BILLING METHOD .....	7
4.4	CERTIFICATION EFFECTS .....	7
4.5	TIER 1 ANNUAL MAXIMUM CALCULATION AND APPLICATION TIMELINE .....	8
<b>5</b>	<b>CAPACITY CHARGE.....</b>	<b>9</b>
5.1	PURPOSE.....	9
5.2	ADMINISTRATION .....	9
5.3	ADJUSTMENT FOR REPLENISHMENT DELIVERIES.....	10
5.4	ADJUSTMENT FOR CONJUNCTIVE USE PROGRAM .....	10
5.5	ADJUSTMENT FOR SUPPLEMENTAL STORAGE .....	10
5.6	ADJUSTMENT FOR H-CONSTANT METERS .....	10
5.7	BILLING.....	10
<b>6</b>	<b>READINESS-TO-SERVE CHARGE .....</b>	<b>12</b>
6.1	PURPOSE.....	12
6.2	ADMINISTRATION .....	12
6.3	APPLICATION OF STANDBY CHARGE REVENUES .....	12
6.4	RTS ANNUAL CALCULATION AND APPLICATION TIMELINE .....	13
6.5	RTS INVOICE SCHEDULE .....	14
6.6	ESTIMATED NET RTS CHARGE.....	15
<b>7</b>	<b>STANDBY CHARGE.....</b>	<b>16</b>
7.1	PURPOSE.....	16
7.2	STANDBY CHARGE PER PARCEL .....	16
7.3	ELIGIBLE LANDS .....	18
7.4	COLLECTIONS .....	18
7.5	EXEMPTIONS.....	18
7.6	ESTIMATION OF NET STANDBY CHARGE REVENUES .....	18
7.7	ESTIMATE OF REVENUE ADJUSTMENTS .....	18
7.8	ESTIMATE OF ADMINISTRATIVE CHARGES .....	18
7.9	RECONCILIATION OF ESTIMATED AND ACTUAL NET REVENUES .....	18
7.10	INVOICE ADJUSTMENTS .....	19
<b>8</b>	<b>INTERIM AGRICULTURAL WATER PROGRAM (IAWP) .....</b>	<b>20</b>

<b>9</b>	<b>LOCAL RESOURCE PROGRAMS.....</b>	<b>20</b>
9.1	FULL SERVICE TREATED RATE / TREATED NON-INTERRUPTIBLE WATER RATE .....	20
<b>10</b>	<b>WHEELING.....</b>	<b>21</b>
10.1	CAPACITY CHARGE .....	21
10.2	READINESS-TO-SERVE CHARGE .....	21
<b>11</b>	<b>REPLENISHMENT SERVICE.....</b>	<b>21</b>

**APPENDIX A – AMENDED RESTATED PURCHASE ORDER**

**APPENDIX B – STANDBY CHARGE DETAILED PROCEDURES**

# 1 Overview

The Rate Structure Administrative Procedures Handbook (Handbook) is provided to document Metropolitan's procedures for calculating, invoicing, collecting, and reconciling the components of Metropolitan's rate structure.

Metropolitan's Board approved the rate structure on October 16, 2001 at the conclusion of a lengthy and open process. The rate structure is designed in accordance with the Rate Structure Action Plan of December 12, 2000; the Composite Rate Structure framework of April 11, 2000; and the Strategic Plan Policy Principles of December 14, 1999.

The rate structure supports the strategic planning vision that Metropolitan is a regional provider of services, encourages the development of additional local supplies like recycling and conservation and accommodates a water transfer market. Through its regional services, Metropolitan ensures a baseline of reliability and quality for imported water deliveries in its service area. By unbundling its full-service water rate, Metropolitan provides greater opportunity for member agencies to competitively manage their supplies and demand to meet future needs in a responsible least cost manner.

This document supersedes all previous Rate Structure Administrative Procedure Handbooks and is supplemental and secondary to the definitions and procedures contained in Metropolitan's Administrative Code.

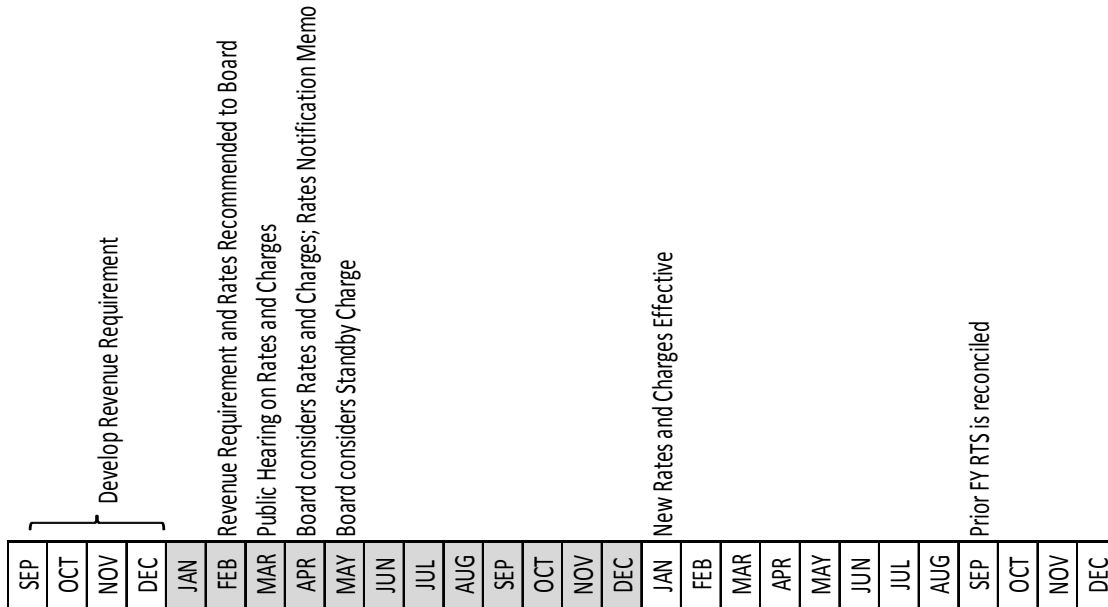
## 2 Rate Structure At-A-Glance

### 2.1 Current Rates

**Table 1**

<b>Effective January 1st</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Tier 1 Supply Rate (\$/AF)	\$148	\$158	\$156
Tier 2 Supply Rate (\$/AF)	\$290	\$290	\$290
System Access Rate (\$/AF)	\$243	\$257	\$259
Water Stewardship Rate (\$/AF)	\$41	\$41	\$41
System Power Rate (\$/AF)	\$161	\$126	\$138
Full Service Untreated Volumetric Cost (\$/AF)			
Tier 1	\$593	\$582	\$594
Tier 2	\$735	\$714	\$728
Full Service Exchange Cost (\$/AF)	\$445	\$424	\$438
Treatment Surcharge (\$/AF)	\$297	\$341	\$348
Full Service Treated Volumetric Cost (\$/AF)			
Tier 1	\$890	\$923	\$942
Tier 2	\$1,032	\$1,055	\$1,076
Readiness-to-Serve Charge (\$M)	\$166	\$158	\$153
Capacity Charge (\$/cfs)	\$8,600	\$11,100	\$10,900

## 2.2 Rate Cycle & Billing Cycle Milestones



## 2.3 Billing Measurement Basis

Rate Component	Based on	Year Type	Notes
RTS Charge	Ten-Year Rolling Average	Calendar	One-year lag
Base Firm Demand	Ten-Year Rolling Average and IBFD post-IAWP	Fiscal	One-year lag
Tier 1 Annual Limit (Tier 1/Tier 2 Breakpoint)	Base Firm Demand	Calendar	
Capacity Charge	3-Year Trailing Peak	Calendar	One-year lag; Only May-Sept. flows

## 2.4 Water Classification and Rate Components

Program	Rates & Charges That Apply					
	System Access	Water Stewardship	System Power	T1/T2	RTS	Capacity Charge
Full Service	Yes	Yes	Yes	Yes	Yes	Yes
Conjunctive Use	Yes	Yes	Yes	Yes	Yes	No
Wheeling Service	Yes	Yes	No	No	Yes	Yes

## 3 Purchase Order / Base Firm Demand

### 3.1 Background

The Purchase Order and the Tier 1 limits are scheduled to be addressed in the second half of 2014. The current Purchase Order structure is discussed below.

Purchase Orders were developed to establish a financial commitment from the member agency to Metropolitan. Twenty-three of the twenty-six member agencies executed Purchase Orders which committed the member agencies to purchase a fixed amount of supply from Metropolitan (the Purchase Order Commitment).

The original Purchase Order Commitment was determined as ten times 60 percent of the member agency's highest annual firm demand from FY1989/90 through FY2001/02. The original Purchase Orders have a ten-year term effective January 1, 2003 and expired December 31, 2012. The City of San Marino, the City of San Fernando, and the City of Compton elected not to have a Purchase Order. A member agency has the full term to fulfill the Purchase Order Commitment.

In October 2012 the Metropolitan Board approved a two-year extension of the Purchase Order through December 31, 2014.

There is no annual minimum or maximum purchase commitment required by the Purchase Order. In exchange for this commitment, the member agency can purchase an amount of firm water supply equal to 90 percent of its base demand in any given year at the lower Tier 1 Supply Rate. An agency that determines that a Purchase Order is not in its best interest may purchase up to 60 percent of its Base Demand at the lower Tier 1 Supply Rate. The terms and conditions of the Purchase Order are uniform for all member agencies. See appendix A for an example of an Amended and Restated Purchase Order.

### 3.2 Administration

An Initial Base Demand was established for each member agency equal to the member agency's highest fiscal year firm demand from FY1989/90 through FY2001/02. The Base Firm Demand for subsequent years is the higher of the Initial Base Demand or the rolling ten-year average of firm demands (see Base Firm Demand below). Twenty-two member agencies have opted to extend the Purchase Order through December 31, 2014.

At the end of the Purchase Order Term, if the member agency has not purchased enough firm supply to meet its Purchase Order Commitment, it will be billed for the remaining balance of the Purchase Order Commitment at the average of the Tier 1 Supply Rate in effect during the Term. This payment may be prorated with interest evenly over the next 12 invoices.

If a member agency fulfills its Purchase Order Commitment prior to the end of the Purchase Order Term, (e.g. purchased ten times 60 percent of the initial Base within the first five years of the Purchase Order Term) then the member agency has met its obligation under the Purchase Order. The member agency may continue to purchase up to 90 percent of its Base Firm Demand annually at the Tier 1 Supply Rate for the duration of the Purchase Order Term.

Although the maximum amount of water that can be purchased at the Tier 1 Supply Rate may increase over time if the agency's Base Firm Demand increases, the Purchase Order Commitment is fixed for the entire Purchase Order Term and does not increase.

Water billed at the following rates or certified under the below programs will be counted toward the Purchase Order Commitment:

- Tier 1 Supply Rate
- Tier 2 Supply Rate
- Seasonal Storage Service Shift Deliveries
- Conjunctive Use Deliveries

### **3.2.1 Base Firm Demand**

The Base Firm Demand determines the annual amount of water a member agency is allowed to purchase at the lower Tier 1 Supply Rate.

The Base Firm Demand is the greater of either the Initial Base Firm Demand or the ten-fiscal-year rolling average (TYRA) of firm demands. The first TYRA for Base Firm Demand included FY1992/93 through FY2001/02 and was applied on an agency-by-agency basis to calendar year 2004 deliveries, if it exceeded their Initial Base Firm Demand.

Firm demand deliveries are defined as:

- Tier 1 deliveries
- Tier 2 deliveries
- Seasonal Storage Service Shift sales
- Conjunctive Use sales
- SDCWA/MWD Storage Agreement sales

Due to accepted certifications and error corrections, member agency's firm deliveries may change for up to three years after the month of delivery. Therefore, the Base Firm Demand is calculated as a TYRA with a one-year lag.

Historical deliveries will continue to be adjusted with the annual calculation of the TYRA, which means that a historic TYRA could change as certifications and deliveries are corrected.

Metropolitan's Chief Financial Officer will publish the Base Firm Demand schedule with the annual rates and charges notification sent to all member agencies in April. This schedule will include any recalculations of historical firm deliveries.

### **3.2.2 Initial Base Firm Demand**

For the establishment of the Purchase Order Commitment, the maximum annual firm demand from FY 1989/90 through FY 2001/02 are used to establish a member agency's "Initial Base Firm Demand" (Table 2). The water classes included in this calculation are:

- Full Service Water
- Seawater Barrier Water
- Bank Water
- Seasonal Storage Service - Shift Water

Seawater Barrier was not considered firm until FY1991/92, at which time it was reclassified as such. Therefore, all Seawater Barrier water after FY1990/91 has been included in the calculation of firm deliveries.

Bank Water was only sold during FY 1990/91 and FY 1991/92. Since this water was considered a firm delivery, it has been included in the calculation.

Prior to and including a portion of FY 1996/97, Seasonal Storage Service water was not classified as Shift or Long-Term, since this water was sold at the same rate. As part of the Readiness-To-Serve charge that was adopted in 1994, the member agencies, in conjunction with Metropolitan staff, split the seasonal deliveries into Shift and Long-Term. This information was used to determine the amount of Seasonal Storage Service - Shift water to be included in the calculation of firm deliveries prior to FY 1996/97.

Effective January 1, 2013, Initial Base Firm Demand Post-IAWP means the Purchaser's highest annual delivery of water from the District, excluding water delivered under Long-Term Seasonal Storage Service and other deliveries of interruptible water but including Interim Agricultural Water Program deliveries, during any fiscal year from fiscal year 1989/90 through fiscal year 2001/02.



At its meeting on December 11, 2012 Metropolitan's Board of Directors established each member agency's Initial Base Demand Post-IAWP, to be used to calculate a member agency's Base Firm Demand for calendar years 2013 and 2014, which included Replenishment and Long Term Seasonal Storage Service Sales during any fiscal year from FY1989/90 through FY2001/02.

**Table 2**

<b>Tier 1 annual limits (acre-feet)</b>				
Member Agency	Ten Year Rolling Average Firm Demands (FY02/03-FY11/12)	Initial Base Firm Demand post-IAWP	2014 Base Firm Demand	2014 Tier 1 limits *
Anaheim	21,644	27,154	27,154	24,439
Beverly Hills	11,730	14,867	14,867	13,380
Burbank	12,419	18,640	18,640	16,776
Calleguas	109,528	122,498	122,498	110,248
Central Basin	59,023	119,617	119,617	107,655
Compton	2,659	5,620	5,620	3,372
Eastern	95,190	102,694	102,694	92,425
Foothill	10,544	13,081	13,081	11,773
Fullerton	10,125	12,554	12,554	11,299
Glendale	20,821	29,135	29,135	26,222
Inland Empire	60,325	103,648	103,648	93,283
Las Virgenes	22,612	22,999	22,999	20,699
Long Beach	34,705	57,560	57,560	51,804
Los Angeles	286,738	372,959	372,959	335,663
MWDOC	224,392	311,769	311,769	280,592
Pasadena	22,301	23,533	23,533	21,180
San Diego	418,003	655,903	655,903	393,542
San Fernando	126	1,049	1,049	629
San Marino	965	1,998	1,998	1,199
Santa Ana	13,087	21,797	21,797	19,617
Santa Monica	11,670	12,344	12,344	11,110
Three Valleys	69,362	83,248	83,248	74,923
Torrance	19,257	23,297	23,297	20,967
Upper San Gabriel	17,594	74,698	74,698	67,228
West Basin	133,317	175,024	175,024	157,522
Western	73,772	94,567	94,567	85,110
<b>Total</b>	<b>1,761,910</b>	<b>2,502,253</b>	<b>2,502,253</b>	<b>2,052,657</b>

Data as of 2/2013  
 \* The 2014 Tier 1 limit is 90% of the 2014 Base Firm Demand for agencies with Extended POs and 60% of the 2014 Base Firm Demand for agencies without Extended POs.

## **4 Tier 1 and Tier 2 Supply Rates**

### **4.1 Purpose**

The rate structure recovers supply costs through a two-tiered price structure. The Tier 2 Supply Rate reflects Metropolitan's cost of procuring North of Delta water transfers. The Tier 2 Supply Rate encourages the member agencies and their customers to maintain existing local supplies and develop cost-effective local supply resources and conservation. The Tier 2 Supply Rate also recovers a greater proportion of the cost of developing additional supplies from member agencies that have increasing demands on the Metropolitan system. The Tier 1 Supply Rate is set to recover remaining supply costs.

### **4.2 Administration**

Member agencies that submitted a Purchase Order may purchase up to 90 percent of their Base Demand (referred to as the Tier 1 Annual Limit) at the lower Tier 1 Supply Rate. For supply purchases in excess of the Tier 1 Annual Limit, the member agency will be charged the higher Tier 2 Supply Rate.

Member agencies that did not submit a Purchase Order will be charged the higher Tier 2 Supply Rate for supplies that exceed 60 percent of their Base Demand.

An agency that exceeds its Tier 1 Annual Limit will most likely do so in the latter part of the calendar year. Therefore, from a member agency cash flow perspective, the Tier 2 Supply Rate, when applicable, will most likely be incurred at the beginning of a member agency's fiscal year.

### **4.3 Tier 2 Supply Rate Billing Method**

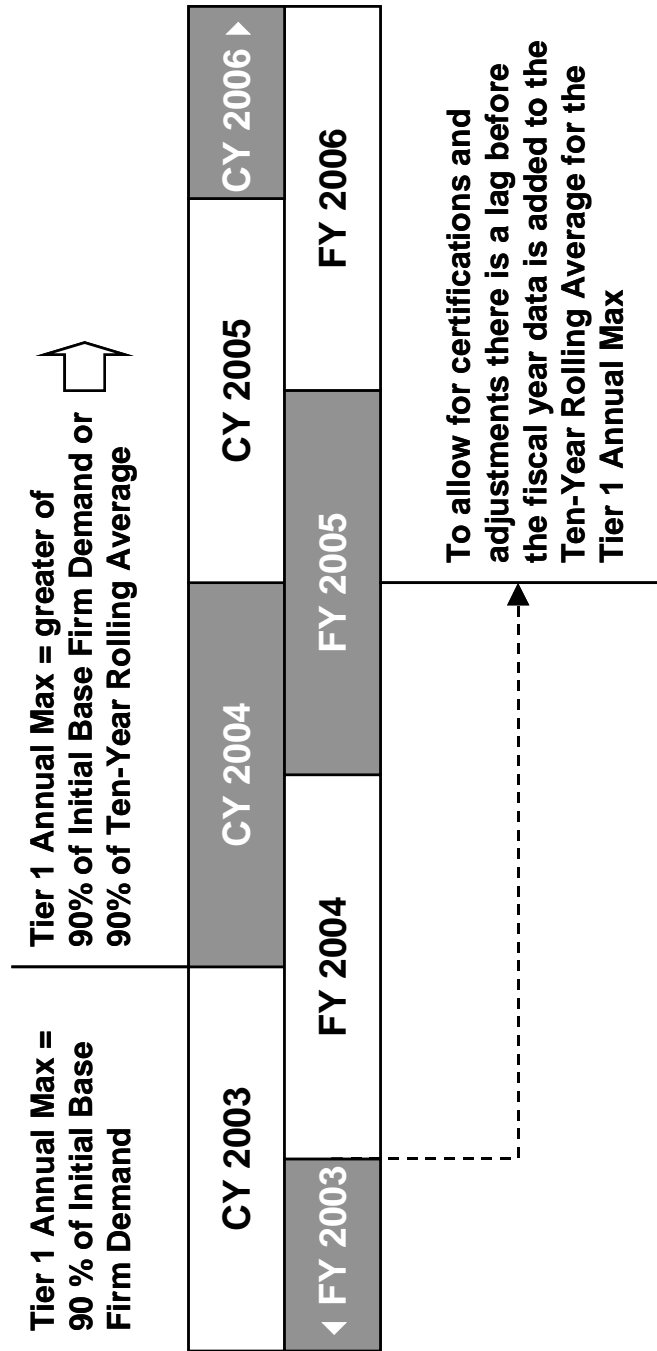
Because the Tier 1 Annual Maximum is set at a total member agency level and not at a meter level, all system water delivered pursuant to the Purchase Order will be billed at the Tier 1 Supply Rate. Any water delivered pursuant to the Purchase Order that exceeds the Tier 1 Annual Limit will be billed an additional amount equivalent to the difference between the Tier 2 and Tier 1 Supply Rates.

The Tier 2 Supply Rate will be applied in the month where the Tier 1 Annual Maximum is surpassed on all applicable deliveries.

### **4.4 Certification Effects**

As water is reclassified via the certification process, the year-to-date total of Tier 1 and Tier 2 purchases may also be lowered. If the total falls below the Tier 1 Annual Maximum, then the volume of water that had been billed at the Tier 2 Supply Rate will be adjusted for the difference between the Tier 2 and Tier 1 Supply Rates. Credits and charges will be applied to the monthly invoice as appropriate.

#### 4.5 Tier 1 Annual Maximum Calculation and Application Timeline



## 5 Capacity Charge

### 5.1 Purpose

The Capacity Charge recovers costs incurred to provide distribution capacity on facilities Metropolitan owns or has the right to use in order to meet peak day demands.

The Capacity Charge provides a price signal to encourage member agencies to reduce peak day demands on the system and to shift demands that occur during the May 1 through September 30 period into the October 1 through April 30 period. This results in more efficient utilization of Metropolitan's existing infrastructure and defers capacity expansion costs.

### 5.2 Administration

Each member agency will pay the Capacity Charge based on a three-year trailing maximum peak day flow. Due to accepted certifications and error corrections, peak day flows may change for up to three years after the month of delivery. Therefore, the Three Year Trailing Max Peak Day is calculated with a one-year lag.

**Table 3**

<b>Calendar Year 2015 Capacity Charge</b>					
	Peak Day Demand (cfs) (May 1 through September 30) Calendar Year				\$11,100/cfs
AGENCY	2011	2012	2013	3-Year Peak	Calendar Year 2015 Capacity Charge
Anaheim	39.3	38.3	31.3	39.3	436,230.0
Beverly Hills	31.5	32.7	30.8	32.7	362,970
Burbank	21.4	20.9	19.7	21.4	237,540
Calleguas	210.1	224.0	228.7	228.7	2,538,570
Central Basin	79.2	74.5	73.6	79.2	879,120
Compton	2.4	2.3	2.9	2.9	32,190
Eastern	190.9	237.2	267.4	267.4	2,968,140
Foothill	19.0	17.6	18.9	19.0	210,900
Fullerton	27.4	24.4	20.0	27.4	304,140
Glendale	49.0	41.5	44.9	49.0	543,900
Inland Empire	138.0	126.7	153.9	153.9	1,708,290
Las Virgenes	43.4	41.9	43.2	43.4	481,740
Long Beach	59.9	60.4	66.9	66.9	742,590
Los Angeles	329.0	512.9	767.1	767.1	8,514,810
MWDOC	390.1	401.1	381.9	401.1	4,452,210
Pasadena	50.6	52.1	52.5	52.5	582,750
San Diego	760.7	961.5	967.4	967.4	10,738,140
San Fernando	1.6	2.8	4.9	4.9	54,390
San Marino	1.3	5.3	6.1	6.1	67,710
Santa Ana	20.0	19.2	19.6	20.0	222,000
Santa Monica	21.1	19.7	22.7	22.7	251,970
Three Valleys	122.7	133.0	178.6	178.6	1,982,460
Torrance	35.5	36.2	34.1	36.2	401,820
Upper San Gabriel	20.4	15.2	16.1	20.4	226,440
West Basin	214.6	222.6	230.2	230.2	2,555,220
Western	179.3	193.7	198.6	198.6	2,204,460
<b>Total</b>	<b>3,058.4</b>	<b>3,517.8</b>	<b>3,882.0</b>	<b>3,937.0</b>	<b>43,700,700</b>

Data as of 3/2014

### 5.3 Adjustment for Replenishment Deliveries

Since Replenishment Service is interruptible at Metropolitan's discretion it is not subject to the Capacity Charge. Direct replenishment deliveries are not included in the calculation of the Capacity Charge. Because in lieu replenishment deliveries are certified on a monthly basis it is not known at what point in time during a month that water delivered was for in lieu replenishment. Metered daily flows used to calculate the Three Year Trailing Max Peak Day are reduced for in-lieu replenishment deliveries using the ratio of certified monthly in-lieu replenishment service to total monthly deliveries (see example below). This adjustment is performed annually in November.

Monthly volumetric delivery to member agency (acre-feet)	1,000
Monthly delivery certified as in lieu Replenishment Service	100
Ratio of in-lieu Replenishment Service to total delivery	10.0%
Unadjusted Peak Day Flow (cfs)	40.0
Reduction in peak day flow (cfs) = Peak Day Flow * Ratio	4.0
Adjusted Peak Day Flow (cfs)	36.0

### 5.4 Adjustment for Conjunctive Use Program

Conjunctive Use deliveries are also excluded from the calculation of the Capacity Charge. This is because Conjunctive Use deliveries are made at Metropolitan's discretion. Similarly to the Replenishment service above, peak day flows are adjusted for Conjunctive Use.

### 5.5 Adjustment for Supplemental Storage

Supplemental Storage deliveries are also excluded from the calculation of the Capacity Charge. The peak day flows adjustment is similar to one for Replenishment Service.

### 5.6 Adjustment for H-Constant Meters

Beginning January 1, 2004, agencies that receive deliveries using connections with "H Constant Meters" or non-AMR meters will have the daily average flow in cfs calculated for those meters included in the Capacity Charge. The daily average flow will only be calculated for the period that the meter was in operation.

Due to data constraints, the daily average flow for "H Constant Meters" or non-AMR meters will be calculated using the entire month as a denominator for any period prior to January 1, 2004.

### 5.7 Billing

Member agencies may elect to pay their Capacity Charge semiannually, quarterly, or monthly. Unless the member agency provides a written request to the Chief Financial Officer by July 31st to change its current billing preference it will continue to be billed under its current preference.

Billing for the Capacity Charge will be based on the Resolution adopted by Metropolitan's Board at its April meeting. Billing determinants for the Capacity Charge will be determined based on billing data around March 1<sup>st</sup> of the year prior to the test year. Certifications for programs, such as the replenishment program, must be received by this date to be included in the billing determinants for the capacity charge.

For the purpose of assessing the Capacity Charge, the daily average flows by meter are calculated as the average of 96 meter reads recorded every 15-minute interval during the day. These daily average meter flows are aggregated for each member agency to develop the daily average flows for the agency. This calculation is repeated for each day

in the applicable 15-month period (May through September, of last three years). The highest daily average flow establishes the peak day demand for the purpose of computing the Capacity Charge.

## 6 Readiness-To-Serve Charge

### 6.1 Purpose

The Readiness-to-Serve (RTS) charge recovers a portion of the principal and interest payments on non-tax supported debt service that has been or will be issued to fund capital improvements necessary to meet standby service needs and emergency storage.

### 6.2 Administration

The Readiness-To-Serve Charge is allocated among the member agencies based on a ten-fiscal-year rolling average of firm demands and wheeled water (Table 4).

Firm demands are defined as:

- Tier 1 Deliveries
- Tier 2 Deliveries
- Seasonal Storage Service - Shift Deliveries
- Conjunctive Use Deliveries (withdrawals)

**Table 4**

Fiscal Year 2014/15 READINESS-TO-SERVE CHARGE							
Member Agency	Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2002/03 - FY2011/12	RTS Share	6 months @ \$166 million per year (7/14-12/14)	Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2003/04 - FY2012/13	RTS Share	6 months @ \$158 million per year (1/15-6/15)	Total RTS Charge
Anaheim	22,300	1.26%	\$ 1,049,687	22,572	1.30%	\$ 1,028,541	\$ 2,078,228
Beverly Hills	11,730	0.67%	552,157	11,524	0.66%	525,122	1,077,279
Burbank	12,419	0.70%	584,551	12,642	0.73%	576,063	1,160,614
Calleguas	109,906	6.23%	5,173,382	109,981	6.34%	5,011,627	10,185,009
Central Basin	59,023	3.35%	2,778,256	56,302	3.25%	2,565,571	5,343,827
Compton	2,659	0.15%	125,176	2,538	0.15%	115,666	240,841
Eastern	95,190	5.40%	4,480,705	97,935	5.65%	4,462,727	8,943,432
Foothill	10,742	0.61%	505,618	10,373	0.60%	472,673	978,291
Fullerton	10,303	0.58%	484,977	10,147	0.59%	462,366	947,343
Glendale	20,822	1.18%	980,088	20,503	1.18%	934,283	1,914,371
Inland Empire	59,847	3.39%	2,817,052	60,010	3.46%	2,734,520	5,551,572
Las Virgenes	22,612	1.28%	1,064,355	22,797	1.31%	1,038,803	2,103,157
Long Beach	34,705	1.97%	1,633,612	34,315	1.98%	1,563,661	3,197,273
Los Angeles	286,738	16.26%	13,497,022	289,350	16.69%	13,185,152	26,682,174
MWDOC	222,903	12.64%	10,492,256	222,281	12.82%	10,128,912	20,621,169
Pasadena	22,301	1.26%	1,049,739	21,669	1.25%	987,397	2,037,136
San Diego	419,555	23.79%	19,748,838	393,731	22.71%	17,941,593	37,690,431
San Fernando	126	0.01%	5,940	138	0.01%	6,279	12,220
San Marino	965	0.05%	45,405	1,002	0.06%	45,650	91,055
Santa Ana	13,478	0.76%	634,404	13,509	0.78%	615,575	1,249,979
Santa Monica	11,670	0.66%	549,328	11,001	0.63%	501,277	1,050,604
Three Valleys	69,362	3.93%	3,264,932	68,167	3.93%	3,106,237	6,371,169
Torrance	19,258	1.09%	906,469	18,845	1.09%	858,727	1,765,196
Upper San Gabriel	17,594	1.00%	828,143	17,081	0.99%	778,358	1,606,501
West Basin	133,317	7.56%	6,275,375	131,114	7.56%	5,974,636	12,250,011
Western	73,772	4.18%	3,472,534	74,144	4.28%	3,378,584	6,851,118
<b>MWD Total</b>	<b>1,763,295</b>	<b>100.00%</b>	<b>\$ 83,000,000</b>	<b>1,733,668</b>	<b>100.00%</b>	<b>\$ 79,000,000</b>	<b>\$ 162,000,000</b>

Data as of 3/2014

### 6.3 Application of Standby Charge Revenues

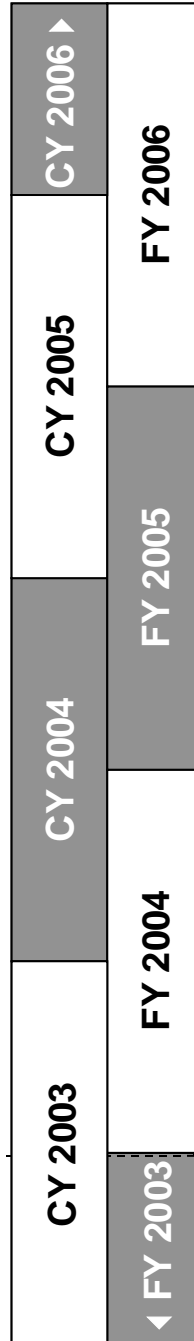
Twenty-two of the 26 member agencies have elected to have Metropolitan collect the Standby Charge on property tax bills for parcels of land in the agency's service area to offset all or a portion of their RTS obligation.

See Section 7 of this Handbook for more detail on Standby Charge revenues.

## 6.4 RTS Annual Calculation and Application Timeline

To allow for certifications and adjustments there is a lag before the fiscal year data is added to the Ten-Year Rolling Average for the Readiness-To-Serve Charge. For example, RTS shares used for CY 2005 use a Ten-Year Rolling Average ending June 30, 2003

Readiness-To-Serve Charge Shares are calculated on a calendar year basis



The Readiness-To-Serve Charge is billed on a fiscal year basis



## **6.5 RTS Invoice Schedule**

Member agencies may elect to pay their RTS obligation (net of estimated Standby Charge revenues, if applicable) semiannually, quarterly, or monthly. Member agencies will be notified of the amount payable under each alternative payment schedule for the fiscal year by April 30. Member Agencies will notify Metropolitan prior to July 31 of their choice for their RTS payment schedule for fiscal year invoices.

Semi-annual payments will be invoiced with the October and April water invoices, due in December and June, respectively. Quarterly charges will be invoiced with the July, October, January, and April water invoices, due September, December, March, and June, respectively. Monthly charges paid in twelve (12) equal installments will be invoiced beginning with the July water invoice, which is due in September, and ending with the June water invoice, which is due in August.

In the event that actual net Standby Charge revenues collected in an agency's service area exceed the member agency's RTS obligation, the excess revenues may be (1) credited to the member agency's water bills in equal monthly, quarterly, or semiannual amounts, (2) credited to another obligation, or (3) carried forward to offset future RTS obligations. By April 30, member agencies will be requested to inform Metropolitan how they want the credit applied.

Billing for the RTS Charge will be based on the Resolution adopted by Metropolitan's Board at its April meeting. Billing determinants for the RTS Charge will be determined based on billing data around March 1<sup>st</sup> of the year the new charge goes into effect. Certifications for programs, such as the replenishment program, must be received by this date to be included in the billing determinants for the RTS charge.

## 6.6 Estimated Net RTS Charge

Table 5 indicates the estimated net RTS charge obligation as of July 1, 2014.

**Table 5**

<b>ESTIMATED NET FY 2014/15 READINESS-TO-SERVE (RTS) CHARGE</b>					
Member Agency	Total RTS Charge	ESTIMATED STANDBY CHARGES			Estimated Net RTS Charge
		Gross Standby Charge Revenues	Delinquencies & Administrative	Net Standby Charge	
Anaheim	\$ 2,078,228	\$ 590,097	\$ 26,430	\$ 563,666	\$ 1,514,562
Beverly Hills	1,077,279	-	-	-	1,077,279
Burbank	1,160,614	413,317	17,725	395,592	765,022
Calleguas MWD	10,185,009	2,479,920	109,798	2,370,121	7,814,888
Central Basin MWD	5,343,827	3,550,226	155,936	3,394,290	1,949,537
Compton	240,841	161,423	7,198	154,225	86,617
Eastern MWD	8,943,432	2,815,162	129,219	2,685,942	6,257,489
Foothill MWD	978,291	312,254	13,734	298,520	679,771
Fullerton	947,343	369,797	16,206	353,591	593,752
Glendale	1,914,371	549,316	23,812	525,504	1,388,867
Inland Empire Utilities Agency	5,551,572	1,923,939	87,339	1,836,600	3,714,971
Las Virgenes MWD	2,103,157	458,963	20,699	438,263	1,664,894
Long Beach	3,197,273	1,118,959	48,527	1,070,432	2,126,841
Los Angeles	26,682,174	-	-	-	26,682,174
Municipal Water District of Orange County	20,621,169	7,367,659	324,056	7,043,602	13,577,566
Pasadena	2,037,136	456,397	19,849	436,547	1,600,589
San Diego County Water Authority	37,690,431	12,692,275	552,852	12,139,423	25,551,008
San Fernando	12,220	40,272	1,820	38,452	(26,232)
San Marino	91,055	40,944	1,841	39,103	51,952
Santa Ana	1,249,979	427,231	19,310	407,921	842,058
Santa Monica	1,050,604	-	-	-	1,050,604
Three Valleys MWD	6,371,169	1,850,658	80,234	1,770,424	4,600,745
Torrance	1,765,196	496,420	21,519	474,901	1,290,295
Upper San Gabriel Valley MWD	1,606,501	1,962,293	87,161	1,875,132	(268,631)
West Basin MWD	12,250,011	-	-	-	12,250,011
Western MWD	6,851,118	3,568,454	158,572	3,409,882	3,441,236
<b>MWD Total</b>	<b>\$ 162,000,000</b>	<b>\$ 43,645,974</b>	<b>\$ 1,923,839</b>	<b>\$ 41,722,135</b>	<b>\$ 120,277,865</b>
Data as of 3/2014					

## **7 Standby Charge**

### **7.1 Purpose**

Metropolitan's standby charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992/93. The standby charge is a "benefit assessment" that recognizes that there are economic benefits to lands that have access to a water supply, whether or not such lands are using it. A fraction of the value of the benefit accruing to all landowners in Metropolitan's service territory can therefore be recovered through the imposition of a standby charge.

Metropolitan will levy standby charges only within the service areas of the member agencies that request that the standby charge be utilized to help fund a member agency's RTS obligation. Twenty-two of the 26 member agencies have opted to have Metropolitan levy the Standby Charge on parcels of land in the agency's service area to offset all or a portion of their RTS obligation.

The standby charge for each acre or parcel of less than an acre will vary from member agency to member agency, reflecting the charge imposed in FY1996/97, the last year that the charge was changed. The per-parcel water standby charge for each member agency remains unchanged from that imposed by Metropolitan in FY1996/97 and is shown in Table 6.

The standby charge includes the re-imposition of water standby charges on: 1) parcels which water standby charges have been imposed in FY1996/97 and annually thereafter ("pre-1997 standby charges") and 2) parcels annexed to Metropolitan and to an electing member agency after January 1997 ("annexation standby charges"). Only land within member agencies in which standby charges were imposed in fiscal year 1996/97 will be subject to the re-imposition of pre-1997 standby charges for FY2014/15. Only land annexed to Metropolitan and to an electing member public agency with respect to which standby charges were approved in accordance with the procedures of Article XIID, Section 4 of the California Constitution will be subject to the imposition or re-imposition, as applicable, of annexation standby charges for FY2014/15 from year to year.

### **7.2 Standby Charge per Parcel**

The Board approves standby charge rates for each member agency annually. The rates vary by member public agency but will not exceed the amount of Metropolitan's FY1996/97 standby charge for the member public agency. The standby charge rates, per parcel or per acre, applicable to land within each electing member public agency for FY2014/15 are shown in Table 6.

**Table 6**

<b>Standby Charge FY2014/15</b>			
<b>Member Agencies</b>	<b>Total Parcel Charge</b>	<b>Number of Parcels or Acres</b>	<b>Gross Revenues <sup>(1)</sup></b>
Anaheim	\$ 8.55	69,017	\$ 590,097
Beverly Hills	-	-	-
Burbank	14.20	29,107	413,317
Calleguas MWD	9.58	258,864	2,479,920
Central Basin MWD	10.44	340,060	3,550,226
Compton	8.92	18,097	161,423
Eastern MWD	6.94	405,643	2,815,162
Foothill MWD	10.28	30,375	312,254
Fullerton	10.71	34,528	369,797
Glendale	12.23	44,915	549,316
Inland Empire Utilities Agency	7.59	253,483	1,923,939
Las Virgenes MWD	8.03	57,156	458,963
Long Beach	12.16	92,020	1,118,959
Los Angeles	-	-	-
MWD of Orange	10.09	716,650	7,367,659
Pasadena	11.73	38,908	456,397
San Diego CWA	11.51	1,102,717	12,692,275
San Fernando	7.87	5,117	40,272
San Marino	8.24	4,969	40,944
Santa Ana	7.88	54,217	427,231
Santa Monica	-	-	-
Three Valleys MWD	12.21	151,569	1,850,658
Torrance	12.23	40,590	496,420
Upper San Gabriel Valley MWD	9.27	211,682	1,962,293
West Basin MWD	-	-	-
Western MWD of Riverside Co.	9.23	386,615	3,568,454
<b>MWD Total</b>		<b>4,346,300</b>	<b>\$43,645,974</b>
<b>(1) Estimates per FY2012/13 applied amounts</b>			

### **7.3 Eligible Lands**

Only land within each electing member public agency with respect to which Standby Charges were imposed in FY1996/97 will be subject to the imposition of Standby Charges. If a member agency requests that Metropolitan levy standby charges on land to be annexed to the member agency to credit against its readiness-to-serve charge obligation, compliance with the applicable provisions of Proposition 218 ("Right to Vote on Taxes Act" passed by electorate November 1996) is required.

### **7.4 Collections**

Delinquent payments collected on behalf of a member agency will be credited to the member agency in the year of collection. Copies of reports and/or statements from county tax collectors showing standby charges collected on behalf of a member agency are available for inspection at Metropolitan's headquarters and will be provided upon request to member agencies.

### **7.5 Exemptions**

Procedures for application for exemptions of parcels from standby charges and consideration of such applications are specified in the Resolution adopting standby charges each fiscal year. Member agencies will be annually notified of exemptions that result in standby charge revenue refunds and/or charges being removed from tax rolls. No exemption from the water 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 charges excuse or delay payment of any portion of the RTS charge when due.

### **7.6 Estimation of Net Standby Charge Revenues**

The projection of gross Standby Charge revenue will be based on the most recent estimate of the number of parcels or acres (billing units) in each member agency's service area.

Metropolitan will include estimated net Standby Charge revenues that would be available as a credit against a member agency's RTS obligation for the following fiscal year. This estimate will initially be included in the estimate of rates and charges to be provided to the Board in January as part of the General Manager/Chief Executive Officer recommendations on rates and charges.

### **7.7 Estimate of Revenue Adjustments**

Actual Standby Charge revenue received by Metropolitan on behalf of member agencies may be less than projected collections due to:

- Delinquent collections
- Unbilled charges
- County charges for collection services
- Exempted properties.

Estimates of Standby Charge revenues that will not be collected by Metropolitan during the current fiscal year are subtracted from expected gross Standby Charge revenues. Revenue adjustments for FY2014/15 were estimated to be 4 percent of each member agency's gross Standby Charge revenues based on past collections.

### **7.8 Estimate of Administrative Charges**

Metropolitan contracts for the administration of the Standby Charge. The estimated costs for this service (data management, the acquisition of county assessors tax rolls, and revenue collections) for each agency is allocated to member agencies from which Standby Charges are collected according to proportionate billing units.

### **7.9 Reconciliation of Estimated and Actual Net Revenues**

Metropolitan will determine the amount of actual Standby Charge revenues collected on behalf of member agencies for the previous fiscal year ending June 30. Actual administrative charges will then be allocated to member agencies in proportion to the number of billing units associated with actual Standby Charge revenues received from county tax collectors for the fiscal year to determine actual net Standby Charge revenues.

## **7.10 Invoice Adjustments**

Metropolitan will prepare a statement by September 30 reconciling estimated and actual net Standby Charge revenues for the previous fiscal year ending June 30. Copies of all documentation supporting the accounting review are available at Metropolitan headquarters.

Metropolitan is responsible for making the adjustments on the next regularly scheduled water invoice (October 10). Credits or additional charges are shown on a separate line noted "Readiness-to-Serve Adjustment" for the previous fiscal year. If a member agency's actual net Standby Charge revenues in the fiscal year are higher than its estimated net Standby Charge revenues, the difference will be credited to the agency. If a member agency's actual net Standby Charge revenues in the fiscal year are less than its estimated net Standby Charge revenues, the difference will be invoiced as an adjustment to RTS charges.

A detailed procedures manual for the administration of the Standby Charge is included as Appendix B.

## 8 Interim Agricultural Water Program (IAWP)

The IAWP was discontinued effective January 1, 2013.

## 9 Local Resource Programs

### 9.1 Full Service Treated Rate / Treated Non-Interruptible Water Rate

The Groundwater Recovery Programs and the Local Resource Programs - Conversion Agreements pay an agency that has developed local recycling or groundwater recovery projects the difference between Metropolitan's "full service treated water rate" and the projects per unit (\$/AF) cost up to \$250 per acre-foot.

Since the current Rate Structure utilizes a tiered pricing system, there are now effectively two "full service treated water rates" for each member agency that participates in the LRP Programs. Each rate is the sum of the system access rate, water stewardship rate, system power rate and Tier 1 or Tier 2 supply rates, respectively. Therefore the "Full Service Treated Water Rate" or "Treated Non-Interruptible Water Rate" is now defined as being equal to the sum of the system access rate, water stewardship rate, system power rate, treatment surcharge and weighted average (by expected Tier 1 and Tier 2 sales) of the Tier 1 and Tier 2 rate effective in the relevant fiscal year, and the Capacity Charge expressed in dollars per acre-foot. Metropolitan staff calculates this bundled rate annually.

**Table 10**  
**Local Resource Program Rate**

<b>Effective date</b>	<b>\$/AF</b>
<b>1/1/06</b>	<b>\$479</b>
<b>1/1/07</b>	<b>\$503</b>
<b>1/1/08</b>	<b>\$530</b>
<b>1/1/09</b>	<b>\$603</b>
<b>9/1/09</b>	<b>\$721</b>
<b>1/1/10</b>	<b>\$724</b>
<b>1/1/11</b>	<b>\$767</b>
<b>1/1/12</b>	<b>\$817</b>
<b>1/1/13</b>	<b>\$862</b>
<b>1/1/14</b>	<b>\$908</b>
<b>1/1/15</b>	<b>\$948</b>

## **10 Wheeling**

Wheeling Service shall mean the use of Metropolitan's facilities, including its rights to use State Water Project facilities, to transport water not owned or controlled by Metropolitan to its member public agencies, in transactions entered into by Metropolitan for a period of up to one year.

Subject to the General Manager's determination of available system capacity, Metropolitan will offer wheeling service. The determination whether there is unused capacity in Metropolitan's conveyance system, shall be made by the General Manager on a case-by-case basis in response to particular requests for wheeling. The rates for wheeling service shall include the System Access Rate, Water Stewardship Rate and, for treated water, the Treatment Surcharge. In addition, wheeling parties must pay for their own cost for power (if such power can be scheduled by the District) or pay the District for the cost (not system average) of power service utilized for delivery of the wheeled water. Further, wheeling parties shall be assessed an administration fee of not less than \$5,000 per transaction.

### **10.1 Capacity Charge**

Wheeled water will be included in the measurement of the peak day flow for the purpose of billing the Capacity Charge to member agencies.

### **10.2 Readiness-to-Serve Charge**

Wheeled water will be included in the calculation of a member agency's Ten Year Rolling Average demands for allocating the RTS charge among member agencies.

## **11 Replenishment Service**

The Replenishment Service program was discontinued as of January 1, 2013.



## Organizational Responsibility

Administrative Procedure	Group	Section	Contact		
			Name	Email	Phone
<b>Rate Cycle (setting rates &amp; charges)</b>	Chief Financial Officer	Budget & Financial Planning	June Skillman	<a href="mailto:Jskillman@mwdh2o.com">Jskillman@mwdh2o.com</a>	213-217-6216
		Budget & Financial Planning	Stathis Kostopoulos	<a href="mailto:skostopoulos@mwdh2o.com">skostopoulos@mwdh2o.com</a>	213-217-6955
<b>Billing (Invoices)</b>	Chief Financial Officer	Controller	Hal Soper	<a href="mailto:HSoperIII@mwdh2o.com">HSoperIII@mwdh2o.com</a>	213-217-7545
		Controller	Thelma Bloes	<a href="mailto:tbloes@mwdh2o.com">tbloes@mwdh2o.com</a>	213-217-7578
<b>Special Program Certifications</b>					
<b>Cyclic Storage/Conjunctive Use Program</b>	Water System Operations	Operations Planning and Programs Unit	Keith Nobriga	<a href="mailto:knobriga@mwdh2o.com">knobriga@mwdh2o.com</a>	213-217-6540
<b>Local Resource Program</b>	Water Resource Management	Resource Implementation	James Bodnar	<a href="mailto:jbodnar@mwdh2o.com">jbodnar@mwdh2o.com</a>	213-217-6099
<b>Conservation Credit Program</b>	Water Resource Management	Resource Implementation	Bill McDonnell	<a href="mailto:bmcdonnell@mwdh2o.com">bmcdonnell@mwdh2o.com</a>	213-217-7693



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

## **Appendix A: Amended Restated Purchase Order**

**AMENDED AND RESTATED  
PURCHASE ORDER FOR SYSTEM WATER TO BE PROVIDED BY  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

<b>PURCHASER:</b> _____	<b>TERM</b> 12 years
<b>INITIAL BASE FIRM DEMAND:</b> _____ acre-feet	<b>EFFECTIVE DATE:</b> January 1, 2003
<b>INITIAL TIER 1 ANNUAL MAXIMUM:</b> _____ acre-feet	
<b>PURCHASE ORDER COMMITMENT:</b> _____ acre-feet	

Definitions of capitalized terms used in this Purchase Order are provided in Attachment 1. Terms used in this Purchase Order and not defined in Attachment 1 are defined in Metropolitan's Administrative Code.

**COMMITMENT TO PURCHASE.**

In consideration of Purchaser's commitment to purchase System Water pursuant to this Purchase Order, Metropolitan agrees to sell such System Water to Purchaser at the Tier 1 Supply Rate each year in an amount up to the Tier 1 Annual Maximum. System Water sold to Purchaser (excluding deliveries of interruptible water, including but not limited to the Interim Agricultural Water Program, Long-Term Seasonal Storage Service and Replenishment Service) in an amount greater than the Tier 1 Annual Maximum shall be sold to the Purchaser at the Tier 2 Supply Rate. In connection with the receipt of System Water, the Purchaser also agrees to pay all other applicable rates and charges, as established by Metropolitan from time to time in accordance with Section 4304 of the Administrative Code. The rates and charges applicable to System Water as of the Effective Date are shown in Attachment 2.

Purchaser agrees to purchase System Water from Metropolitan during the Term in an amount (excluding deliveries of interruptible water, including but not limited to the Interim Agricultural Water Program, Long-Term Seasonal Storage Service and Replenishment Service ) not less than the Purchase Order Commitment.

Purchaser recognizes and agrees that Metropolitan has relied and will, during the term of this Purchase Order, rely on this commitment by Purchaser in setting its rates and charges, planning and providing its capital facilities and developing its water supply, management and reliability programs. If Purchaser's applicable System Water purchases during the Term are less than the Purchase Order Commitment, Purchaser agrees to pay Metropolitan an amount equal to the difference between the Purchase Order Commitment and Purchaser's applicable System Water purchases during the Term times the average of the Tier 1 Supply Rate in effect during the Term. The Purchaser agrees to pay such amount to Metropolitan within the next regular billing cycle following the reconciliation of all certifications for special programs that the

Purchaser may participate in (e.g. Interim Agricultural Water Program, Long-term Seasonal Storage Service). The Purchaser may elect to pay such amount in twelve equal monthly payments over the course of the next twelve months beginning with the first regular billing cycle following the reconciliation of all outstanding certifications for special programs. If the Purchaser elects to pay such amount over the course of the next twelve months following the regular billing cycle any outstanding balance shall bear interest at Metropolitan's then current investment portfolio average yield. All other amounts payable under this Purchase Order shall be billed and paid in accordance with the Administrative Code.

The Purchaser further recognizes that this Purchase Order is entered into for the direct benefit of the holders and owners of Metropolitan's Bonds issued from time to time under the Act and the Bond Resolutions, and the income and revenues derived from this Purchase Order will be pledged for the purposes set forth in the Bond Resolutions, including the payment of principal of and interest on such Bonds.

**RENEWAL:**

Prior to but not later than December 31, 2010, the Purchaser may provide a non-binding written notice to Metropolitan of the Purchaser's determination to extend this Purchase Order. Upon the receipt of such notice, the Board of Directors of Metropolitan (the "Board") shall determine whether Metropolitan will continue to provide System Water to member agencies by Purchase Order. If the Board so determines, the Purchaser and Metropolitan shall amend this Purchase Order to include an extended term and/or to include such other terms and conditions as may be mutually agreed by the parties. If the Purchaser elects not to renew this Purchase Order it will terminate upon the expiration of the Term.

**WATER SERVICE:**

Conditions of water service by Metropolitan to the Purchaser, including but not limited to (i) delivery points, (ii) water delivery schedules, and (iii) water quality, will be determined in accordance with Chapter 5 (Section 4500 through 4514, inclusive, as applicable) of Metropolitan's Administrative Code.

In accordance with its Administrative Code, Metropolitan shall use its reasonable best efforts to supply System Water in the quantities requested by the Purchaser, but is not obligated to dedicate any portion of System capacity for the conveyance, distribution, storage or treatment of System Water for the benefit of the Purchaser or any other member agency. Metropolitan shall use its reasonable best efforts to deliver the Firm Demand when needed by the Purchaser during the Term; provided however, there shall be no default under this Purchase Order if Metropolitan fails to deliver water to the Purchaser in accordance with any such schedule of deliveries during the Term.

By execution of this Purchase Order, the Purchaser recognizes and agrees that it acquires no interest in or to any portion of the System or any other Metropolitan facilities, or any right to receive water delivered through the System, excepting the right to purchase up to Purchaser's Tier 1 Annual Maximum at the Tier 1 Supply Rate provided that System Water is available. This Purchase Order governs pricing of the System Water delivered to the Purchaser pursuant to this Purchase Order and does not confer any entitlement to receive System Water.

System Water provided to the Purchaser under the terms of this Purchase Order shall be subject to reduction in accordance with the shortage allocation provisions of the Water Surplus and Drought Management Plan (the "WSDM Plan") or other such policies and principles governing the allocation of System Water as adopted by the Board.

In the event that Metropolitan's Board determines to reduce, interrupt or suspend deliveries of System Water, any outstanding balance of the Purchase Order Commitment at the

end of the Term shall be reduced by the reduction in System Water made available to the Purchaser under this Purchase Order.

**MISCELLANEOUS:**

This Purchase Order will be interpreted, governed and enforced in accordance with the laws of the State of California.

This Purchase Order will apply to and bind the successors and assigns of the Purchaser and Metropolitan.

No assignment or transfer of the rights of the Purchaser under this Purchase Order will be valid and effective against Metropolitan or the Purchaser without the prior written consent of Metropolitan and the Purchaser.

If at any time during the Term, by reason of error in computation or other causes, there is an overpayment or underpayment to Metropolitan by the Purchaser of the charges provided for under this Purchase Order, which overpayment or underpayment is not accounted for and corrected in the annual re-determination or reconciliation of said charges, the amount of such overpayment or underpayment shall be credited or debited, as the case may be, to the Purchaser. Metropolitan will notify the Purchaser in writing regarding the amount of such credit or debit, as the case may be. In no case will credits or debits for charges provided for under this Purchase Order be administered beyond the limit for billing adjustments as specified in Metropolitan's Administrative Code.

IN WITNESS WHEREOF, this Amended and Restated Purchase Order is executed by the duly authorized officers of the Metropolitan Water District of Southern California and [Purchaser], as of December \_\_, 2012.

THE METROPOLITAN WATER DISTRICT OF [PURCHASER NAME]  
SOUTHERN CALIFORNIA

By: \_\_\_\_\_  
Jeffrey Kightlinger  
General Manager

By: \_\_\_\_\_  
[Title] \_\_\_\_\_

APPROVED AS TO FORM AND CONTENT:

\_\_\_\_\_  
General Counsel

\_\_\_\_\_  
General Counsel

By: \_\_\_\_\_

By: \_\_\_\_\_

## Attachment 1

### Amended and Restated Purchase Order for System Water

#### DEFINITIONS

“**Act**” means the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended and supplemented from time to time.

“**Base Firm Demand**” means the greater of (i) the Initial Base Firm Demand Post IAWP or (ii) the ten-year rolling average of the Purchaser’s Firm Demand, measured on a fiscal year basis.

“**Bonds**” means water revenue bonds or notes issued under the Bond Resolutions.

“**Bond Resolutions**” means Resolution No. 8329 or Resolution No. 8322, both as amended and supplemented, or any other resolution authorizing the issuance of bonds, notes or other obligations secured by Metropolitan’s water sales revenues.

“**Effective Date**” means the effective date of this Purchase Order as specified above.

“**Firm Demand**” means the Purchaser’s purchases of non-interruptible System Water supplies, including full service, seasonal shift, Conjunctive Use Program, Surface Storage Operating Agreement water, Recharge and Recovery Operating Agreement water, or any other water program deemed to be a firm delivery of water.

“**Initial Base Firm Demand**” means the Purchaser’s highest annual Firm Demand on Metropolitan in any fiscal year during the period from fiscal year 1989/90 through fiscal year 2001/02. In accordance with procedures set forth in Metropolitan’s Administrative Code, the Initial Base Firm Demand will be revised to reflect certified and verified deliveries under the Interim Agricultural Water Program and Long-term Seasonal Storage Service Program as such certifications affect the Initial Base Firm Demand.

“**Initial Base Firm Demand Post IAWP**” means the Purchaser’s highest annual delivery of water from the District, excluding water delivered under Long-Term Seasonal Storage Service and other deliveries of interruptible water but including Interim Agricultural Water Program deliveries, during any fiscal year from fiscal year 1989/90 through fiscal year 2001/02.

“**Metropolitan**” means The Metropolitan Water District of Southern California.

“**Purchase Order Commitment**” means 60% of the Initial Base Firm Demand times 12. Deliveries of System Water made under the Interim Agricultural Water Program and Long-Term Seasonal Storage Service will not count toward the Purchase Order Commitment.

“**Purchase Order**” means this Amended and Restated Purchase Order for System Water.

“**Purchaser**” means the member public agency specified above, a duly organized [city/water district/county water authority] of the State of California.

“**System**” means the properties, works and facilities of Metropolitan necessary for the supply, development, storage, conveyance, distribution, treatment or sale of water.

**“System Water”** means water supplies developed by Metropolitan and delivered to the Purchaser through the System or other means (e.g. conjunctive use storage).

**“Term”** means the term of this Purchase Order as specified above.

**“Tier 1 Annual Maximum”** means an amount equal to 90% of the Base Firm Demand.

**“Tier 1 Supply Rate”** means Metropolitan’s per-acre-foot Tier 1 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The initial Tier 1 Rate is \$73/AF.

**“Tier 2 Supply Rate”** means Metropolitan’s per-acre-foot Tier 2 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The initial Tier 2 Rate is \$154/AF.

**“Water Surplus and Drought Management Plan (WSDM)”** means Metropolitan’s policy and procedures for managing supplies and drought conditions as adopted by the Board from time to time.

**Attachment 2**  
**Amended and Restated Purchase Order for System Water**  
**RATES AND CHARGES**

	Effective January 1, 2013	Effective January 1, 2014
Tier 1 Supply Rate (\$/AF)	\$140	\$148
Tier 2 Supply Rate (\$/AF)	\$290	\$290
System Access Rate (\$/AF)	\$223	\$243
System Power Rate (\$/AF)	\$189	\$161
Water Stewardship Rate (\$/AF)	\$41	\$41
Full Service Untreated Rate (\$/AF):		
Tier 1	\$593	\$593
Tier 2	\$743	\$735
Treatment Surcharge (\$/AF)	\$254	\$297
Full Service Treated Rate (\$/AF):		
Tier 1	\$847	\$890
Tier 2	\$997	\$1,032
Readiness-to-Serve Charge (\$ millions)	\$142	\$166
Capacity Charge (\$/cfs)	\$6,400	\$8,600





*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

## **Appendix B: Standby Charge Detailed Procedures**

# Table of Contents

<b>1</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>2</b>	<b>BUSINESS PROCESS - LEVYING ANNUAL STANDBY CHARGE .....</b>	<b>3</b>
2.1	ORDERING COUNTY INFORMATION .....	3
2.2	DATA UPLOADS INTO MUNIMAGIC .....	4
2.2.1	<i>Preliminary Secured Property Tax Rolls</i> .....	4
2.2.2	<i>Final Secured Property Tax Rolls</i> .....	4
2.2.3	<i>Parcel Change Database</i> .....	4
2.2.4	<i>CD DATA</i> .....	4
<b>3</b>	<b>METHODS TO PERFORM PARCEL DATA RESEARCH .....</b>	<b>5</b>
3.1	COUNTY WEBSITE .....	5
3.2	CALL ASSESSOR'S OFFICE .....	5
3.3	MAP RESEARCH .....	5
3.4	VISIT COUNTY ASSESSOR'S OFFICE .....	5
3.5	LOS ANGELES COUNTY PUBLIC WORKS .....	5
<b>4</b>	<b>COUNTY REQUIRED DOCUMENTATION .....</b>	<b>6</b>
4.1	SAN DIEGO COUNTY .....	6
4.2	RIVERSIDE COUNTY .....	6
4.3	SAN BERNARDINO COUNTY .....	6
4.4	LOS ANGELES COUNTY .....	6
<b>5</b>	<b>SUBMITTING STANDBY CHARGES TO THE COUNTIES .....</b>	<b>7</b>
5.1	STATE BOARD OF EQUALIZATION (SBE) PARCELS .....	8
5.2	PARCEL REJECTS .....	8
<b>6</b>	<b>ESTIMATED ANNUAL LEVY TIMELINE .....</b>	<b>9</b>
<b>7</b>	<b>TAXPAYER INQUIRIES .....</b>	<b>10</b>
<b>8</b>	<b>EXEMPTION REVIEW PROCESS .....</b>	<b>10</b>

# 1 Introduction

The Metropolitan Water District of Southern California ("Metropolitan") is a public agency with a primary purpose to provide an imported water supply for domestic and municipal uses at wholesale rates to its member agencies within the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura.

As a means to recover a portion of the debt service on bonds issued to finance capital facilities needed to meet existing demands on Metropolitan's water system, Metropolitan levies a readiness-to-serve ("RTS") charge on each of its member agencies.

On behalf of certain member agencies, Metropolitan levies an annual standby charge on parcels of land within certain member agencies as a method of collecting part or all of a member agency's RTS charge obligation. The standby charge levied by Metropolitan is authorized under the Metropolitan Water District Act and the California Government Code.

Metropolitan's standby charge has been levied annually since FY1992/93. The standby charge recognizes that there are economic benefits to lands that have access to a water supply, whether or not such lands are using it. Revenues generated from the standby charge are utilized solely for capital payments and debt service on capital facilities identified annually in an Engineer's Report and approved by Metropolitan's Board of Directors. The standby charges are only levied on: (1) parcels which water standby charges have been imposed in fiscal year FY1996/97 and annually thereafter ("pre-1997 standby charges") and 2) parcels annexed to Metropolitan and to an electing member agency after January 1997 ("annexation standby charges").

Metropolitan only levies standby charges within the service areas of the member agencies that request that the standby charge be utilized. The standby charge is based on a rate per acre or parcel if less than an acre. The standby charge for each acre or parcel less than an acre will vary from member agency to member agency, as permitted under the legislation establishing Metropolitan's standby charge. The water standby charge rate for each member agency will continue to be the same as those imposed by Metropolitan in fiscal year FY1996/97. The standby charge rate by member agency is shown below:

Member Agency	Amount	Member Agency	Amount	Member Agency	Amount
Anaheim	\$8.55	Fullerton	\$10.71	San Fernando	\$7.87
Burbank	\$14.20	Glendale	\$12.23	San Marino	\$8.24
Calleguas MWD	\$9.58	Inland Empire Utilities Agency	\$7.59	Santa Ana	\$7.88
Central Basin MWD	\$10.44	Las Virgenes MWD	\$8.03	Three Valleys MWD	\$12.21
Coastal MWD	\$11.60	Long Beach	\$12.16	Torrance	\$12.23
Compton	\$8.92	MWD of Orange <sup>1</sup>	\$10.09	Upper San Gabriel Valley MWD	\$9.27
Eastern MWD	\$6.94	Pasadena	\$11.73	Western MWD of Riverside Co	\$9.23
Foothill MWD	\$10.28	San Diego CWA	\$11.51		

It is Metropolitan's intent that the following lands be exempt from the pre-1997 water standby charge: (1) lands owned by the Government of the United States, the State of California, or by any political subdivisions thereof or

<sup>1</sup> Excludes Coastal

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 water 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 water standby charge which would otherwise be imposed upon lands within those public entities.

Each year Metropolitan makes available to interested parties procedures for filing an Application to be Exempt from the standby charge. Metropolitan reviews any such applications for exemption and determines whether or not the lands are eligible for exemption. If it is determined that the lands are eligible for exemption, an Exemption Agreement is signed by both parties and recorded at the respective county. If the exemption request is denied, there is an appeals process by which the Business and Finance Committee shall consider such appeal 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.

## 2 Business Process - Levying Annual Standby Charge

### 2.1 Ordering County Information

Since thousands of parcels reconfigure and/or renumber each year, it is necessary to order preliminary and/or final secured property tax roll information for each of the six respective counties that Metropolitan levies standby charges. In addition to the secured property tax roll information, there are other forms of media available that are essential to effectively update the parcels that the respective Assessor Offices recognize as being valid each year. Summarized in the table below is the electronic media and timeline for ordering this information:

County	Preliminary Secured Roll	Parcel Change Data	Acreage Information	Final Secured Roll
Los Angeles	Not Ordered	Order from Assessor in May. Usually received in June	Order from Department of Public Works – Metropolitan is required to sign agreement in order to obtain acreage information	Order from Assessor in June. Usually received in Mid-Late July
Orange	Not Ordered	Order from Assessor in May. Usually received in June	Not available on the Secured Roll. Data on “new parcels” obtained from third party source.	Order from Assessor in June. Usually received in Mid-Late July
Riverside	Order from Assessor in February; receive in March	Order from Assessor in May. Usually received in June	Not necessary. Acreage information is contained on the Secured Property Tax Roll for parcels greater than one acre.	Order from Assessor in June. Usually received in Mid-Late July
San Bernardino	Order from Assessor in March; receive in April	Order from Assessor in May. Usually received in June	Not necessary. Acreage information is contained on the Secured Property Tax Roll for parcels greater than one acre.	Order from Assessor in June. Usually received in Mid-Late July
San Diego	Order from Assessor in March; receive in April	Order from Assessor in May. Usually received in June	Not necessary. Acreage information is contained on the Secured Property Tax Roll for parcels 1/2 acre or greater.	Order from Assessor in June. Usually received in Mid-Late July
Ventura	Not Ordered	Not Available	Acreage information is available from other media ordered from the County Assessor.	Order information from Assessor. However, this is a listing of all the active parcels in Fund Number 8750, which the county assigned to Metropolitan.

## **2.2 Data Uploads into MuniMagic**

When County Media information is received from each of the respective Counties, the data is formatted and uploaded into MuniMagic, Willdan Financial Services (Willdan) proprietary district administration software, where the existing parcel information will be compared to each of the respective County Secured Rolls. Willdan is Metropolitan's Water Standby Charge Program administrator.

Based on the comparison, a list of required parcel changes for accurate submission of the roll to each respective County will be compiled. In order to track the parcel changes and update the parcel database, varying combinations of the following methods are used:

### **2.2.1 Preliminary Secured Property Tax Rolls**

Around March of each year, the Preliminary Secured Rolls are ordered from Riverside, San Bernardino and San Diego Counties since the information is available prior to May/June of each year. These electronic Parcel Databases contain updated, but not final, parcel status information for the upcoming fiscal year. The parcel data is uploaded into the MuniMagic server and through a series of stored procedures, each of the most recently expired parcels is identified by including an "X" in front of the Assessor Parcel Number ("X Parcels") stored in MuniMagic. Lists of X Parcels are compiled and used in performing the necessary research to identify the new parcels created as a result of parcel renumbering or reconfiguration. It is not effective to order the Preliminary Secured Roll for Los Angeles County since the data is not made available until late June/early July, which is just prior to the release of the Final Secured Property Tax Roll for this County. Due to the timing of the release and expense involved, a Preliminary Secured Roll is not ordered from Ventura County.

### **2.2.2 Final Secured Property Tax Rolls**

Around May/June of each year, the Final Secured Rolls are ordered from Los Angeles, Orange, Riverside, San Bernardino and San Diego counties. These electronic Parcel Databases contain updated and final parcel status information for the upcoming fiscal year. The parcel data is uploaded into the MuniMagic server and through a series of stored procedures, each of the most recently expired parcels is identified by including an "X" in front of the Assessor Parcel Number ("X Parcels") stored in MuniMagic. Lists of X Parcels are compiled and used in performing the necessary research to identify the new parcels created as a result of parcel renumbering or reconfiguration. Due to the expense involved, only a Specialized Parcel Database exclusively for the Metropolitan Water District is ordered from the Ventura County Assessor's Office in place of the Final Secured Roll.

### **2.2.3 Parcel Change Database**

For Orange, Los Angeles, Riverside, San Bernardino and San Diego counties, an electronic Parcel Change database can be ordered from the respective County Assessor's Office. The database contains an electronic method for mapping the expired parcels to the newly created parcels for the majority of the parcel changes for the upcoming fiscal year. This information is electronically uploaded into the MuniMagic server and through a series of stored procedures a list of expired parcels is compiled, identifiable with a "C" in front of the Assessor Parcel Number, along with their corresponding new parcels. Utilizing this list of parcel changes, the appropriate Zone and Purveyor information can be transferred from the expired parcels to the new parcels during the apportionment process. A Parcel Change database is not available from the Ventura County Assessor at this time.

### **2.2.4 CD DATA**

Since data ordered directly from each of the Counties may not always be complete, Willdan utilizes an information package provided by CD Data in addition to the products purchased directly from the respective Counties. The CD Data parcel information is updated and delivered to Willdan on a quarterly basis. This electronic parcel information is uploaded into the MuniMagic server along with the County Secured Rolls and can be electronically compared to the existing parcel information and can be used to update and/or enhance the existing parcel data.

## **3 Methods to Perform Parcel Data Research**

Once the parcel changes and apportionments have been completed, where applicable, information from the County Secured Rolls and other media sources is used to update the necessary ownership and acreage information and taxable status. However, there are still thousands of newly created parcels that require additional research to determine their acreage, ownership and/or whether or not the parcels are assessable due to their physical characteristics. After compiling the lists of parcels that require additional research, a variety of methods can be employed to acquire the information needed to update the parcel information and submit the correct levy amounts where applicable:

### **3.1 County Website**

Sometimes the County Assessor's Office has a website where parcel information and/or maps are available and can be purchased on-line and printed directly from the website or e-mailed to the requesting party. This is most common with San Diego County where the new parcel maps for the upcoming fiscal year are only available on-line through the County Assessor's Office.

### **3.2 Call Assessor's Office**

In situations where the necessary parcel information is not available on the standard county media and maps are not available, calling the County Assessor's Office directly and requesting the information is required. This method is very limited since representatives from each of the County Assessor's Offices are only able to provide information on a maximum of three parcels per phone call. Be prepared to repeatedly call the county if this method is utilized.

### **3.3 Map Research**

When new parcels can be identified but the acreage is not provided by the county secured rolls, it becomes necessary to view the Assessor Parcel Maps. In Orange County, these maps can be purchased and printed from the Parcelquest website which is powered by CD Data. For Riverside and San Bernardino Counties, the maps can be purchased from the counties through e-mailed requests. As previously noted, maps for San Diego County can be purchased through the County Assessor's website. For Los Angeles County, maps can be viewed and printed if necessary on the County Assessor's website.

### **3.4 Visit County Assessor's Office**

When a list is comprised of thousands of parcels that require acreage information it is best to visit the Assessor's Office directly. Many of the Assessor's Offices have Map Books available to the public. It requires much preparation, but this is the fastest way to update the acreage information for thousands of parcels.

### **3.5 Los Angeles County Public Works**

Since acreage information is not available on the Los Angeles County Secured Roll it is possible to purchase the necessary acreage information from the Public Works Department at the county. In order to purchase the information, Metropolitan must enter into an agreement to use the information for purposes associated with calculating the standby charges only and not making it available to any other users.

## 4 County Required Documentation

Each of the six counties requires that a certified copy of the Resolution Fixing and Adopting the Readiness-to-Serve Charge be submitted along with the electronic Levy Submittal. In addition to this Resolution, four of the counties require the following additional information:

### 4.1 San Diego County

- Fixed Charge Special Assessment (FCSA) Fund Number Requirement Questionnaire - June
- Certification of Fixed Charge Special Assessments - With original submittal around July 31
- Final Certification of Fixed Charge Special Assessments - Dated no later than August 10

### 4.2 Riverside County

- Proposition 218 Compliance Letter – July. Separate letters must be sent for Eastern and Western MWD.

### 4.3 San Bernardino County

- Fixed Charge Special Assessment (FCSA) Fund Number Requirement Questionnaire - June

### 4.4 Los Angeles County

- Agency Information Sheets – July
- Agreement for Billing of Direct Assessments – July
- Direct Assessment Web Access User Identification Form – July
- Direct Assessment Certification - August



## 5 Submitting Standby Charges to the Counties

After the uploads and research, the parcel changes are completed whereby the expired parcels are inactivated and the newly created parcels are activated for the upcoming fiscal year and updated with the necessary purveyor, zone, ownership, acreage and standby charge information. Then, for each of the recognized county fund numbers, the standby charges are submitted to each of the counties for all of the qualifying parcels. Specific requirements for the format of the levy data is included in the annual levy package sent out by each county to the public agencies submitting assessments/special taxes to the Auditor-Controller for inclusion on the property tax roll. Levy submittal due dates are included in the Estimated Annual Levy Timeline section. The following table reflects the standby charge levy submittal to each county by Fund Number:

County	City Code	County Fund No.	Purveyor/Member Agency	Rate per acre/parcel less than an acre
Riverside		68-5305	Eastern MWD	\$6.94
Riverside		68-5360	Western MWD of Riverside Co.	\$9.23
San Bernardino		WY19SW01	Inland Empire Utilities Agency	\$7.59
Ventura		0822	Calleguas MWD	\$9.58
San Diego		67-2701	San Diego CWA	\$11.51
San Diego		67-2704	San Diego CWA	\$11.51
San Diego		67-2714	San Diego CWA	\$11.51
San Diego		67-2716	San Diego CWA	\$11.51
San Diego		67-2718	San Diego CWA	\$11.51
San Diego		67-2719	San Diego CWA	\$11.51
San Diego		67-2722	San Diego CWA	\$11.51
San Diego		67-2724	San Diego CWA	\$11.51
San Diego		67-2729	San Diego CWA	\$11.51
San Diego		67-2731	San Diego CWA	\$11.51
San Diego		67-2737	San Diego CWA	\$11.51
San Diego		67-2740	San Diego CWA	\$11.51
San Diego		67-2745	San Diego CWA	\$11.51
San Diego		67-2748	San Diego CWA	\$11.51
San Diego		67-2749	San Diego CWA	\$11.51
San Diego		67-2751	San Diego CWA	\$11.51
San Diego		67-2760	San Diego CWA	\$11.51
San Diego		67-2764	San Diego CWA	\$11.51
San Diego		67-2771	San Diego CWA	\$11.51
San Diego		67-2775	San Diego CWA	\$11.51
San Diego		67-2830	San Diego CWA	\$11.51
San Diego		67-2831	San Diego CWA	\$11.51
San Diego		67-2832	San Diego CWA	\$11.51
San Diego		67-2840	San Diego CWA	\$11.51
San Diego		67-2850	San Diego CWA	\$11.51
San Diego		67-2851	San Diego CWA	\$11.51
San Diego		67-2852	San Diego CWA	\$11.51
Orange	820B	C7	Anaheim	\$8.55
Orange	820E	C7	Coastal MWD	\$11.60
Orange	820C	C7	Fullerton	\$10.71
Orange	820P	C7	MWD of Orange	\$10.09
Orange	820D	C7	Santa Ana	\$7.88
Los Angeles		310.11	Burbank	\$14.20
Los Angeles		315.06	Central Basin MWD	\$10.44
Los Angeles		335.06	Foothill MWD	\$10.28

County	City Code	County Fund No.	Purveyor/Member Agency	Rate per acre/parcel less than an acre
Los Angeles		310.21	Glendale	\$12.23
Los Angeles		310.26	Long Beach	\$12.16
Los Angeles		318.08	Las Virgenes MWD	\$8.03
Los Angeles		310.34	Pasadena	\$11.73
Los Angeles		310.37	San Fernando	\$7.87
Los Angeles		310.41	San Marino	\$8.24
Los Angeles		310.51	Torrance	\$12.23
Los Angeles		330.11	Three Valleys MWD	\$12.21
Los Angeles		310.16	Compton	\$8.92
Los Angeles		337.36	Upper San Gabriel Valley MWD	\$9.27

### 5.1 State Board of Equalization (SBE) Parcels

Since assessments cannot be levied on utility owned parcels via the County Secured Roll, it is necessary to submit the standby charges on these utility parcels in a different format under separate cover. The directions for submitting assessments on these utility parcels are included in the annual levy package sent out by each county to public agencies. Formats for submittal of the standby charges on the utility parcels can vary from electronic information on diskette to hard copy forms provided by the county. Usually, the assessments are grouped by SBE Number (one number is assigned to each utility company by the State Board of Equalization) and tax rate area.

### 5.2 Parcel Rejects

After submitting the assessment rolls to each of the counties, the counties will provide a list of parcels where the standby charges were not able to be applied to APN's. In this situation, additional research is required to determine whether or not the APN's have since subdivided or been assigned a new APN or if the parcels are considered non-taxable by the counties. Certain valid parcels will not receive tax bills from the counties and thereby the standby charges cannot be assessed for the current fiscal year. Where applicable, a revised list of parcels and standby charges are submitted to each county. Due dates for the final levy submittals for all parcels are included in the Estimated Annual Levy Timeline section.

## 6 Estimated Annual Levy Timeline

Target Date	Project Tasks
March/April	<b>Kick-off Meeting:</b> To discuss the District, the levy process, exemption review status and overall expectations — Board Meeting dates, staffing changes, District Specific or Changes (including annexations, changes to the assessments particularly new or increased assessments) and the anticipated levy timeline.
March/April	As required by the Annual Resolution, Willdan provides Metropolitan with a Preliminary Parcel Detail Report for the Public Hearing
March/April	Metropolitan Board Meeting where the amount of the proposed standby charge, per parcel or per acre, applicable to eligible land within each electing member public agency is established for the upcoming Fiscal Year and that the proposed standby charge, if continued, be collected on the respective County Property Tax Rolls. Additionally, notice is given to the public and to each member public of The Metropolitan Water District of Southern California of the intention of Metropolitan's Board to consider and take action at its regular meeting held in May, to continue a water standby charge for the upcoming Fiscal Year.
March/April	Willdan orders Preliminary Secured Roll for the upcoming Fiscal Year for Riverside, San Bernardino and San Diego Counties.
May	Metropolitan Board Meeting where Metropolitan's Board shall consider and take action, on the General Manager's recommendation, to continue a water standby charge for the upcoming Fiscal Year under authority of Section 134.5 of the Metropolitan Water District Act on land within Metropolitan at the rates, per acre of land, or per parcel of land less than an acre specified in the upcoming Fiscal Year's Engineer's Report. Any such standby charge will be continued as a means of collecting the readiness-to-serve charge.
June	Willdan orders Parcel Change Databases and Final Secured Rolls from Los Angeles, Orange, Riverside, San Bernardino and San Diego Counties. For Ventura County, a specialized database is ordered the upcoming Fiscal Year. This is a listing of all the active parcels in Fund Number 8750, which the county assigned to Metropolitan.
June	Willdan provides FCSA Forms, Proposition 218 Compliance Letters and Agency Information Sheets to Metropolitan to be signed and forwarded to the respective counties.
June	Metropolitan provides Willdan with six (6) certified copies of the Resolution authorizing the levy of the upcoming Fiscal Year Standby Charges.
July	Willdan receives electronic parcel change databases and secured rolls from each of the respective counties and proceeds with updating the active parcels and corresponding information for the upcoming fiscal year.
July	First submittal of the Levy is due to Ventura County Auditor-Controller.
August	First submittal of the Levy is due to San Diego County Auditor-Controller.
August	Resolve rejects and submit final Levy to San Diego County Auditor-Controller.
August	First submittal of the Levy is due to Los Angeles, Orange, Riverside, and San Bernardino County Auditor-Controllers.
August	Resolve rejects and submit final Levy to Los Angeles, Orange, Riverside, and San Bernardino County Auditor-Controllers.
September	Verify applied amounts with each respective county and obtain list of non-taxable parcels (valid parcels that will not receive tax bills as determined by the County) rejected by the Counties.
October	Willdan provides Metropolitan with a detailed Parcel Listing of all active parcels and an Applied Levy Summary by Purveyor. The summary report will be used to determine the Estimated Standby Charge Revenue for the next Fiscal Year Engineer's Report.
October	Update MuniMagic to coincide with County applied reports (account for non-taxable and purged parcels) and provide a summary of final applied levy amounts to Metropolitan.

## 7 Taxpayer Inquiries

Willdan provides our toll free telephone number to each respective Auditor-Controller for inclusion on each Tax Bill, in order to facilitate our response to taxpayer's inquiries. The toll free number referenced on the Tax Bills is a direct line to the Property Owner Service Representatives and does not route through the Willdan operator. Currently, Willdan has four Property Owner Services Representatives dedicated to responding to taxpayer inquiries. These representatives are well trained in answering questions relating to the standby charges and are fluent in both English and Spanish. We have provided each of the Property Owner Services Representatives with information regarding the use the funds collected via the standby charge, which are used as a credit towards a member agencies readiness-to-serve charge. They are also aware that the use of the readiness-to-serve charge funds are for maintenance and repair of the capital improvements needed to bring the water directly from the source to each of the member agencies, whereby the member agencies have infrastructure in place to then distribute the water directly to the property owners or in some cases an additional water provider. When property owners or other individuals require additional information, Willdan's Senior Project Analyst, and Group Manager, talk with the individuals and provide further information in regards to the standby charge program.

Our Property Owner Services Representatives, Analysts and Project Managers keep a log of phone calls received, provided that a caller gives them an Assessor Parcel Number (APN). Since the Standby Charge is levied by APN, our software is designed to track notes at the Agency (Metropolitan) or individual APN level. There are several phone calls received where the individual requesting information does not provide an APN or they are just inquiring about how the charge is calculated for future reference. These phone calls are not logged into the MuniMagic system. The Phone Log Report will be sent to Metropolitan on a regular basis, or upon request.

## 8 Exemption Review Process

Since it is Metropolitan's intent that the following lands be exempt from the pre-1997 water standby charge: (1) lands owned by the Government of the United States, the State of California, or by any political subdivisions 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 water standby charge will be applied, Metropolitan has incorporated an Exemption Review process. The following steps outline the exemption review process:

- 1) Willdan receives request from Metropolitan or Property Owner for an Exemption Application.
- 2) Willdan sends the requesting party the Exemption Application. The Exemption Applications are updated annually to include specific information as to when the applications need to be submitted; generally the applications need to be received by December 31st of the fiscal year in which the request is being submitted.
- 3) The Exemption Application is sent back to Willdan from either Metropolitan or directly from the property owner. At this time, Willdan sets up a hard copy exemption file and assigns a file number to the request. Additionally, Willdan adds the file number, owner, APN(s) and acreage information to an existing file that contains a listing of all the exemption files that Willdan has on-site at their corporate office in Temecula.
- 4) Application is reviewed and if additional information is needed, a correspondence letter is sent to the property owner listing the additional materials needed to complete the review of their Exemption Application. First, Willdan determines whether the exemption request is for (1) lands owned by the Government of the United States, the State of California, or by any political subdivisions 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 water standby charge will be applied.

- 5) If a property is to be exempted because of public agency ownership, the property is exempted for all future years or until such property transfers to ownership other than that of a public agency. In most cases the tax bill for the fiscal year in which the public agency acquired the property has not been paid. Therefore, either the county will inform Metropolitan or Willdan that the assessment is being removed from the tax bill and shall be prorated or completely removed. Otherwise, Willdan can request that the assessment be removed from the current year tax bill. Each county handles these situations a bit differently and maintains their own requirements. An Exemption Agreement is not completed and recorded at the county for parcels exempted due to public agency ownership.
- 6) If a property is to be exempted because the land is being permanently committed to open space and maintained in a natural state that is not now and will not in the future be supplied water, the property is exempted for all future years or until the property is no longer committed to open space. When the property is being gifted or deeded to a public agency to maintain as open space, the current property owner may request a refund of the standby charges they have paid while the property was under their ownership. Willdan will verify that the property's tax bills are current prior to sending the two-page memorandum to Metropolitan with the reason for exemption and refund calculation. Additionally, Willdan forwards a letter to Metropolitan for signature that will be forwarded to the property owner containing information regarding the refund.
- 7) If the recommendation is to deny the exemption request and Metropolitan's General Manager supports the recommendation, Willdan will e-mail a letter to Metropolitan to be signed and forwarded to the property owner regarding the decision. Pursuant to the established appeals process, a property owner may file a written appeal with the Secretary of the Board requesting that the Business and Finance Committee consider such appeal 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
- 8) If the recommendation from Willdan is to grant an exemption to the property, Willdan will e-mail a letter to Metropolitan to be signed and forwarded to the property owner along with Instructions for Filing a Water Standby Agreement with Metropolitan, Instructions for Providing Legal Descriptions and an Exemption Agreement to be executed and notarized.
- 9) Property owner sends required documentation and signed Agreement back to Metropolitan.
- 10) Metropolitan requests from Willdan an APN listing and corresponding acreages to be exempted. The information is then forwarded to Metropolitan to be incorporated into the Agreement.
- 11) The Right of Way Department verifies the legal description for the property to be exempted.
- 12) The Agreement is reviewed by Metropolitan's General Counsel and signed by General Counsel as to form.
- 13) The Agreement is then taken to the Chief Financial Officer for a notarized signature. Metropolitan then notifies Willdan that the Agreement has been fully executed. Willdan is requested to calculate the refund due to the property owner by fiscal year, provide a two-page memorandum along with the letter that Metropolitan will sign and forward to the property owner with the refund check.
- 14) Willdan updates the parcel information in MuniMagic to reflect the parcel's exemption status.