RESOLUTION 5021

WHEREAS, the Act creating the Metropolitan Water District of Southern California requires that:

"(j) The Board of Directors, so far as practicable, shall fix such rate or rates for water as will result in revenue which will pay the operating expenses of the District, provide for repairs and maintenance, and provide for the payment of the interest and principal of the bonded debt. If, however, from any cause, the revenues of the District shall be inadequate to pay the interest or principal of any bonded debt as the same becomes due, the Board of Directors shall, at the time of fixing the tax levy and in the manner for such tax levy provided, levy and collect annually until said bonds are paid ...."

Whereas, on April 12, 1960, and July 26, 1960, by appropriate resolutions this Board declared:

"The Metropolitan Aqueduct is now delivering water up to more than one-half of its full capacity. Accordingly, the District Board of Directors on March 8, 1960, adopted a schedule of increasing water rates extending to 1963, and planned on a basis designed ultimately to return sufficient water sales revenues to meet the District's Colorado River Aqueduct costs including all bond retirement and interest charges.

"Under the District's policy, beginning in the year 1963, the selling price per acre-foot of untreated water for domestic uses from the Colorado River should be not less than the price at which it would be sold if the aqueduct were operating at full capacity in its completed form and were entirely paying its own way from sale of water for domestic uses, including interest and bond retirements and any amounts needed for reserves and such other sums as would otherwise be collected from taxes payable that year.

"While there is surplus water not needed or required by the District's unit municipalities for domestic or municipal uses therein, underground water replenishment will avoid building excessively expensive surface storage with attendant evaporation and the tying up of District capital in stored water, and will provide a dependable and important source of water for the peak summer period. Of even more importance this will help to establish a dependable source of water in the area of greatest population and valuation for use in case of war, catastrophes, breakdowns, or years of water shortage. Therefore, taxpayers should support the deficit made necessary in selling surplus water for agricultural and replenishment purposes."
"The method of collecting taxes of the District must continue to be based upon assessed valuation of the taxable property within the District. Until an aqueduct operates at full capacity the excess of all costs over the amount received from water sales will continue as at present to be paid by the taxpayers. It follows that when an aqueduct is operating at full capacity the taxpayer thereafter will be relieved of any tax burden, except as to surplus water which may be sold for agricultural or groundwater replenishment purposes."

WHEREAS, on March 8, 1960, for the foregoing purposes the Board established prices of $17, $19, and $21 per acre-foot for municipal, domestic, and industrial purposes for the years 1961, 1962, and 1963 which prices will fully accomplish the foregoing purposes, and

WHEREAS, it seems advisable to extend and amplify this statement for the years following January 1, 1964 in anticipation of large expenditures for the development of new sources of water and in order that water users, taxpayers, and constituent Member-agencies may be fully advised.

NOW, THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California hereby declares this policy with respect to the allocation of charges for water and taxes by The Metropolitan Water District of Southern California:

"Beginning January 1, 1964, the following shall be effective:

"All payments received by The Metropolitan Water District of Southern California for annexation charges shall be applied first to bond obligations to which they are or become pledged and next to reduce other indebtedness resulting from capital expenditures.

"At least one-half of all remaining capital charges plus all operation and maintenance costs of The Metropolitan Water District of Southern California shall be borne by sales of water at uniform rates to constituent members irrespective of the source or point of delivery of the water, except for equitable surcharges to reflect the cost of special services. The rate for water shall be at least as large as the total of all such costs in the three prior fiscal years plus the anticipated cost in the next three years divided by the total quantity delivered to constituent members in the three prior years and that quantity projected for the ensuing three years.

"The remainder of all capital charges may be met from tax levies on the basis of assessed value of property within The Metropolitan Water District of Southern California to the
extent permitted by law, with the expectancy that this tax burden will diminish progressively as the use of water approaches the total of the Aqueducts' supplies."

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held September 27, 1960.