

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

RESOLUTION 9267

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
FIXING AND ADOPTING
A CAPACITY CHARGE
EFFECTIVE JANUARY 1, 2021**

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

1. The Board of The Metropolitan Water District of Southern California (“Metropolitan”), pursuant to Sections 133, 134 and 134.5 of the Metropolitan Water District Act (the “Act”), is authorized to fix such rate or rates for water as will result in revenue which, together with revenue from any water standby or availability of service charge or assessment, will pay the operating expenses of Metropolitan, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by Metropolitan, and provide for the payment of the interest and principal of its bonded debt; and
2. The amount of revenue to be raised by the Capacity Charge shall be as determined by the Board and allocation of such charges among member agencies shall be in accordance with the method established by the Board; and
3. The Capacity Charge is a charge fixed and adopted by Metropolitan and charged to its member agencies, and is not a fee or charge imposed upon real property or upon persons as an incident of property ownership; and
4. The Capacity Charge is intended to recover the debt service and other appropriately allocated costs to construct, operate and maintain projects needed to meet peak demands on Metropolitan’s distribution system, as shown in the FYs 2020/21 and 2021/22 Cost of Service Report for Proposed Water Rates and Charges (the “2020 Cost of Service Report”); and
5. Pursuant to Resolution 8329, adopted by the Board on July 9, 1991, and Resolution 9199, adopted by the Board on March 8, 2016, and as each is thereafter amended and supplemented, proceeds of the RTS Charge, Capacity Charge, and other revenues from the sale or availability of water are pledged to the payment of Metropolitan’s outstanding revenue bonds and to the payment of Metropolitan’s outstanding subordinate revenue bonds and to revenue bonds and subordinate bonds to be issued pursuant to Resolution 8329 and Resolution 9199; and
6. The Capacity Charge is charged (on a dollar per cubic-foot-per-second basis) to member public agencies (“member agencies”), based upon the amount of capacity used by such member agency that is designed to recover the cost of providing peaking capacity within the distribution system; and

7. In *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, San Francisco Superior Court Case Nos. CPF-16-515282, CPG-17-563350, and CPF-18-516389 (the “2016, 2017, and 2018 Cases”, collectively), the San Diego County Water Authority challenged Metropolitan’s water charges adopted on April 12, 2016, April 11, 2017, and April 10, 2018, respectively, and also challenged Metropolitan’s rates. Metropolitan is defending such challenges; and

8. Metropolitan maintains that its rates and charges are appropriate. There is no final judgment in the identified cases and Metropolitan does not anticipate a final judgement in CY 2021; and

9. On April 14, 2020, the Board considered the rates and charges presented by the General Manager and approved the biennial budget for fiscal years 2020/21 and 2021/22 and adopted recommended water rates for calendar years 2021 and 2022 and charges for calendar year 2021, and received information and documents available at <http://mwdh2o.com/WhoWeAre/Pages/FY-2020-21-and-2021-22-CY-2021-22.aspx> and <http://mwdh2o.com/WhoWeAre/Mission/Pages/review-applicability-of-property-tax-limit.aspx>; and

10. In approving the biennial budget and adopting the rates and charges on April 14, 2020, the Board determined the amount of revenue to be raised by the Capacity Charge in calendar year 2021 to be based on a Capacity Charge in such year of \$10,700 per cubic-foot-per-second, based on information and documents available at <http://mwdh2o.com/WhoWeAre/Pages/FY-2020-21-and-2021-22-CY-2021-22.aspx> and <http://mwdh2o.com/WhoWeAre/Mission/Pages/review-applicability-of-property-tax-limit.aspx>. The amount of the Capacity Charge was updated from the recommendation in the 2020 Cost of Service Report, to reflect modifications made to respond to the COVID-19 pandemic and the effect of PFAS/PFOS will have on certain projections. However, the COS methodology remains the same; and

11. Each of the meetings of the Board were conducted in accordance with the Brown Act (commencing at Section 54950 of the Government Code), for which due notice was provided and at which quorums were present and acting throughout;

NOW, THEREFORE, the Board does hereby resolve, determine and order as follows:

Section 1. That the Board hereby fixes and adopts a Capacity Charge, as described below, to be effective January 1, 2021.

Section 2. That said Capacity Charge shall be in an amount sufficient to provide for payment of the capital financing costs not paid from *ad valorem* property taxes, as well as other appropriately allocated costs, incurred to provide peaking capacity within Metropolitan’s distribution system.

Section 3. That such Capacity Charge effective January 1, 2021, shall be a charge as specified in Section 5 (set in dollars per cubic-foot-per-second of the peak day capacity) for capacity provided to a member agency.

Section 4. That the Capacity Charge specified in Section 5, together with other revenues from Metropolitan’s water rates, other charges, ad valorem property taxes, and other miscellaneous revenue, does not exceed the reasonable and necessary cost of providing Metropolitan’s water service for which the rates and charges are made, or conferring the benefit provided, and is fairly apportioned to each member agency in proportion to the peak day capacity utilized by each member agency.

Section 5. That the Capacity Charge shall be a fixed charge as shown in the following table and collected from each member agency monthly, quarterly or semiannually as agreed to by Metropolitan and the member agency.

Table 1. Calendar Year 2021 Capacity Charge

Calendar Year 2021 Capacity Charge					
	Peak Day Demand (cfs) (May 1 through September 30)				Rate (\$/cfs): \$10,700
	Calendar Year				
	Member Agency	2017	2018	2019	3-Year Peak
Anaheim	33.0	37.2	37.1	37.2	\$398,040
Beverly Hills	25.7	27.8	23.5	27.8	\$297,460
Burbank	14.0	17.1	17.3	17.3	\$185,110
Calleguas	186.5	184.7	168.9	186.5	\$1,995,550
Central Basin	36.7	39.2	48.6	48.6	\$520,020
Compton	0.1	6.9	2.9	6.9	\$73,830
Eastern	216.6	225.1	223.3	225.1	\$2,408,570
Foothill	18.6	19.9	16.0	19.9	\$212,930
Fullerton	13.0	13.3	13.1	13.3	\$142,310
Glendale	41.4	33.5	32.2	41.4	\$442,980
Inland Empire	140.5	147.8	118.7	147.8	\$1,581,460
Las Virgenes	44.6	45.9	39.4	45.9	\$491,130
Long Beach	55.2	80.4	51.8	80.4	\$860,280
Los Angeles	250.4	284.6	283.2	284.6	\$3,045,220
MWDOC	418.6	442.3	263.2	442.3	\$4,732,610
Pasadena	39.9	43.0	40.0	43.0	\$460,100
San Diego CWA	749.7	855.5	672.0	855.5	\$9,153,850
San Fernando	0.0	0.0	0.0	0.0	\$0
San Marino	7.5	4.5	2.3	7.5	\$80,250
Santa Ana	19.9	19.3	19.4	19.9	\$212,930
Santa Monica	16.6	16.7	20.7	20.7	\$221,490
Three Valleys	126.4	142.9	128.1	142.9	\$1,529,030
Torrance	34.0	32.6	27.8	34.0	\$363,800
Upper San Gabriel	12.1	23.3	29.1	29.1	\$311,370
West Basin	201.7	202.4	211.8	211.8	\$2,266,260
Western MWD	175.2	194.7	170.5	194.7	\$2,083,290
Total	2,877.9	3,140.6	2,660.9	3,184.1	\$34,069,870

Section 6. That the Capacity Charge for each member agency, the method of its calculation, cost allocations and other data used in its determination are as specified in the adopted rates and charges to be effective January 1, 2021, which forms the basis of the Capacity Charge, and the corresponding 2020 Cost of Service Report. The adopted rates and charges and cost of service reports are on file and available for review by interested parties at Metropolitan’s headquarters.


Section 7. That the General Manager and the General Counsel are hereby authorized to do all things necessary and desirable to accomplish the purposes of this Resolution, including, without limitation, the commencement or defense of litigation.

Section 8. That if any provision of this Resolution or the application to any member agency, property or person whatsoever is held invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable.

Section 9. That the General Manager is hereby authorized and directed to take all necessary action to satisfy relevant statutes requiring notice by publication.

Section 10. That the Board Executive Secretary is hereby directed to transmit a certified copy of this Resolution to the presiding officer of the governing body of each member agency.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on April 14, 2020.



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