

# **The Metropolitan Water District Act**

## **PREFACE**

This volume constitutes an annotated version of the Metropolitan Water District Act, as reenacted by the California State Legislature in 1969 and as amended in 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1978, 1981, 1984, 1985, 1995, 1998, 1999, 2001, and **2004**. Where there is no legislative history given for a section of this act, it is because the section was enacted as part of the nonsubstantive revision of the Metropolitan Water District Act, Statutes 1969, chapter 209. The editorial work was done by the office of the General Counsel of The Metropolitan Water District of Southern California. To facilitate use of the act, catchlines or catchwords enclosed by brackets have been inserted to indicate the nature of the sections which follow. Also, a table of contents has been set at the beginning of the act. Such table of contents and catchlines or catchwords are not a part of the act as enacted by the Legislature. This annotated act will be kept up to date by means of supplemental pages issued each year in which there is a change to the act.

**(Statutes 1969, ch.209, as amended;  
West's California Water Code – Appendix Section 109  
Deering's California Water Code – Uncodified Act 9129b)**

# THE METROPOLITAN WATER DISTRICT ACT

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## Part 1. Introductory Provisions

### CHAPTER 1

#### SHORT TITLE

##### Sec. 1. [Title]

This act shall be known and may be cited as the "Metropolitan Water District Act."

##### CASE NOTES

The Metropolitan Water District Act is a general law.

*City of Pasadena v. Chamberlain*, 204 Cal. 653, 658-659, 269 Pac. 630 (1928).

A metropolitan water district is a quasi-municipal corporation and, not being an assessment district, it may impose general taxes without opportunity for hearing as to benefits.

*City of Pasadena v. Chamberlain*, 204 Cal. 653, 661-664, 269 Pac. 630 (1928).

*Metropolitan Water District v. Whitsett*, 215 Cal. 400, 407, 10 P.2d 751 (1932).

The Board of Directors of the Metropolitan Water District, as the governing body of such district, may be vested by the Legislature with the power to levy taxes, without infringing Section 13 of Article XI of the California Constitution.

*City of Pasadena v. Chamberlain*, 204 Cal. 653, 664-666, 269 Pac. 630 (1928).

A metropolitan water district is a public instrumentality of legislative creation and is subject to complete legislative regulation and control, limited only by constitutional restrictions.

*Metropolitan Water District v. Whitsett*, 215 Cal. 400, 407, 10 P.2d 751 (1932).

The Prevailing Wage Act applies to a metropolitan water district, but does not apply to a city operating under a freeholders' charter, since the construction of public improvements and payment of wages thereon are municipal affairs.

*Metropolitan Water District v. Whitsett*, 215 Cal. 400, 10 P.2d 751 (1932).

The appointive Board of Directors of the Metropolitan Water District may be vested with power to levy general ad valorem taxes.

*In re Metropolitan Water District*, 215 Cal. 582, 586, 11 P.2d 1095 (1932).

A metropolitan water district is not an "other public agency" within subsection 6 of section 170 of the Code of Civil Procedure, disqualifying local judges in actions brought by the entities therein named, but such metropolitan

water district is a quasi-municipal corporation within the exception of such general municipal corporations from the disqualifying provisions of said subsection.

*Metropolitan Water District v. Superior Court*, 2 Cal.2d 4, 6-8, 37 P.2d 1041 (1934).

A metropolitan water district is a municipal corporation within the meaning of Section 1 of Article XIII, California Constitution.

*Metropolitan Water District v. County of Riverside*, 21 Cal.2d 640, 134 P.2d 249 (1943).

Property of a metropolitan water district located outside of its boundaries which property was subject to taxation at the time it was acquired by the district is taxable by the county in which the property is situated.

*Metropolitan Water District v. County of Riverside*, 21 Cal.2d 640, 134 P.2d 249 (1943).

## CHAPTER 2

### DEFINITIONS

#### **Sec. 2. [Definitions Govern]**

Unless the context otherwise requires, the definitions of this chapter govern the construction of this act.

#### **Sec. 3. [Metropolitan Water District or District]**

"Metropolitan water district" or "district" means a Metropolitan water district incorporated under this act.

#### **Sec. 4. [Board or Board of Directors]**

"Board" and "board of directors" mean the directors appointed pursuant to Chapter 1 (commencing with Section 50) of Part 3 of this act.

#### **Sec. 5. [Public Agency]**

"Public agency" means any city, municipal water district, municipal utility district, public utility district, county water district, and county water authority.

#### **Sec. 6. [Municipal Water District]**

"Municipal water district" means any municipal water district incorporated under the Municipal Water District Act of 1911.

#### **Sec. 7. [Municipal Utility District]**

"Municipal utility district" means any municipal utility district incorporated under the Municipal Utility District Act.

#### **Sec. 8. [Public Utility District]**

"Public utility district" means any public utility district incorporated under the Public Utility District Act.

#### **Sec. 9. [County Water District]**

"County water district" means any county water district incorporated under the County Water District Act.

**Sec. 10. [County Water Authority]**

"County water authority" means any county water authority incorporated under the County Water Authority Act.

**Sec. 11. [City]**

"City" means any city, and any city and county, of the State of California, whether organized under a freeholder's charter or under the provisions of general laws.

**Sec. 12. [Member Public Agency]**

"Member public agency" means any public agency, the area of which, in whole or in part, is included within a metropolitan water district as a separate unit.

### **Sec. 13. [Chief Executive Officer]**

"Chief executive officer" means the mayor of any city and the presiding officer of the governing body of any other public agency.

Added by Stats. 1969, ch. 441.

#### CASE NOTES

A member of the city council of a constituent city may be appointed director of the metropolitan water district, representing the area of that city, as the two offices are not incompatible.

*People v. Carter*, 12 Cal. App.2d 105, 110, 54 P.2d 1139 (1936).

The requirement of a city charter that a city councilman shall devote his whole time to the duties of his office does not disqualify him from accepting appointment as director of the Metropolitan Water District.

*People v. Carter*, 12 Cal. App.2d 105, 111, 54 P.2d 1139 (1936).

The mayor of a constituent city may be appointed by the council as director from that city for the Metropolitan Water District, especially where the city charter does not definitely make the mayor the chief executive officer, but implies that the council itself is the chief executive officer.

*People v. Carter*, 12 Cal. App.2d 105, 108-109, 54 P.2d 1139 (1936).

## CHAPTER 3

### GENERAL PROVISIONS

#### **Sec. 15. [Severability of Portions of Act]**

If any provision of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remainder of this act. The Legislature hereby declares that it would have passed this act, and each provision of this act, irrespective of the fact that any one or more other provisions of this act be declared unconstitutional.

#### **Sec. 16. [Continuation of Former Act]**

The provisions of this act, insofar as they are substantially the same as the provisions of the Metropolitan Water District Act (Chapter 429, Statutes of 1927), shall be construed as restatements and continuations of said act and not as new enactments, it being the intention of the Legislature, by this act, to repeal and reenact the provisions of said act without making any substantive changes therein.

#### **Sec. 17. [Effect on Public Agencies of Inclusion Within District]**

The inclusion in a metropolitan water district of the corporate area, in whole or in part, of any public agency shall not destroy the identity or legal existence or impair the powers of any such public agency notwithstanding the identity of purpose, or substantial identity of purpose, of such metropolitan water district.

#### **Sec. 18. [Fiscal Year]**

The fiscal year of any metropolitan water district shall commence on the first day of July of each year and shall continue until the close of the 30th day of June of the year following.

#### **Sec. 19. [References Applicable to Amendments]**

Whenever reference is made to any portion of this act or of any other law of this state, the reference applies to all amendments and additions heretofore or hereafter made.

#### **Sec. 20. [Section, Article, Chapter, Part]**

"Section," "article," "chapter," or "part" means a section, article, chapter, or part of this act, unless some other statute is specifically mentioned.

#### **Sec. 21. [Offices Continued]**

All persons who, at the time this act goes into effect, hold office under any of the laws that are repealed by this act, which offices are continued by this act, continue to hold the offices according to their former tenure.

**Sec. 22. [Actions or Proceedings Affected by Act]**

No action or proceeding which is commenced before this act takes effect, and no right which is accrued, is affected by any provision of this act, but all procedure thereafter taken in such action or proceeding shall conform to the provisions of this act so far as possible.

## Part 2. Formation

### CHAPTER 1

#### **TERRITORY AND PURPOSES**

##### **Sec. 25. [Purposes]**

Metropolitan water districts may be organized for the purpose of developing, storing, and distributing water for domestic and municipal purposes and may provide, generate, and deliver electric power within or without the state for the purpose of developing, storing, and distributing water for such district.

Amended by Stats. 1978, ch. 548

##### **Sec. 26. [Boundaries and Incorporation]**

Districts may be formed of the territory included within the corporate boundaries of any two or more public agencies, which need not be contiguous, and may be incorporated and organized and thereafter governed, maintained and operated pursuant to this act. Each such district when so incorporated shall be a separate and independent political corporate entity.

## CHAPTER 2

### ORDINANCE OF INCORPORATION

#### **Sec. 30. [Initiating Ordinance]**

The legislative body of a public agency may pass an ordinance declaring that the public convenience and necessity require the incorporation of a metropolitan water district. The ordinance shall state each of the following:

(a) It is proposed to incorporate a metropolitan water district under the provisions of this act.

(b) The names of the public agencies proposed to be included within the district to be incorporated.

(c) The name of the proposed district.

(d) An estimate of the preliminary costs and expenses of incorporating and organizing the proposed district and an apportionment of such costs and expenses among the several public agencies proposed to be included within such district. Such apportionment shall be substantially in accordance with population as shown by the most recent federal census.

#### CASE NOTE

Chartered city initiating proceedings for incorporation of a metropolitan water district is not performing a municipal affair within the meaning, of Art. XI, Sec. 6, of California Constitution.

*City of Pasadena v. Chamberlain*, 204 Cal. 653. 659-661, 269 Pac. 630 (1928).

#### **Sec. 31. [Notice of Ordinance]**

The clerk of the legislative body of the public agency, upon the taking effect of such ordinance, shall forthwith transmit a certified copy by registered mail to the chief executive officer of each of the other public agencies named in the ordinance.

#### **Sec. 32. [Action on Ordinance]**

Within 60 days after the receipt by any public agency named in the ordinance of a certified copy of such ordinance, the legislative body of the public agency shall by order either approve or reject such ordinance without alteration or amendment. In the event that the legislative body of any public agency shall fail to act upon such ordinance within such period of

60 days after receipt of a certified copy, such public agency shall be deemed to have rejected such ordinance.

**Sec. 33. [Notice of Action on Ordinance]**

Immediately upon the approval or rejection of such ordinance by the legislative body of any public agency, the clerk thereof shall forward to the clerk of the public agency initiating the proceedings a certified copy of the order approving or rejecting such ordinance, as the case may be. Each public agency thus approving such ordinance shall promptly pay over to the public agency initiating the proceedings, the sum of money apportioned to it by the public agency initiating the proceedings as its share of the preliminary costs and expenses of the incorporation and organization of such district, and the money so paid shall constitute a fund for the purpose of defraying such costs and expenses of conducting the election required by this part as are not met by the respective public agencies, and such incidental expenses as may be properly incurred in connection therewith. Each public agency so contributing money shall be entitled to credit with the district for the amount contributed.

## CHAPTER 3

### FORMATION ELECTION

#### **Sec. 35. [Call for Election]**

Within 120 days after the transmission of the original ordinance, as provided in Section 31, but not before either each public agency named in the ordinance shall have acted on it or the 60-day periods shall have expired, the legislative body of the initiating public agency shall call and provide for the holding of a special election in all of the public agencies, the legislative bodies of which have approved the original ordinance, including the initiating public agency, at which election the proposition of the incorporation of such metropolitan water district shall be submitted to the electors residing within such public agencies for ratification or rejection. Such election may be held separately or may be consolidated or held concurrently with any other election or elections authorized by law at which the electors residing in all of the public agencies in which the election called pursuant to this section is to be held are entitled to vote.

#### **Sec. 36. [Election Procedure]**

The election shall be called by ordinance by the governing body of the initiating public agency. Such ordinance shall contain all of the following:

- (a) The names of all public agencies, the governing bodies of which have approved the original ordinance as provided in Section 32, in which public agencies such election shall be called to be held.
- (b) The day upon which such election shall be held.
- (c) The time for opening and closing polls.
- (d) The manner of voting for or against the proposition.

#### **Sec. 37. [Voting Precincts]**

The ordinance adopted pursuant to Section 36 shall also designate the precincts and polling places and shall appoint the officers of such election, which officers shall consist of one inspector, one judge and two clerks in each precinct. The description of precincts may be made by reference to any order or orders of the board of supervisors of the county or counties in which the proposed metropolitan water district, or any part thereof, shall be situated, or by reference to any provisions, order or ordinance of the legislative body of any public agency proposed to be included in the incorporation of such metropolitan water district, or by detailed description of such precincts. Precincts established by the boards of supervisors of the various counties to a number of not exceeding six may be consolidated for such special elections.

### **Sec. 38. [Concurrent and Consolidated Elections]**

Whenever the election shall be held concurrently with or shall be consolidated with any primary or general election, the precincts, polling places and officers of election shall be those designated and appointed for such primary or general election, and the ordinance calling the election need not designate precincts or polling places or name the election officers, but shall refer to the order or orders, or act or acts, by which such other election shall have been called, and by which the precincts and polling places for such other election shall have been fixed and the officers of election appointed.

### **Sec. 39. [Notice of Election]**

The ordinance calling the election shall be published once at least 10 days before the date of the election in a newspaper of general circulation printed and published in each county within the proposed metropolitan water district, and no other notice of election or further publication of the names of election officers or of the precincts or polling places need be given or made.

### **Sec. 40. [Ballot]**

The ballot used at the election held pursuant to this chapter shall contain the words "Shall the territory embraced within the corporate boundaries of the \_\_\_\_\_ become a part of the Metropolitan Water District" (inserting the name of the public agency in which such ballot shall be used and the name of the metropolitan water district as stated in the initiating ordinance) and the words "Yes" and "No" accompanied by voting squares set opposite thereto so that any elector may record his vote either for or against the proposition.

### **Sec. 41. [Canvass of Returns]**

Whenever the election, whether held separately or conducted concurrently with any other election, is conducted by the use of separate ballots, such ballots shall be counted by the respective election boards, and the returns shall be made to the governing board of the initiating public agency. At its first regular meeting occurring five days after such election, the governing board shall canvass the returns and declare the result.

### **Sec. 42. [Canvass In Event of Consolidated Election]**

In the event that the election is consolidated with any primary or general election pursuant to Section 38 and the proposition provided in Section 40 is printed upon a ballot containing other propositions, the returns of the election shall be made with the returns of the primary or general election to the boards of supervisors or other bodies whose duty it is to canvass the returns, and the results of the election shall be canvassed at the time and in the manner provided by law for the canvass of the returns of such primary or general election. It shall be the duty of such canvassing body or bodies to promptly certify and transmit to the governing body of the initiating public agency a statement of the result of the vote upon the proposition provided in Section 40 in

each of the respective public agencies, the returns for which have been made to such canvassing bodies. Upon the receipt of such certificates it shall be the duty of the governing body of the initiating public agency to tabulate and declare the result.

## CHAPTER 4

### ESTABLISHMENT OF DISTRICT

#### **Sec. 45. [Certification to Secretary of State]**

In the event the vote is in favor of establishment of the district, the governing body of the initiating public agency shall certify to the Secretary of State the proceedings had together with the result of the election conducted pursuant to this part, separately stating the names of the public agencies in which a majority of the electors voting upon the proposition have voted affirmatively if the total assessed valuation in such approving public agencies, as shown by county assessment records, is not less than two-thirds of the total assessed valuation within the district as proposed in the original ordinance according to the records of the county or counties.

#### **Sec. 46. [Certificate of Incorporation]**

The Secretary of State shall within 10 days after the receipt of such certificate of election issue a certificate of incorporation reciting that the district named in such certificate of election has been duly incorporated according to the laws of the State of California, and naming the public agencies of which the district shall be composed as shown by such certificate of election, which public agencies shall be those in which the majority of electors voting on the proposition of incorporation shall have voted affirmatively.

The Secretary of State shall transmit to each such public agency a copy of such certificate of incorporation. The incorporation of any metropolitan water district shall be effective from and after the date of the issuance of such certificate of incorporation, and such district shall thereupon become vested with all of the rights, privileges, and powers of a metropolitan water district.

#### **Sec. 47. [Validity of Incorporation]**

No invalidity or irregularity in any proceeding which does not substantially and adversely affect the interests of the electors of the district, or any member public agency, shall be held to invalidate the incorporation of any district.

Part 3. Internal Organization

CHAPTER 1

**BOARD OF DIRECTORS**

**Sec. 50. [Powers]**

All powers, privileges and duties vested in or imposed upon any district shall be exercised and performed by and through a board of directors.

**Sec. 51. [Appointment of Directors -- Indefinite Term]**

The board shall consist of at least one representative from each member public agency. The representatives shall serve without compensation from the district. They shall, at the option of the agency, either be designated and appointed by the chief executive officer of the member public agency with the consent and approval of the governing body of the agency or be selected by a majority vote of the governing body of the agency.

Amended by Stats. 1985, ch. 1531.

CASE NOTES

A member of the city council of a constituent city may be appointed director of the Metropolitan Water District, representing the area of that city, as the two offices are not incompatible.

*People v. Carter* (1936) 12 Cal.App.2d 105, 110, 54 P.2d 1139.

The requirement of a city charter that a city councilman shall devote his whole time to the duties of his office does not disqualify him from accepting appointment as director of the Metropolitan Water District.

*People v. Carter* (1936) 12 Cal.App.2d 105, 111, 54 P.2d 1139.

The mayor of a constituent city may be appointed by the council as director from that city for the Metropolitan Water District, especially where the city charter does not definitely make the mayor the chief executive officer, but implies that the council itself is the chief executive officer.

*People v. Carter* (1936) 12 Cal.App.2d 105, 108-109, 54 P.2d 1139.

**Sec. 52. (First of two; Operative until January 1, 2001) [Additional Directors]**

(a) In addition to one representative, any member public agency may designate and appoint several representatives not exceeding one additional representative for each full 3 percent of the assessed valuation of property taxable for district purposes within the entire district that is within such member public agency, in which event all such representatives present at a meeting

of the board of directors when a vote is taken shall cast, or may abstain from casting, an equal share of the total vote to which such member public agency is entitled.

(b) This section shall remain in effect only until January 1, 2001, and as of that date is repealed, unless a later enacted state, that is enacted before January 1, 2001, deletes or extends that date.

Amended by Stats. 1972, ch. 80; Stats. 1998 ch 781, operative until January 1, 2001.

### **Sec. 52. (Second of two; Operative January 1, 2001) [Additional Directors]**

(a) In addition to one representative, any member public agency may designate and approve several representatives not exceeding one additional representative for each full 5 percent of the assessed valuation of property taxable for district purposes within the entire district that is within such member agency, in which event all such representatives present at a meeting of the board of directors when a vote is taken shall cast, or may abstain from casting, an equal share of the total vote to which such member public agency is entitled.

(b) This section shall become operative on January 1, 2001.

Amended by Stats. 1998 ch. 781, operative January 1, 2001.

### **Sec. 53. [Incumbent not Deprived of Office]**

No incumbent representative shall be deprived of his office by reason of an increase in the amount of the assessed valuation required to authorize the designation and appointment of additional representatives, nor by reason of any decrease in the assessed valuation of the member public agency which he represents occurring after his assumption of office.

### **Sec. 54. [Appointment of Directors -- Specified Term]**

In lieu of the appointment of members to the board pursuant to Sections 51 or 52 for an indefinite term at the pleasure of the appointing power, a member public agency may, by ordinance, provide that each representative of that member public agency shall serve for a term of four years commencing on the first day of January of an odd-numbered year, and thereafter (1) until the expiration of his term, or (2) until his successor has been appointed and qualified, in accordance with the following provisions:

(a) The term of office of an incumbent representative of a member public agency with only one representative on the board on the effective date of such ordinance shall expire on the next succeeding 31st day of December of an even-numbered year following such effective date, or thereafter when his successor has been appointed and qualified.

(b) The appointing power of a member public agency which has more than one representative on the board shall designate the term of each such representative so that to the extent possible the term of an equal number of directors will expire on the next succeeding 31st day of December of an even-numbered year following the effective date of such ordinance and on the 31st day of December of the next succeeding evennumbered year, or thereafter when their successors have been appointed and qualified.

(c) A person appointed to fill a vacancy shall hold office for the unexpired term of his predecessor.

(d) Any director so appointed for a specified term may be removed by the appointing power for cause.

(e) The repeal of such ordinance shall not affect the term of an incumbent representative appointed pursuant to such ordinance.

Amended by Stats. 1973, ch. 562.

#### **Sec. 55. [Voting by Board]**

Each member of the board shall be entitled to vote on all questions, orders, resolutions and ordinances coming before the board, and shall be entitled to cast one vote for each ten million dollars (\$10,000,000), or major fractional part thereof, of assessed valuation of property taxable for district purposes in the member public agency represented by him as shown by the assessment records of the county and evidenced by the certificate of the county auditor. However, each member of the board shall have at least one vote, but no member public agency shall have votes exceeding in number the total number of votes of all other member public agencies. As used in this section, "major fractional part" means a fractional part larger than one-half.

#### **Sec. 56. [Appointment to Board of Member of Public Agency Governing Body]**

Any member of a governing body of a member public agency may be appointed by that agency to the board of a district to serve as the agency's representative, except that in the case of agencies with several such representatives a majority of the members of the governing body of that agency may not be so appointed by that agency to serve as representatives on the board of the district. Any director holding such dual offices shall not vote upon any contract between a district and the member public agency he or she represents on the district's board.

Added by Stats. 1969, ch. 441; amended by Stats. 1995, ch. 27.

#### **Sec. 57. [Vote Required for Board Action]**

The affirmative votes of members representing more than 50 percent of the total number of votes of all the members shall be necessary and, except as otherwise expressly provided, shall be sufficient to carry any order, resolution or ordinance coming before the board.

Amended by Stats. 1969, ch. 441.

#### **Sec. 58. [Adjournment of Meetings]**

Any meeting of the board may be adjourned or recessed from day to day or from time to time, by vote of the directors present, irrespective of the number of directors present or the number of votes represented at such meeting.

Amended by Stats. 1969, ch. 441.

#### **Sec. 59. [Organizational Meeting]**

The first meeting of the board shall convene at the time and place fixed by the chief executive officer of the public agency initiating the incorporation proceedings, and immediately upon convening, the board shall elect from its membership a chairman, a vice chairman, and a secretary, who shall serve for a period of two years, or until their respective successors are elected.

Amended by Stats. 1969, ch. 441.

#### **Sec. 60. [Recall of Directors]**

Every member of the board of a district formed pursuant to this act shall be subject to recall by the voters of the public agency from which such member is appointed in accordance with the recall provisions applicable to such public agency.

Amended by Stats. 1969, ch. 441.

#### **Sec. 61. [Ordinances, Resolutions and Orders]**

The board may make and pass ordinances, resolutions and orders necessary for the government and management of the affairs of the district, for the execution of the powers vested in the district and for carrying into effect the provisions of this act.

Amended by Stats. 1969, ch. 441.

#### **Sec. 62. [Action by Ordinance]**

Any action required by this act to be done by resolution may be done, with equal validity, by ordinance.

Amended by Stats. 1969, ch. 441.

**Sec. 63. [Roll Call on Ordinances]**

On all ordinances the roll shall be called and the ayes and noes recorded. Resolutions and orders may be adopted by viva voice, but on demand of any member the roll shall be called.

Amended by Stats. 1969, ch. 441.

**Sec. 64. [Ordinances; introduction; Adoption]**

No ordinance shall be adopted unless it shall have been introduced on a day previous to the time of such adoption or unless it is adopted by unanimous vote of all the members of the board present and there are directors present from not less than three-fourths of all the member public agencies who represent not less than three-fourths of the total vote of the board. In lieu of such previous introduction or unanimous vote any ordinance may be mailed by registered mail, postage prepaid, to each member of the board at least five days prior to the day upon which such ordinance shall be presented for adoption.

Amended by Stats. 1969, ch. 441.

**Sec. 65. [Ordinances -- Effective Date]**

An ordinance adopted by the board shall take effect 30 days following its adoption, except that an ordinance ordering or otherwise relating to an election or to the issuance or sale of bonds or to the levying or collection of taxes or the fixing of water rates shall take effect upon its adoption. An ordinance necessary for the immediate preservation or protection of the property, interests or welfare of the district, which contains a specific statement showing its urgency, and is passed by three-fourths of the total vote of the board shall also take effect upon its adoption.

Amended by Stats. 1969, ch. 441.

**Sec. 66. [Ordinances -- Referendum]**

All ordinances except those which take effect upon their adoption as provided in Section 65 shall be subject to referendum in the manner provided by law for the legislative acts of boards of supervisors of counties.

Amended by Stats. 1969, ch. 441.

**Sec. 67. [Delegation of Board Power]**

The exercise of any executive, administrative and ministerial powers may be delegated and redelegated by the board to any of the offices created by this part or by the board.

Amended by Stats. 1969, ch. 441.

**Sec. 68. [Meetings]**

The board may fix the time and place or places at which its regular meetings shall be held, and shall provide for the calling and holding of special meetings.

Amended by Stats. 1969, ch. 441.

**Sec. 69. [Location of Offices]**

The board may fix the location of the principal place of business of the district and the location of all offices and departments maintained pursuant to this act.

Amended by Stats. 1969, ch. 441.

**Sec. 70. [Business Administration]**

The board may prescribe a system of business administration.

Amended by Stats. 1969, ch. 441.

**Sec. 71. [Civil Service]**

The board may prescribe a system of civil service.

Amended by Stats. 1969, ch. 441.

**Sec. 72. [Audits, Claims]**

The board may prescribe a method of auditing and allowing or rejecting claims and demands.

Amended by Stats. 1969, ch. 441.

**Sec. 73. [Delegation of Power to Employ]**

The board may delegate to officers of the district the power to employ personnel.

Amended by Stats. 1969, ch. 441.

**Sec. 74. [Delegation of Power to Contract]**

The board may delegate to officers of the district, under such conditions and restrictions as shall be fixed by the board, the power to bind the district by contract.

Amended by Stats. 1969, ch. 441.

**Sec. 75. [Providing for Administration of Affairs]**

All matters and things necessary for the proper administration of the affairs of the district which are not provided for in this act shall be provided for by the board.

Amended by Stats. 1969, ch. 441.

**Sec. 76. [Retirement System]**

The board may establish a retirement system for the officers and employees of the district or may contract with the state pursuant to the Public Employees Retirement Law.

Added by Stats. 1969, ch. 441.

**Sec. 77. [Change of Name]**

The board may by resolution change the name of the district. A certified copy of the resolution shall be recorded in the office of the recorder of every county wherein any portion of the area of the district is located and shall be filed with the Secretary of State and the county clerk of every such county.

Added by Stats. 1985, ch. 1531.

## CHAPTER 2

### OFFICERS AND EMPLOYEES

#### **Sec. 80. [Creation of Offices]**

The board may create any and all necessary offices which shall include the offices of controller and of treasurer and may include the offices of general manager, general counsel and of executive secretary.

Amended by Stats. 1969, ch. 441.

#### **Sec. 81. [Powers, Duties and Compensation of Officers and Employees]**

The board may establish and reestablish the powers and duties and compensation of all officers and employees.

#### **Sec. 82. [Official Bonds]**

The board may require and fix the amount of all official bonds necessary for the protection of the funds and property of the district.

#### **Sec. 83. [Deposit of Funds]**

The treasurer may deposit funds of the district in banks in the manner provided by law for the deposit of moneys of a municipality or other public or municipal corporation.

Amended by Stats. 1969, ch. 441.

Note: Former Chapter 3, pertaining to Conflict of Interest, repealed by Stats. 1970, ch. 447. Former Chapter 4, pertaining to a Retirement System, repealed by Stats. 1969, ch. 441.

Part 4. Powers and Purposes

CHAPTER 1

**POWERS GENERALLY**

**Sec. 120. [Express and Implied Powers]**

A district may exercise the powers which are expressly granted by this act, together with such powers as are reasonably implied from the act and necessary and proper to carry out the objects and purposes of the district.

**Sec. 121. [Perpetual Succession:, Seal]**

A district may:

- (a) Have perpetual succession
- (b) Adopt a corporate seal and alter it at pleasure.

**Sec. 122. [Contracts and Employment]**

A district may:

- (a) Enter into contracts, employ and retain personal services, and employ laborers.
- (b) Create, establish, and maintain such offices and positions as shall be necessary and convenient for the transaction of the business of the district.
- (c) Elect, appoint and employ such officers, attorneys, agents and employees as shall be found by the board to be necessary and convenient.

**Sec. 123. [Borrowing, Limitation]**

A district may borrow money and incur indebtedness and issue bonds or other evidence of such indebtedness, except that no district shall incur indebtedness which, in the aggregate, shall exceed 15 percent of the assessed valuation of all the taxable property included within the district, as shown by the assessment records of the county or counties.

A contract between the State and a metropolitan water district for a water supply from the State Water Resources Development System was a contract for the furnishing of continued water service in the future, payments by the district being contingent upon performance of contractual duties by the State and not incurred at the outset, so the district did not incur an indebtedness in excess of that permitted by former Section 5(7) of the Metropolitan Water District Act (now Sec. 123).

*Metropolitan Water District v. Marquardt*, 59 Cal.2d 159, 28 Cal. Rptr. 724 (1963).

#### **Sec. 124. [Taxes, Levy and Limitation]**

A district may levy and collect taxes on all property within the district for the purposes of carrying on the operations and paying the obligations of the district, except that such taxes, exclusive of any tax levied to meet the bonded indebtedness of such district and the interest thereon, exclusive of any tax levied to meet any obligation to the United States of America or to any board, department or agency thereof, and exclusive of any tax levied to meet any obligation to the state pursuant to Section 11652 of the Water Code, shall not exceed five cents (\$0.05) on each such one hundred dollars (\$100) of assessed valuation. The term "tax levied to meet the bonded indebtedness of such district and the interest thereon" as used in this section shall also include, but shall not be limited to, any tax levied pursuant to Section 287 to pay the principal of, or interest on, bond anticipation notes and any tax levied under the provisions of any resolution or ordinance providing for the issuance of bonds of the district to pay, as the same shall become due, the principal of any term bonds which under the provisions of such resolution or ordinance are to be paid and retired by call or purchase before maturity with moneys set aside for that purpose.

Amended by Stats. 1969, ch. 441.

#### CASE NOTE

An article in a contract between the State and a metropolitan water district for a water supply from the State Water Resources Development System which article is based upon Water Code Section 11652, requiring the district to levy a tax to provide for all payments due under the contract, does not contravene former Section 5(8) of the Metropolitan Water District Act, imposing a limit on taxation, as Section 11652 is a special provision relating only to taxation to meet obligations from water contracts with state agencies, whereas said Section 5(8) is a general provision relating to taxation by a district for all purposes and the special provision controls the general provision.

*Metropolitan Water District v. Marquardt*, 59 Cal.2d 159, 28 Cal. Rptr. 724 (1963).

#### **Sec. 124.5. [Ad valorem Tax Limitation]**

Subject only to the exception in this section and notwithstanding any other provision of law, commencing with the 1990-91 fiscal year any ad valorem property tax levied by a district on taxable property in the district, other than special taxes levied and collected pursuant to annexation proceedings pursuant to Articles 1 (commencing with Section 350), 2 (commencing with Section 360), 3 (commencing with Section 370), and 6 (commencing with Section 405) of Chapter 1 of Part 7, shall not exceed the composite amount required to pay (1) the principal and interest on general obligation bonded indebtedness of the district and (2) that portion of the district's payment obligation under a water service contract with the state which is reasonably

allocable, as determined by the district, to the payment by the state of principal and interest on bonds issued pursuant to the California Water Resources Development Bond Act as of the effective date of this section and used to finance construction of facilities for the benefit of the district. The restrictions contained in this section do not apply if the board of directors of the district, following a hearing held to consider that issue, finds that a tax in excess of these restrictions is essential to the fiscal integrity of the district, and written notice of the hearing is filed with the offices of the Speaker of the Assembly and the President pro Tempore of the Senate at least 10 days prior to that date of the hearing.

Added by Stats. 1984, ch. 271.

### **Sec. 125. [Investment of Surplus Money]**

Investment of surplus moneys of a district is governed by Article 1 (commencing with Section 53600) of Chapter 4, Part 1, Division 2, Title 5 of the Government Code.

Amended by Stats. 1969, ch. 441.

### **Sec. 125.5 Guidelines for intended use of unreserved fund balances.**

On or before June 20, 2002, the board of directors of a district shall adopt a resolution establishing guidelines for the intended use of unreserved fund balances. The guidelines shall require that any disbursement of funds to member public agencies that represents a refund of money paid for the purchases of water shall be distributed based upon each member agency's purchase of water from the district during the previous fiscal year.

Added Stats. 2001 ch 632 §1 (SB350)

### **Sec. 126. [Dissemination of Information]**

A district may disseminate information concerning the activities of the district, and whenever it shall be found by two-thirds vote of the board to be necessary for the protection of district rights and properties, the district may disseminate information concerning such rights and properties, and concerning matters which, in the judgment of the board, may adversely affect such rights and properties. Expenditures during any fiscal year for the purposes of this section shall not exceed one-half of one cent (\$0.005) for each one hundred dollars (\$100) of assessed valuation of the district.

### **Sec. 126.5.[Proscription on Use of Public Money for Investigations Relating to Elected Officials, Advocacy Groups, or Interested Persons: Right to Public Records]**

(a) The Metropolitan Water District of Southern California and its member public agencies may not expend any public money for contracting with any private entity or person to undertake research or investigations with regard to the personal backgrounds or the statements of

economic interest of, or the campaign contributions made to, elected officials who vote on public policies affecting the Metropolitan Water District of Southern California, or advocacy groups or interested parties who may have matters pending before the board of the Metropolitan Water District of Southern California or its member public agencies.

(b) Nothing in this section prevents any board member, officer, or employee of the Metropolitan Water District of Southern California or of a member public agency of that district from exercising the right to obtain public records pursuant to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

Added by Stats. 1999, ch. 415

**Sec. 126.7 [Establishment of Office of Ethics; Adoption of rules and penalties for Violations]**

(a) The Metropolitan Water District of Southern California shall establish and operate an Office of Ethics and adopt rules relating to internal disclosure, lobbying, conflicts of interest, contracts, campaign contributions, and ethics for application to its board members, officers, and employees consistent with the intent and spirit of the laws and regulations of the Los Angeles City Ethics Commission, the Fair Political Practices Commission, and the Los Angeles County Metropolitan Transportation Authority.

(b) The rules described in subdivision (a) shall address, and seek to avoid potential ethical abuses relating to, all of the following matters:

(1) The direct and indirect business relationships between board members, contractors, and vendors, and between board members and officers or employees of member public agencies.

(2) The solicitation of campaign contributions by board members, officers, or employees and the receipt of contributions from bidders, contractors, or subcontractors.

(3) Public notice and approval procedures for contracts of fifty thousand dollars (\$50,000) or more.

(c) (1) The office shall operate as an independent entity that is not subject to political influence and shall be staffed with professional, qualified persons.

(2) The office shall adopt the rules described in subdivision (a) for approval by the board, educate the board, staff, contractors, and subcontractors concerning those rules, and shall investigate complaints concerning the violation of those rules.

(3) The office shall adopt procedures for protecting the confidentiality of sources, the job security of “whistle blowers,” and due process rights of the accused.

(d) Subject to paragraph (3) of subdivision (c), the office shall make available to the public the results of the investigation that it undertakes.

(e) The office shall propose, and the board shall adopt, a schedule of penalties for violations of the rules described in subdivision (a) by board members, officers, staff, or contractors.

(f) For any association of individuals or entities that includes board members, officers, or employees of the Metropolitan Water District of Southern California or of a member public agency of that district that is known by a name other than the Metropolitan Water District of Southern California or the name of a member public agency of the district, the rules of ethics shall prohibit any association structure or identification that is likely to mislead the public as to the association's true identity, its source of funding, or its purpose.

(g) Nothing in this section prohibits the Metropolitan Water District of Southern California, a member public agency of that district, or a board member, officer, or employee of the Metropolitan Water District of Southern California or of a member public agency of the district, from participating in, or, providing funding in a clearly identifiable way for, an association formed for the purpose of undertaking legitimate activities, including, but not limited to, advocating on behalf of that association before a local agency, the Legislature, or the United States Congress.

Added by Stats. 1999, ch. 415

**Sec. 127. (Operative until January 1, 2010) [Annual Report on Allegations of Improper Activities by District]**

(a) Commencing on or before February 1, 2000, and each February 1 thereafter, the Metropolitan Water District of Southern California shall submit to the Legislature a report that includes a description of the complaints and other communications submitted to the district from member public agencies that allege unethical, unauthorized, or illegal activities by the district against any member public agency or the public, in the previous calendar year.

(b) The Metropolitan Water District of Southern California shall include in the report a description of the actions taken by the district in response to the complaints and litigation.

(c) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

Added by Stats. 1999, ch. 524; amended by Stats. 2004, ch 155.

## CHAPTER 2

### WATER

#### **Sec. 130. [General Powers to Provide Water Services]**

A district may do all of the following:

- (a) Acquire water and water rights within or without the state.
- (b) Develop, store, and transport water.
- (c) Provide, sell, and deliver water at wholesale for municipal and domestic uses and purposes.
- (d) Fix the rates for water, and the amount of any water standby or availability service charge or assessment. Any such water standby or availability service charge or assessment shall be deemed to be amounts paid by the member public agency to the district on tax assessments.
- (e) Acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient to the exercise of the powers granted by this section.

Amended by Stats. 1984, ch. 271.

#### **Sec. 130.5 [Legislative Findings and Declarations Relating to Conservation]**

- (a) The Legislature finds and declares all of the following:
  - (1) The Metropolitan Water District of Southern California reports that conservation provides 7 percent of its “water resource mix” for 1998, and conservation is projected to provide 13 percent of its total water resources by 2020. Conservation, water recycling, and groundwater recovery, combined, provide 12 percent of the district’s total water resources for 1998 and those water resources are projected to increase to 25 percent of the district’s total water resources by 2020.
  - (2) It is the intent of the Legislature that the Metropolitan Water District of Southern California expand water conservation, water recycling, and groundwater recovery efforts.
- (b) The Metropolitan Water District of Southern California shall place increased emphasis on sustainable, environmentally sound, and cost-effective water conservation, recycling, and groundwater storage and replenishment measures.

(c) The Metropolitan Water District of Southern California shall hold an annual public hearing, which may be held during a regularly scheduled meeting of the Board of Directors of the Metropolitan Water District of Southern California during which the district shall review its urban water management plan, adopted pursuant to Part 2.6 (commencing with Section 10610) of Division 6 of the Water Code, for adequacy in achieving an increased emphasis on cost-effective conservation, recycling, and groundwater recharge in accordance with this section. The Board of Directors of the Metropolitan Water District of Southern California may modify any ongoing program as necessary to meet that requirement consistent with the district's urban water management plan.

(d) The district shall invite to the hearings knowledgeable persons from the fields of water conservation and sustainability, and shall consider factors of availability, water quality, regional self-sufficiency, benefits for species and environment, the totality of life-cycle costs, including avoided costs, and short- and long-term employment and economic benefits.

(e) On or before February 1, 2001, and on or before each February 1 thereafter, the Metropolitan Water District of Southern California shall prepare and submit to the Legislature a report on its progress in achieving the goals of increased emphasis on cost-effective conservation, recycling, and groundwater recharge in accordance with this section, and any recommendations for actions with regard to policy or budget matters to facilitate the achievement of those goals.

(f) Nothing in this section shall diminish the authority of the Metropolitan Water District of Southern California pursuant to Section 25 or any other provision of this act, or otherwise affect the purposes of the Metropolitan Water District of Southern California as described in existing law.

Added Stats. 1999, ch. 415.

**Sec. 130.7 [Programs of Groundwater Recharge and Replenishment, Watershed Management, Habitat Restoration, and Environmentally Compatible Community Development]**

(a) The Metropolitan Water District of Southern California in cooperation with the following entities, shall participate in considering programs of groundwater recharge and replenishment, watershed management, habitat restoration, and environmentally compatible community development utilizing the resource potential of the Los Angeles River, the San Gabriel River, or other southern California rivers, including storm water runoff from these rivers:

(1) Member public agencies whose boundaries include any part of the Los Angeles River, the San Gabriel River, or any other river in southern California.

(2) The Water Replenishment District of Southern California.

(3) Local public water purveyors and other appropriate groundwater entities.

(4) The County of Los Angeles.

(5) The United States Army Corps of Engineers.

(b) Nothing in this section affects the powers and purposes of the Water Replenishment District of Southern California or any other groundwater management entity, the County of Los Angeles, local public water purveyors, or the United States Army Corps of Engineers.

Added Stats 1999, ch. 415.

**Sec. 131. [Sales to United States, State of California and Private Corporations and Public Agencies]**

(a) A district may provide, sell, and deliver water and water service to the United States of America or to any board, department or agency thereof or to the State of California for any use or purpose pursuant to contract therefor.

The contract may be for permanent service, but shall provide for the furnishing of the water or water service upon terms and conditions and at rates which will apportion an equitable share of the capital cost and operating expense of the district's works to the contractee. Every contract shall provide that at the end of five years from the date of its execution and every three years thereafter there shall be such readjustment of the contract, upon the demand of either party thereto, either upward or downward as to rates, as the board of directors of the district may find to be just and reasonable in order to effectuate the equitable apportionment of the capital costs and operating expense.

(b) A district may provide, sell, and deliver water and water service, by a contract not to exceed 50 years, to any private corporation or public agency, or combination thereof, for use in connection with, or ancillary to, the generation of electric power at plants which are located outside of the district but which generate power the major portion of which is used directly, or indirectly through exchange, within the district, or for pumping, producing, treating, or reclaiming water for use within the district. The contracts shall not aggregate more than 100,000 acre-feet of water from the Colorado River and more than 60,000 acre-feet of water from the State Water Resources Development System in any one year during that period. Every contract shall provide that agricultural waste water, brackish ground water, or other water not suitable for domestic, municipal, or agricultural purposes shall be utilized for powerplant cooling to the extent practicable, and if not immediately available, the waste or brackish water, as it becomes available and to the extent practicable, shall replace the fresh water then being used for that purpose. The water and water service shall be furnished by the district at charges not less than those corporations or agencies would pay in general taxes to the district, the substantial equivalent of what those corporations or agencies would pay, directly or indirectly, as a result of a service charge or assessment imposed by and within the district, and the water rate of the district applicable to the classification of water delivered to those plants if the plants were located

within the district, and in the case of a public agency within the district, if the plants were located within that agency. No contract shall be entered into pursuant to this subdivision to provide, sell, and deliver water and water service for use within the service area of any agency which has a contract with the State of California for a water supply under the State Water Resources Development System without the prior written consent of that agency and the Director of Water Resources of the State of California.

(c) All water contracted for under this section shall be deemed not to be surplus water available for sale pursuant to Section 132. For purposes of this section the term "public agency" shall mean a county, city, district, local agency, public authority or public corporation.

Amended by Stats. 1974, ch. 929 and Stats. 1984, ch. 271.

Note: Stats. 1974, ch. 929 also provides: 2. It is the intent of the Legislature, recognizing the need to maintain, preserve, conserve and otherwise continue in existence open space lands outside the boundaries of the Metropolitan Water District of Southern California for the production of food and fiber, that in the enactment of this act, the district shall not be empowered, in the exercise of the authority granted by this act, to modify, alter, or affect any priority to water for agricultural purposes outside the district's boundaries, or cause an increase in the district's entitlement to water in excess of that to which the district would be entitled in the absence of such authority.

It is also the intent of the Legislature that nothing in this act either affects existing water rights in the state or gives the Metropolitan Water District of Southern California any additional powers or duties other than the authority to provide, by contract, water outside its boundaries for use in connection with the generation of electric power.

### **Sec. 132. [Sale of Surplus Water]**

(a) A district may provide, sell and deliver surplus water not needed or required for domestic or municipal uses within the district for beneficial purposes, but shall give preference to uses within the district. The supplying of surplus water shall be subject to the paramount right of the district to discontinue that supply in whole or in part, and to take and hold, or to provide, sell and deliver, that water for domestic or municipal uses within the district, upon one year's written notice to the purchaser or user of that surplus water. The notice shall be given by the board whenever the board determines and declares, by resolution adopted by a two-thirds vote, that the water is needed or required for domestic or municipal uses within the district.

(b) For the purposes of this act, any water purchased at the uniform rate or rates established by the district for domestic or municipal uses and used for beneficial purposes with that district shall be deemed to be water for domestic or municipal uses and not surplus water.

Amended by Stats. 1999, ch. 46

### **Sec. 133. [Fixing of Water Rates]**

The board shall fix the rate or rates at which water shall be sold. Such rates, in the discretion of the board, may differ with reference to different sources from which water shall be obtained by the district. The board, under conditions and on terms found and determined by the

board to be equitable, may fix rates for the sale and delivery to member public agencies of water obtained by the district from one source of supply in substitution for water obtained by the district from another and different source of supply, and may charge for such substitute water at the rate fixed for the water for which it is so substituted.

#### **Sec. 134. [Adequacy of Water Rates; Uniformity of Rates]**

The Board, so far as practicable, shall fix such rate or rates for water as will result in revenue which, together with revenue from any water stand-by or availability service charge or assessment, will pay the operating expenses of the district, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by the district, and provide for the payment of the interest and principal of the bonded debt subject to the applicable provisions of this act authorizing the issuance and retirement of the bonds. Those rates, subject to the provisions of this chapter, shall be uniform for like classes of service throughout the district.

Amended by Stats. 1984, ch. 271

#### **Sec. 134.5. [Water Standby or Availability of Service Charge]**

(a) The board may, from time to time, impose a water standby or availability service charge within a district. The amount of revenue to be raised by the service charge shall be as determined by the board.

(b) Allocation of the service charge among member public agencies shall be in accordance with a method established by ordinance or resolution of the board. Factors that may be considered include, but are not limited to, historical water deliveries by a district; projected water service demands by member public agencies of a district; contracted water service demands by member public agencies of a district; service connection capacity; acreage; property parcels; population, and assessed valuation, or a combination thereof.

(c) The service charge may be collected from the member public agencies of a district. As an alternative, a district may impose a service charge as a standby charge against individual parcels within the district.

In implementing this alternative, a district may exercise the powers of a county water district under Section 31031 of the Water Code, except that, notwithstanding Section 31031 of the Water Code, a district may (1) raise the standby charge rate above ten dollars (\$10) per year by a majority vote of the board, and (2) after taking into account the factors specified in subdivision (b), fix different standby charge rates for parcels situated within different member public agencies.

(d) Before imposing or changing any water standby or availability service charge pursuant to this section, a district shall give written notice to each member public agency not less than 45 days prior to final adoption of the imposition or change.

(e) As an alternative to the two methods set forth in subdivision (c), a district, at the option of its board, may convert the charge to a benefit assessment to be levied pursuant to Sections 134.6 to 134.9, inclusive.

Added by Stats. 1984, ch. 271.

#### **Sec. 134.6. [Benefit Assessment General Authority]**

(a) The board may by ordinance or resolution, adopted after notice and public hearing, determine and propose for adoption, subject to the approval of the voters as provided in subdivision (e), an annual water standby or availability assessment on each parcel of real property within the jurisdiction of each member public agency of the district, except that the board shall not impose an assessment upon a federal or state governmental agency or another local agency.

(b) The board may establish zones or areas of benefit within the district or within its member public agencies and may restrict the imposition of the assessments to areas lying within one or more of the zones or areas of benefit established within the district or within its member public agencies.

(c) The benefit assessment shall be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, within the boundaries of the district, member public agency, zone, or area of benefit.

(d) The assessment may be levied against any parcel, improvement, or use of property to which water service, through a member public agency, may be made available, directly or indirectly, whether or not that service is actually used.

(e) An ordinance or resolution adopted pursuant to subdivision (a) shall be submitted to the eligible voters within the district and shall take effect upon approval of the proposition by a majority of the voters voting on the proposition. The election shall be held and conducted substantially in accordance with Article 2 (commencing with Section 210) of Chapter 1 of Part 5.

Added by Stats. 1984, ch. 271.

#### **Sec. 134.7. [Benefit Assessment Hearing]**

(a) For the first fiscal year in which a benefit assessment is proposed to be levied pursuant to this act, the board shall cause a written report to be prepared and filed with the executive secretary of the district which shall contain all of the following information:

(1) A description of the service proposed to be financed through the revenue derived from the assessment.

(2) A description of each lot or parcel of property proposed to be subject to the benefit assessment. The assessor's parcel number shall be a sufficient description of the parcel.

(3) The amount of the proposed assessment for each parcel.

(4) The basis and schedule of the assessment.

(b) The executive secretary shall cause notice of the filing of the report and of a time, date, and place of hearing thereon to be published pursuant to Section 6066 of the Government Code and posted in at least one public place within the jurisdiction of each affected member public agency.

(c) At the hearing the board shall hear and consider all protests. At the conclusion of the hearing, the board may adopt, revise, change, reduce, or modify the proposed assessment. The board shall make a determination upon the assessment, as described in the report or as determined at the hearing, and shall, by ordinance or resolution, determine the proposed assessment.

Added by Stats. 1984, ch. 271.

#### **Sec. 134.8. [Benefit Assessment Collection]**

(a) The board may provide for the collection of the assessment in the same manner, and subject to the same penalties and priority of lien, as other charges and taxes fixed by and collected on behalf of the district, except that if for the first year the assessment is levied the real property on which the assessment is levied has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrancer for value has been created and attaches thereon, prior to the date on which the first installment of county taxes would become delinquent, the confirmed assessment shall not result in a lien against the real property but shall be transferred to the unsecured roll.

(b) If the assessments are collected by the county, the county may deduct its reasonable costs incurred for the service before remittal of the balance to the treasury of the district.

Added by Stats. 1984, ch. 271.

#### **Sec. 134.9. [Benefit Assessment -- Other Laws Available]**

In levying benefit assessments pursuant to Section 134.6, the board may use any of the provisions of the Benefit Assessment Act of 1982 (Chapter 6.1 (commencing with Section

54701) of Part 1 of Division 2 of Title 5 of the Government Code), the Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code), or the Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code) as a means for imposing and collecting the assessments.

Added by Stats. 1984, ch. 271.

### **Sec. 135. [Preferential Right to Purchase Water]**

Each member public agency shall have a preferential right to purchase from the district for distribution by such agency, or any public utility therein empowered by such agency for the purposes, for domestic and municipal uses within the agency a portion of the water served by the district which shall, from time to time, bear the same ratio to all of the water supply of the district as the total accumulation of amounts paid by such agency to the district on tax assessments and otherwise, excepting purchase of water, toward the capital cost and operating expense of the district's works shall bear to the total payments received by the district on account of tax assessments and otherwise, excepting purchase of water, toward such capital cost and operating expense.

### **Sec. 136. [Service of State Water; Blending]**

A district which has a contract with the state for a water supply from the State Water Resources Development System and also has an additional source of water for supplying member public agencies, shall serve as large an area as is determined by the district to be reasonable and practical with water from such system, and where a blend of the waters from such different sources is to be served, it shall be the objective of the district that, to the extent determined by such district to be reasonable and practical, not less than 50 percent of such blended water shall be water from the State Water Resources Development System.

Added by Stats. 1974, ch. 86.

## CHAPTER 2.5

### HYDROELECTRIC POWER

#### **Sec. 137. [Use of Water and Facilities for Power]**

A district may utilize any part of its water, and of its works, facilities, improvements and property used for the development, storage and transportation of water pursuant to Chapter 2 (commencing with Section 130) of this part, to provide, generate, and deliver hydroelectric power, and may acquire, construct, operate and maintain any and all works, facilities, improvements, and property necessary or convenient for such utilization.

Added by Stats. 1976, ch. 256.

#### **Sec. 138. [Use of Power by Others or District]**

A district may (a) pursuant to contract, provide, sell and deliver hydroelectric power to the United States of America or any board, department or agency thereof, to the State of California for the purposes of the State Water Resources Development System, and to any public agency defined in subdivision (c) of Section 131, private corporation or other person or entity, or any combination thereof, engaged in the sale of electric power at retail; or (b) use all or any part of such hydroelectric power directly, or indirectly through exchange, in exercising any of the powers described in Section 120 or otherwise provided by law.

Added by Stats. 1976, ch. 256.

## CHAPTER 2.6

### **ELECTRIC POWER**

#### **Sec. 139. [Authority to Provide Electric Power]**

A district may acquire, construct, operate, and maintain any and all works, facilities, improvements, and property to provide, generate, and deliver electric power within or without the state necessary or convenient to carry out the objects or purposes of the district.

Added by Stats. 1978, ch. 548.

#### **Sec. 139.1. [Electric Power Contracts; Direct Use]**

A district may (a) pursuant to contract, provide, sell, exchange, and deliver electric power to the United States of America or any board, department or agency thereof; to the State of California for the purposes of the State Water Resources Development System; and to any public agency defined in subdivision (c) of Section 131, private corporation or other person or entity, or any combination thereof, engaged in the sale of electric power at retail, or (b) use all or any part of such electric power directly or by exchange.

Added by Stats. 1978, ch. 548.

## CHAPTER 3

### PROPERTY

#### **Sec. 140. [Acquisition and Disposal of Property; Implied Powers]**

A district may take by grant, purchase, bequest, devise or lease, and may hold, enjoy, lease, sell or otherwise dispose of, any and all real and personal property of any kind within or without the district and within and without the state necessary or convenient to the full exercise of its powers. A district may acquire, construct or operate, control, and use any and all works, facilities, and means necessary or convenient to the exercise of its powers, both within and without the district and within and without the state, and may do and perform any and all things necessary or convenient to carry out any powers of the district.

#### **Sec. 141. [Eminent Domain]**

A district may exercise the power of eminent domain to take any property necessary to carry out any powers of the district except water and water rights already devoted to beneficial use and powerplants devoted to public use; however, a district may not exercise the power of eminent domain for the purpose of taking any water or right to water conserved or stored behind any flood control dam constructed by any flood control district created by act of the Legislature.

Amended by Stats. 1975, ch. 587.

#### **Sec. 142. [Occupation of Streets and State Lands]**

A district may construct and maintain works and establish and maintain facilities across or along any public street or highway and in, upon, or over any vacant public lands which are the property of the State of California, and may construct works and establish and maintain facilities across any stream of water or watercourse, except that the district shall promptly restore any such street or highway to its former state of usefulness as nearly as may be, and shall not use the same in such manner as to completely or unnecessarily impair the usefulness thereof.

#### **Sec. 143. [Application for Use of State Lands]**

The grant pursuant to Section 142 of the right to use vacant state lands shall be effective upon the filing by such district with the State Lands Commission, of an application showing the boundaries, extent, and locations of the lands, rights-of-way, or easements desired for such purposes.

If the lands, rights-of-way, or easements for which application shall be made are, or are across or on, other than school lands, no compensation shall be charged the district therefor.

If such lands, rights-of-way, or easements are, or are across or on, school lands, the district shall pay fair market value to the state for the estate conveyed.

Amended by Stats. 1970, ch. 981.

Note: Stats. 1970, ch. 981 also provides: 3. Nothing in this act shall be construed to limit or alter any power of a metropolitan water district granted pursuant to Section 130 of the Metropolitan Water District Act (Chapter 209 of the Statutes of 1969).

#### **Sec. 144. [Conveyance of Title to State Lands]**

Upon filing an application pursuant to Section 143, accompanied by a map or plat tied to a point of record showing the location or proposed location of such works or facilities, or both, the fee title to so much of such state lands as shall be found by the State Lands Commission to be necessary or convenient to enable such district to construct or maintain its works or to establish or maintain its facilities, or both, but reserving to the state all oil, gas, other hydrocarbons, minerals, and geothermal resources, shall be conveyed to such district by a patent executed by the Governor of the State of California, attested by the Secretary of State with the Great Seal of the state affixed and countersigned by the State lands Commission.

If an easement or right-of-way only over such lands is sought by the district, such easement or right-of-way shall be evidenced by a permit or grant executed by the State Lands Commission, which may reserve in such patents, grants, or permits, easements and rights-of-way across any lands therein described rights for any such purpose not inconsistent with grantee's use. Before any such patent, grant or permit shall be executed any compensation due to the state under the provisions of this chapter shall be paid.

Amended by Stats. 1970, ch. 981.

#### **Sec. 145. [No Fee to District]**

No fee shall be exacted from such district for any patent, permit or grant issued or for any service rendered pursuant to this chapter.

#### **Sec. 146. [Conditions to Use of Streets]**

In the use of streets the district shall be subject to the reasonable rules and regulations of the county or city in which such streets lie, concerning excavations and the refilling of excavations, the relaying of pavements and the protection of the public during periods of construction, except that the district shall not be required to pay any license or permit fees or file any bonds. The district may be required to pay reasonable inspection fees.

A city does not have authority under the Metropolitan Water District Act to require the Metropolitan Water District to perform at its expense "potholing" [uncovering and physically locating an underground facility] to determine the true location of District facilities under a city's streets when such facilities were in the streets before the public work project necessitating the potholing.

*City of Los Angeles v. Metropolitan Water District*, 115 Cal. App. 3d. 169, 171 Cal. Rptr. 217 (1981).

## CONTRACTS

[Note: Former Chapter 4 repealed by Stats. 1984, ch. 1128, but see Article 121, Metropolitan Water District, of Chapter 1.5 of Part 3 of Division 2 of the Public Contract Code of the State of California, commencing with Sec. 21560, which provides: The provisions of this article shall apply to contracts by a Metropolitan Water District, as provided for in Chapter 209 of the Statutes of 1969. For convenience, these provisions of the Public Contract Code are set forth below.]

### **Sec. 21560. [Application of article]**

The provisions of this article shall apply to contracts by a Metropolitan Water District, as provided for in Chapter 209 of the Statutes of 1969.

### **Sec. 21561. [Definition of Public Corporation]**

As used in this article, "public corporation" means and includes the United States or any other public agency thereof or this or any other state or any political district or subdivision thereof.

### **Sec. 21562. [Joint Powers: Contracting With Public or Private Corporations]**

A district may join with one or more other public or private corporations (within or without this state) for the purpose of carrying out any of its powers, and for that purpose may contract with any such other public or private corporation to finance acquisitions, constructions, and operations.

### **Sec. 21563. [Joint Powers Contracts: Contributions by Parties]**

Any contract with any other public or private corporation pursuant to Section 21562 may provide for contributions to be made by each party and for the division and apportionment of the expenses of such acquisitions and operations, and the division and apportionment of the benefits, services, and products from the contract. Any such contract may provide for an agency to effect such acquisitions and carry on such operations, and shall provide in the powers and methods of procedure for such agency the method by which such agency may contract. Any such contract may contain such other and further covenants and agreements as may be necessary and convenient to accomplish such purposes.

### **Sec. 21564. [Construction of Works:, Letting of Contracts]**

The board may prescribe methods for the construction of works and for the letting of contracts for the construction of works, structures, or equipment, or for the performance or furnishing of labor, materials, or supplies required for the carrying out of any of the purposes of this act.

**Sec. 21565. [Bidding Procedures]**

Whenever any work is not to be done by the district itself by force account, and the amount involved shall be twenty-five thousand dollars (\$25,000) or more, the board shall provide for the letting of contracts to the lowest responsible bidder, after publication of notices inviting bids, but subject to the right of the board to reject any and all proposals.

**Sec. 21566. [Buy American -- Permissive]**

The board, in advertising for bids and in letting contracts as provided in Section 21565, may require that all articles furnished to the district pursuant to such contracts be manufactured, produced, or fabricated in the United States or its territories, and may prohibit the use in, or employment in connection with, the carrying out of such contracts by the contractor or any subcontractor, of all machinery or materials except those which have been manufactured, produced, or fabricated in the United States or its territories, if they are determined by the board to be available.

**Sec. 21567. [Contracts Under Emergency Conditions]**

Notwithstanding the requirements of Section 21566, contracts, in writing or otherwise, may be let without advertising for, or inviting, bids, when any repairs, alterations, or other work, or the purchase of materials, supplies, equipment or other property, is deemed by the board to be of urgent necessity, and such action is authorized by a two-thirds vote of the board.

## CHAPTER 5

### CONTROVERSIES

#### **Sec. 160. [Litigation]**

A district may sue and be sued in all actions and proceedings and in all courts and tribunals of competent jurisdiction.

#### CASE NOTE

The power to sue and be sued conferred by former Section 5(2) (now Sec. 160) of the Metropolitan Water District Act on such districts includes power to compromise and settle claims.

1 Ops. Atty. Gen. 369.

#### **Sec. 161. [Claims]**

All Claims for money or damages against the district are governed by Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) of Division 3.6 of Title 1 of the Government Code except as provided therein, or by other statutes or regulations expressly applicable thereto.

#### CASE NOTE

The validity of the compromise or settlement of a claim by a metropolitan water district does not depend on the ultimate determination of the validity of the claim, and such compromise or settlement will be valid if the district acts in good faith and consideration exists.

1 Ops. Atty. Gen. 369.

#### **Sec. 162. [Validity of Incorporation]**

The validity of the incorporation of any district shall be incontestable in any suit or proceeding which is not commenced within three months from the date of the issuance of the certificate of incorporation pursuant to Section 46.

#### **Sec. 163. [Action to Determine Validity of Bonds]**

An action to determine the validity of bonds or notes or other evidence of indebtedness and the sufficiency of the provision for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due and for the payment of the principal thereof on or before maturity may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

## CASE NOTE

Under former Section 7, Subd. (I) (now Sec. 163) of the Metropolitan Water District Act, the bond validation proceedings brought by the Board of Directors may be heard by the proper Superior Court after a lapse of ten days after full publication of summons, without waiting for the lapse of ninety days from the date of the bond election; but a taxpayer or other interested person may not initiate proceedings contesting the validity of the bonds after the expiration of ninety days from such election.

*In re Metropolitan Water District*, 215 Cal. 582, 585, 11 P.2d 1095 (1932).

### **Sec. 164. [Validity of Annexations]**

The validity of any proceedings for the annexation of territory to any district pursuant to the provisions of Chapter 1 (commencing with Section 350) of Part 7, shall not be contested in any action unless such action is brought within three months after the completion of such annexation.

Part 5. Bonds and Other Evidences of Indebtedness

CHAPTER 1

**BONDS REQUIRING APPROVAL OF VOTERS**

**Article 1. Initiation of Proceedings**

**Sec. 200. [Submission of Bond Proposition to Electors]**

Whenever the board, by ordinance adopted by a vote of a majority of the total vote of the board, determines that the interests of the district and the public interest or necessity demand the acquisition, construction or completion of any public improvement or works of the district, or the payment of funds for any part of the capital costs of any public improvement or works of this state from which service is to be provided to the district, or the incurring of any preliminary expenses, or any combination of such purposes, necessary or convenient to carry out the objects or purposes of the district, the cost of which will be too great to be paid out of the ordinary annual income and revenue of the district, the board may order the submission of the proposition of incurring bonded indebtedness, for the purposes set forth in such ordinance, to the qualified voters of the district, at an election held for that purpose.

CASE NOTES

The ordinance declaring the necessity for the public improvement need not specify the precise location of the works, nor contain a particular description thereof.

*In re Metropolitan Water District*, 215 Cal. 582, 586, 11 P.2d 1095 (1932).

Reference in ordinance determining necessity for public improvement and calling bond election to provision for levy of taxes in language of the statute is proper.

*In re Metropolitan Water District*, 215 Cal. 582, 586, 11 P.2d 1095 (1932).

The bonds of a metropolitan water district are not "indebtedness" of a city within the district pursuant to Section 18 of Article XI of the Constitution although cities within the district may elect to pay money out of water revenues in lieu of taxes.

*City of Glendale v. Chapman*, 108 Cal. App.2d 74, 83, 238 P.2d 162 (1951).

**Sec. 201. [Contents of Bond Ordinance -- General]**

The declaration of public interest or necessity required by Section 200 and the provision for the holding of such election on the proposition of incurring a bonded indebtedness may be

included within one and the same ordinance, which in addition to such declaration of public interest or necessity shall recite all of the following:

- (a) The objects and purposes for which the indebtedness is proposed to be incurred.
- (b) The estimated cost thereof, or the estimated amount of preliminary expenses, as the case may be.
- (c) The amount of the principal of the indebtedness to be incurred therefor.
- (d) The maximum rate of interest to be paid on such indebtedness, which rate shall not exceed 7 percent per annum payable semiannually, unless the board determines by a two-thirds vote of the total vote of the board that the interests of the district and the public interest or necessity require that bonds be sold subject to a higher maximum rate in order to obtain needed funds.

Amended by Stats. 1970, ch. 696.

#### CASE NOTE

Decision of Board of Directors, expressed in ordinance, declaring necessity for public improvement and calling bond election whereby general plans and estimates of cost were made, is subject to judicial review only upon pleading and proof of fraud or bad faith on the part of the Board of Directors.

*In re Metropolitan Water District*, 215 Cal. 582, 587, 11 P.2d 1095 (1932).

### **Article 2. Bond Election**

#### **Sec. 210. [Contents of Bond Ordinance -- Calling of Election]**

The ordinance adopted pursuant to Section 200 shall in addition to the requirements of Section 201 fix the date upon which the election shall be held and the manner of holding the election and the method of voting for or against incurring the proposed indebtedness. Such ordinance shall also fix the compensation to be paid the officers of the election and shall designate the precincts and polling places and shall appoint the officers of such election, which officers shall consist of one inspector, one judge and two clerks in each precinct. The description of precincts may be made by reference to any order or orders of the board of supervisors of the county or counties in which the district or any part thereof is situated, or by detailed description of such precincts. Precincts established by the boards of supervisors of the various counties, not exceeding six in number, may be consolidated for special elections held pursuant to this chapter.

#### **Sec. 211. [Consolidation of Election]**

Any election held for the purpose of submitting any proposition of incurring such bonded indebtedness may be held separately, or may be consolidated or held concurrently with any other election authorized by law at which the qualified electors of the district are entitled to vote. In the event any bond election shall be called to be held concurrently with any other election or shall be consolidated with any other election, the ordinance calling the election need not designate precincts or polling places or the names of officers of election, but shall contain reference to the act or order calling such other election and fixing the precincts and polling places and appointing election officers therefor except that such reference shall not be required when the election is consolidated with a statewide election.

#### **Sec. 212. [Publication of Ordinance Calling Election]**

The ordinance provided for in Section 200 shall be published once at least 10 days before the date of the election in a newspaper of general circulation printed and published within the district, and no other or further notice of such election or publication of the names of election officers or of the precincts or polling places need be given or made.

#### **Sec. 213. [Reference to Election Code]**

In all particulars not set out in the ordinance adopted pursuant to Section 200, the election shall be held and conducted substantially in accordance with the provisions of the Elections Code.

#### **Sec. 214. [Ballot Arguments]**

The board of directors or any member or members thereof or any person or persons designated by the board may file with the secretary of the board an argument in favor of the proposition and any member of the board or other voter or voters of the district may file with such secretary an argument against the proposition. No such argument shall exceed 500 words in length, and all arguments shall be filed with the secretary of the board at least 55 days prior to the date of the election. From the arguments so filed with him, the secretary shall select the argument for and the argument against the proposition deemed by him to best express the respective views of the proponents and opponents of the proposition. The arguments so selected by the secretary shall be printed and a printed copy of such arguments (which shall be deemed official matter) shall be enclosed in an envelope with each sample ballot. Any irregularities in carrying out the provisions of this section shall not invalidate or affect the results of the election.

#### **Sec. 215. [Conduct of Election]**

The respective election boards shall conduct the election in their respective precincts in the manner prescribed by law for the holding of general elections, and shall make their returns to the secretary of the district. At any regular or special meeting of the board of directors held not earlier than five days following the date of the election, the returns of the election shall be canvassed and the results declared.

### **Sec. 216. [Canvass in Consolidated Election]**

In the event that any election conducted pursuant to this chapter shall be consolidated with any primary or general election and the proposition to incur indebtedness shall be printed upon a ballot containing other propositions, the returns of the election shall be made with the returns of the primary or general election to the board of supervisors or other bodies whose duty it is to canvass the returns of such election, and the results of the election shall be canvassed at the time and in the manner provided by law for the canvass of the returns of such primary or general election. Such canvassing body or bodies shall promptly certify and transmit to the board of directors a statement of the result of the vote upon the proposition submitted. Upon receipt of such certificates the board shall tabulate and declare the results of the election.

## **Article 3. Issuance and Sale of Bonds**

### **Sec. 220. [Majority Vote]**

In the event that it appears from the returns of the election that a majority of the electors voting on any proposition to incur bonded indebtedness submitted pursuant to this part voted in favor of such proposition, the district may thereupon issue and sell bonds of the district in the amount and for the purpose or purposes and object or objects provided for in the ordinance adopted pursuant to Section 200, and at a rate of interest, not exceeding the rate recited in such ordinance.

### **Sec. 221. [Maturities of Bonds]**

Bonds authorized pursuant to this chapter shall mature at times and in amounts to be fixed by the board, except that the payment of the principal of bonds or series thereof shall begin not later than 15 years from the date thereof, and must be completed in not more than 50 years from the date thereof.

### **Sec. 222. [Bond Denominations; Interest Rates]**

The bonds shall be issued in the denominations as the board may determine, and shall be payable on the day and at the place or places fixed in the bonds and with interest at the rates specified therein, which rates shall not exceed 7 percent per annum payable at the time or times as the board determines, unless the board determines, by a two-thirds vote of the total vote of the board, that the interests of the district and the public interest or necessity require that the bonds be sold subject to a higher maximum rate in order to obtain needed funds.

Amended by Stats. 1970, ch. 696 and Stats. 1984, ch. 271.

### **Sec. 223. [Bonds; Call and Redemption Before Maturity]**

The board may provide for the call and redemption of bonds before maturity at such times and at such prices as it may determine. A bond shall not be subject to call or redemption prior to maturity unless it contains a recital to that effect.

#### **Sec. 224. [Bonds; Signatures, Coupons, Validity of Signatures]**

All bonds shall be signed by the chairman of the board, or by such other officer as the board shall, by resolution adopted by a majority vote of its members, authorize and designate for that purpose. Such bonds shall also be signed by the controller or assistant controller and countersigned by the secretary of the board. The coupons, if any, of such bonds shall be numbered consecutively, and signed by such controller or assistant controller. All such signatures and countersignatures, except that of the controller or assistant controller on the bonds only (which may be by original signature or by a signature stamp), may be printed, lithographed or engraved. In case any of such officers, whose signatures or countersignatures appear on the bonds or coupons, shall cease to be such officer before the delivery of such bonds to the purchaser, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes, the same as if they had remained in office until the delivery of such bonds.

Amended by Stats. 1969, ch. 441.

#### **Sec. 225. [Sale of Bonds]**

Unless the board determines by a two-thirds vote of the total vote of the board that the interests of the district and the public interest or necessity require that the provisions of this section and Section 226 be waived, so that the bonds may be sold at private sale upon such terms and conditions as the board may deem necessary, convenient, or desirable, the bonds shall not be sold at a price less than the par value thereof, together with accrued interest to the date of delivery, nor until notice calling for bids therefor shall have been published in a newspaper of general circulation published and circulated in the county in which the principal place of business of the district is located. The notice shall state the time for the receipt of the bids, which shall not be less than 10 days after the publication thereof. The notice may offer the bonds at a fixed interest rate or with the interest rate or rates undetermined, in which event the bids shall contain a statement of the rate or rates of interest at which the bidder will take the bonds and pay par value or more therefor, together with accrued interest.

Amended by Stats. 1984, ch. 271.

#### **Sec. 226. [Rejection of Bids]**

Unless the board has made the determination, as authorized in Section 225, to conduct a private sale, bids for the bonds shall be opened publicly, and the results publicly announced. The bonds shall be sold to the bidder whose bid will result in the lowest net interest cost. If no bids are received or if the board determines that the bids received are not satisfactory as to price or

responsibility of the bidders, the board may reject all bids received and either readvertise or sell the bonds at private sale.

Amended by Stats. 1984, ch. 271.

### **Sec. 227. [Temporary Bonds]**

Temporary or interim bonds or certificates of any denomination, signed by the controller or assistant controller, may be issued until the definitive bonds are executed and available for delivery.

### **Sec. 228. [Use of Bond Proceeds; Interest as Construction Cost]**

The bonds may be issued and sold by the board as it shall determine, and the proceeds thereof, except premium and accrued interest, shall be placed in the treasury of the district to the credit of the proper improvement fund, and shall be applied exclusively to the purposes and objects mentioned in the ordinance adopted pursuant to Section 210, except as otherwise provided in this section. The interest on the bonds accruing during the construction period and for one year thereafter may be deemed to be a construction cost within the meaning of the purposes and objects mentioned in such ordinance, and such interest may be paid from the proceeds of the sales of the bonds. Premium and accrued interest shall be placed in the fund to be applied to the payment of interest on, and the retirement of, the bonds so sold.

#### CASE NOTE

The amendment of former Sec. 7, Subd. (h) (now Sec. 228) of the Metropolitan Water District Act in 1933, subsequent to the issuance and sale of certain bonds, is constitutional, because it clarifies the previously existing statutory authority for payment of interest during the construction period out of the proceeds of the bonds.

*Metropolitan Water District v. Toll*, 1 Cal. 2d 421, 425-430, 35 P. 2d 519 (1934).

### **Sec. 229. [When Construction Period Deemed to End]**

For the purposes of this chapter, the construction period shall be deemed to end when the works, the construction of which shall have been authorized from the proceeds of any bond issue, shall have been placed in operation to such extent as to result in the sale and delivery in the district, of water transported and provided by means of such works.

### **Sec. 230. [Bond Registration:, Conversion and Exchange Privileges]**

The resolution providing for the issuance of the bonds or any installment thereof may contain such registration, conversion and exchange privileges as the board may determine.

Amended by Stats. 1969, ch. 441.

## CHAPTER 1.5

### **SUBSTITUTE BONDS**

#### **Sec. 233. [Substitute Bonds -- Conditions for Issuance]**

The board by a two-thirds vote may, without a vote of the electors, issue general obligation bonds of the district subject to the following conditions:

(a) The aggregate principal amount of such bonds shall not exceed the then unissued balance of the principal amount of bonds authorized at an election held in the district prior to July 1, 1966.

(b) The bonds are issued for the same purpose as that for which the proceeds of such unissued bonds could have been used.

(c) The bonds are issued in accordance with the provisions of Chapter 1 (commencing with Section 200) of this part, except for the requirement of a bond election.

The bonds issued pursuant to this chapter may bear interest at rates which shall not exceed 7 percent per annum, payable semiannually, unless the board determines by a two-thirds vote of the total vote of the board that the interests of the district and the public interest or necessity require that bonds be sold subject to a higher maximum rate in order to obtain needed funds.

When bonds are issued pursuant to this chapter, unissued bonds as referred to in (a) above in a principal amount equal to the principal amount of bonds issued pursuant to this chapter shall not be issued.

Amended by Stats. 1970, ch. 696.

#### **Sec. 234. [Substitute Bonds - Expiration of Authority]**

The authority to issue bonds pursuant to this chapter shall expire on July 1, 1980.

Amended by Stats. 1970, ch. 696.

## CHAPTER 1.6

### REVENUE BONDS

#### **Sec. 235. [Authorization Election]**

The board may not proceed under this chapter until it has submitted to the qualified voters of such district at a special election to be consolidated with an election, at which all such qualified voters shall be authorized to vote, a proposition as to whether the board shall be authorized to issue and sell revenue bonds under this chapter. If a majority of the voters of the district voting on the proposition at the election shall vote in favor of the proposition, the board may proceed to issue and sell revenue bonds as provided in this chapter. If the proposition fails to carry at such election, the proposition shall not again be voted upon until at least six months have elapsed since the date of the last election at which the proposition was submitted.

Added by Stats. 1972, ch. 169.

#### **Sec. 236. [Election Procedures]**

The election procedures applicable to Article 2 (commencing with Section 210) of Chapter 1 shall apply to any election held pursuant to this chapter.

Amended by Stats. 1972, ch. 169.

#### **Sec. 237. [Revenue Bond Purposes]**

Whenever the board, after authorization to proceed to issue and sell revenue bonds under this chapter has been granted, by ordinance adopted by a vote of two-thirds of the total vote of the board, determines that the interests of the district require the use of revenue bonds to finance the acquisition, construction or completion of any public improvement or works of the district, or the payment of funds for any part of the capital costs of any public improvement or works of any public entity or agency, including the state and the federal government, necessary for service to the district, or the incurring of any preliminary and incidental expenses, or any combination of such purposes, necessary or convenient to carry out the objects or purposes of the district, the cost of which will be too great to be paid out of the ordinary annual income and revenue of the district, the board may provide for the issuance and sale of revenue bonds for any or all of the above purposes, upon such terms and conditions as the board may deem necessary, convenient or desirable, and, in connection therewith, the board may pledge, place a charge upon, and assign all or any part of the revenues of the district and any other funds, including contributions from any source, which the district may legally apply to such purposes, excepting, however, any and all proceeds derived from the levy of taxes.

Added by Stats. 1972, ch. 169.

### **Sec. 238. [Revenues to Pay Certain Costs]**

The board shall fix the rate or rates at which water shall be sold pursuant to Chapter 2 (commencing with Section 130) of Part 4 which, with reasonable allowances for contingencies and error in the estimates, shall be at least sufficient, together with any other revenues not derived from the levy of taxes, to provide revenues to pay the following amounts in the order set forth:

(1) The necessary expenditures for operating and maintaining the properties, works, and facilities of the district, and also for such charges as may be payable by the district under a contract with this state for water which are classified as operation, maintenance, power, and replacement charges.

(2) The principal and interest of the revenue bonds as the same become due and payable, including any sinking fund payments for term bonds, if any.

(3) The deposits into any reserve funds that may be established to secure the revenue bonds.

(4) Any other obligations which are liens or encumbrances upon the water revenues.

Added by Stats. 1972, ch. 169.

### **Sec. 239. [Use of Excess Revenues]**

Any excess of revenues collected over and above the amounts required to be used for specific purposes by Section 238 may be used for any lawful purpose of the district, including, without limitation, the payment of the principal and interest on any general obligation bonds of the district and the payment to the state of any other amounts payable under any contract between the state or a department thereof and the district.

Added by Stats. 1972, ch. 169.

### **Sec. 239.1. [Authorization to Use Certain Laws]**

In the issuance and sale of revenue bonds pursuant to this chapter, the board is authorized to use any provisions of Article 3 (commencing with Section 220) of Chapter 1 of this part and of the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1, Division 2, Title 5 of the Government Code.)

Added by Stats. 1972, ch. 169.

### **Sec. 239.2. [Limitation on Amount of Revenue Bonds]**

No revenue bonds shall be issued under this chapter, except for refunding, unless the amount of equity of the district, as shown on its balance sheet as of the end of the last fiscal year prior to the issuance of such bonds, equals at least 100 percent of the aggregate amount of revenue bonds to be outstanding following the issuance of such bonds.

Added by Stats. 1972, ch. 169.

### **Sec. 239.3. [Hydroelectric Power Within Purposes]**

(a) The phrase "any public improvement or works of the district" in Section 237 and the phrase "properties, work and facilities of the district" in Section 238 shall be deemed to include, without limitation, works facilities, improvements, and property of the district for the provision, generation, and delivery of hydroelectric power pursuant to Chapter 2.5 (commencing with Section 137) of Part 4.

(b) In addition, the phrase "the payment of funds for any part of the capital costs of any public improvement or works of any public entity or agency" in Section 237 and the phrase "properties, works and facilities of the district" in Section 238 shall be deemed to include, without limitation, works, facilities, improvements, and property of a private corporation to the extent required for the provision, generation, wheeling, and delivery of hydroelectric power by the district.

(c) The acquisition and construction of those works, facilities, improvements, and property for either of the purposes specified in subdivision (a) or (b) shall be deemed to be a purpose for which revenue bonds, whether heretofore or hereafter authorized pursuant to this chapter, may be issued and sold.

Added by Stats. 1975, ch. 256; amended by Stats. 1984, ch. 271.

### **Sec. 239.4. [Bond Anticipation Notes]**

The district may borrow money in anticipation of the sale of, but not in excess of the principal amount of, revenue bonds of the district, which have been duly authorized by ordinance pursuant to Section 237 but which have not yet been sold and delivered, and for that purpose may issue and sell negotiable revenue bond anticipation notes, and may refund such notes from time to time, but the maximum maturity of any such notes, as originally issued or as refunded, shall not exceed five years from the date of the original notes. The notes shall be sold in such manner as the board may determine, and such notes and the resolution providing for their issuance may contain any provision, condition or limitation which a revenue bond or any resolution providing for the issuance of revenue bonds may contain. The interest on such notes shall be payable from the same funds from which the interest on revenue bonds is payable. The principal of such notes may also be paid from said funds and, to the extent not so paid, shall be

payable from the proceeds of the next sale of revenue bonds in anticipation of which the notes were issued.

The powers conferred by this section are in addition and supplemental to, and are not in substitution for, and the limitations imposed by this section shall not affect the powers conferred by, the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1, Division 2, Title 5 of the Government Code) or any other law.

Added by Stats. 1976, ch. 199.

## CHAPTER 1.7

### ELECTRIC REVENUE BONDS

#### **Sec. 239.5. [Authorization by Ordinance; Purposes]**

Whenever the board, by ordinance adopted by a vote of two-thirds of the total vote of the board, determines that the interests of the district require the use of electric revenue bonds to finance the acquisition, construction, or completion of any public improvement or works of the district, or the payment of funds for any part of the capital costs of any improvement or works of any public or private entity necessary for providing, generating, or delivering electric power or the incurring of any preliminary and incidental expenses, or any combination of such purposes necessary or convenient to carry out the objects or purposes of the district, the cost of which will be too great to be paid out of the ordinary annual income and revenue of the district, the board may provide for the issuance and sale of electric revenue bonds for any or all of the above purposes, upon such terms and conditions as the board may deem necessary, convenient or desirable, and, in connection therewith, the board may pledge, place a charge upon, and assign all or any part of the electric revenues of the district and any other funds, including contributions from any source, which the district may legally apply to such purposes, excepting, however, any and all proceeds derived from the levy of taxes.

Added by Stats. 1978, ch. 548.

#### **Sec. 239.6. [Authorization to use State Law]**

The procedure for the issuance and sale of electric revenue bonds pursuant to this chapter shall be the procedure set forth in the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1, Division 2, Title 5 of the Government Code); provided that the provisions of Section 54310 and Sections 54380 to 54387, inclusive, of the Government Code shall not be applicable to such issuance and sale.

Added by Stats. 1978, ch. 548.

#### **Sec. 239.7. [Bond Anticipation Notes]**

The district may borrow money in anticipation of the sale of, but not in excess of the principal amount of, electric revenue bonds of the district, which have been duly authorized by ordinance pursuant to Section 239.5 but which have not yet been sold and delivered, and for that purpose may issue and sell negotiable electric revenue bond anticipation notes, and may refund such notes from time to time, but the maximum maturity of any such notes, as originally issued or as refunded, shall not exceed five years from the date of the original notes. The notes shall be sold in such manner as the board may determine, and such notes and the resolution providing for

their issuance may contain any provision, condition, or limitation which an electric revenue bond or any resolution providing for the issuance of electric revenue bonds may contain. The interest on such notes shall be payable from the same funds from which the interest on electric revenue bonds is payable. The principal of such notes may also be paid from such funds and, to the extent not so paid, shall be payable from the proceeds of the next sale of electric revenue bonds in anticipation of which the notes were issued.

The powers conferred by this section are in addition and supplemental to, and are not in substitution for, and the limitations imposed by this section shall not affect the powers conferred by, the Revenue Bond Law of 1941 Chapter 6 (commencing with Section 54300) of Part 1, Division 2, Title 5 of the Government Code) or any other law.

Added by Stats. 1978, ch. 548.

## CHAPTER 2

### **BONDS FOR REPAIR OR REPLACEMENT OF DAMAGED OR DEMOLISHED WORKS**

#### **Sec. 240. [Indebtedness for Disasters]**

Whenever the board by ordinance adopted by a vote of three-fourths of the total vote of the board finds and determines that any part of the works of the district has been damaged or demolished by reason of fire, flood, earthquake, sabotage, or act of God or the public enemy, and that the cost of repairing or replacing such works so damaged or demolished will be too great to be paid out of the ordinary annual income and revenue of the district, and that the public interest requires the incurring of indebtedness for the purpose of providing moneys for the repair or replacement of such works, the board may authorize the incurring of such indebtedness and shall determine the manner in which such indebtedness shall be incurred and evidenced and may authorize the issuance and sale of bonds or other evidence of indebtedness for such purpose.

#### **Sec. 241. [Emergency Adoption]**

Notwithstanding any other provision of this act, whenever the board finds it to be of urgent necessity to preserve or protect the property, interests or welfare of the district, any ordinance adopted by a vote of three-fourths of the total vote of the board for the purpose of exercising the powers conferred upon it by this chapter, may be adopted without introduction on any previous day and shall take effect immediately upon its adoption.

#### **Sec. 242. [Amount, Interest, Term]**

All indebtedness incurred pursuant to this chapter shall be subject to the following limitations:

(a) The indebtedness so incurred shall not exceed one-half of 1 percent of the assessed valuation of the property within the district taxable for district purposes.

(b) The interest payable on such indebtedness shall not exceed 7 percent per annum payable semiannually, unless the board determines by a two-thirds vote of the total vote of the board that the interests of the district and the public interest or necessity require that bonds be sold subject to a higher maximum rate in order to obtain needed funds.

(c) The term of such indebtedness shall not exceed 12 years.

Amended by Stats 1970, ch. 696.

#### **Sec. 243. [Provision for Call and Redemption]**

The board may provide for the call and redemption of bonds before maturity at such times and at such prices as it may determine. A bond shall not be subject to call or redemption prior to maturity unless it contains a recital to that effect.

Amended by Stats. 1969, ch. 441.

**Sec. 244. [Sale]**

The bonds or other evidence of indebtedness shall be sold at not less than par and accrued interest at public or private sale as the board shall determine and, in the event of public sale, after such notice as may be prescribed by the board.

**Sec. 245. [Use of Proceeds]**

The proceeds of any borrowing pursuant to this chapter (other than accrued interest) shall be applied solely to the purpose specified in the ordinance authorizing the incurring of such indebtedness or to the retirement of the principal of the obligation issued pursuant to such ordinance. Any accrued interest received shall be applied to payment of interest on such indebtedness.

**Sec. 246. [Form, Signatures, Registration]**

The bonds or other evidence of indebtedness authorized to be issued pursuant to this chapter shall be in such form, bear such signatures, and be subject to such provisions for registration as provided in Article 3 (commencing with Section 220) of Chapter 1 of Part 5.

Amended by Stats. 1969, ch. 441.

## CHAPTER 3

### BONDS PRIMARILY SUPPORTED BY ANNEXATION CHARGES

#### Article 1. General Procedure

##### Sec. 250. [Indebtedness Supported by Annexation Charges]

Whenever the board by ordinance adopted by a vote of three-fourths of the total vote of the board shall find and determine that the increasing demands for water to be supplied by the district require the immediate construction or installation of additional works or facilities to enable the district to meet such demands, and that the cost of constructing or installing such additional works or facilities will be too great to be paid out of the ordinary annual income and revenue of the district, but will be within the ability of the district to pay out of income derived from special taxes levied and collected pursuant to annexation proceedings pursuant to Articles 1, 2, 3, and 6 of Chapter 1 of Part 7 and that the public interest requires the incurring of indebtedness for the purpose of providing moneys for the construction or installation of such additional works or facilities, the board may authorize the incurring of such indebtedness and may authorize the issuance and sale of bonds or other evidence of indebtedness for such purpose either in one block or in installments.

Amended by Stats. 1969, ch. 441.

#### CASE NOTE

The word indebtedness as used in former Section 7.2(a) (now Sec. 250) of the Metropolitan Water District Act, which provides that any indebtedness incurred to be paid out of income derived from special taxes levied and collected pursuant to annexation proceedings concluded under Section 9 (now Part 6) shall not exceed fifty percent of the aggregate amount of special taxes thereafter to be levied pursuant to said Section 9 refers only to the principal of the debt created by the bonds issued and not interest.

*Metropolitan Water District v. Heilbron*, 167 Cal.App.2d 190, 334 P.2d 33 (1959).

##### Sec. 251. [Notice of Pendency of Ordinance]

At least five days prior to the meeting of the board at which any ordinance authorizing the issuance of bonds or other evidence of indebtedness pursuant to this article shall be presented for final adoption, notice of the pendency of such ordinance, together with a copy thereof, stating the time of such meeting, shall be mailed by prepaid registered mail to each director, at the address of such director of record in the office of the secretary of the district. No ordinance authorizing the issuance of such bonds or other evidence of indebtedness shall be finally adopted unless such notice shall have been so mailed. Proof of such mailing shall be evidenced by affidavit of the officer or agent of the district mailing such notice. Any ordinance adopted pursuant to the authority of this article shall take effect immediately upon its adoption.

## **Sec. 252. [Amount, Interest, Term, Payment]**

All indebtedness incurred pursuant to this chapter shall be subject to the following limitations:

(a) The indebtedness so incurred outstanding at any time shall not exceed the sum of 50 percent of the aggregate amount of special taxes thereafter to be levied by the district pursuant to the authority of Articles 1, 2, or 3 of Chapter 1 of Part 7 and 50 percent of the aggregate amount that then would be acceptable in cash by the district as payment in full of special tax levies by the district pursuant to the authority of Article 6 (commencing with Section 405) of Chapter 1 of Part 7 and annexation proceedings concluded thereunder, or 1 percent of the assessed valuation of property within the district taxable for district purposes, whichever shall be the lesser.

(b) The interest payable on such indebtedness shall not exceed 7 percent per annum payable semiannually, unless the board determines by a two-thirds vote of the total vote of the board that the interests of the district and the public interest or necessity require that bonds be sold subject to a higher maximum rate in order to obtain needed funds.

(c) The term of such indebtedness shall not exceed 12 years.

(d) The whole amount of such indebtedness or of the respective installment thereof, depending upon whether the bonds or other evidence of such indebtedness shall be issued in one block or in installments, shall be made payable in substantially equal annual parts during the term of such indebtedness or installment thereof, as the case may be.

Amended by Stats. 1970, ch. 696.

## **Sec. 253. [Bonds are Callable]**

In its discretion the board may provide that any bond or other evidence of indebtedness issued pursuant to this chapter shall be callable at the option of the district on any interest date not earlier than one year from the date of issue, at not to exceed 101 percent of par value thereof, and interest accrued thereon. The denomination or denominations and the form of such bonds or other evidence of indebtedness shall be determined by the board.

## **Sec. 254. [Sale]**

The bonds or other evidence of indebtedness shall be sold at not less than par and accrued interest at public sale after such notice as may be prescribed by the board.

## **Sec. 255. [Use of Proceeds]**

The proceeds of any borrowing pursuant to this article (other than accrued interest) shall be applied solely to the purpose specified in the ordinance authorizing the incurring of such indebtedness or to the retirement of the principal of the obligation issued pursuant to such ordinance. Any accrued interest received shall be applied to payment of interest on such indebtedness.

**Sec. 256. [Funds Pledged to Retire Bonds]**

In the discretion of the board, interest and principal on bonds or other evidence of indebtedness issued pursuant to this article may be made payable only out of income derived from special taxes levied and collected pursuant to annexation proceedings pursuant to Articles 1, 2, 3, and 6 of Chapter 1 of Part 7. As an alternative, such interest and principal may be made payable primarily from such income, provided that if from any cause, the income and revenues of the district available for such purpose shall be inadequate to pay the interest or principal of any indebtedness incurred under this article, when due, the board shall follow the tax levy and collection procedure set forth in Section 308.

Amended by Stats. 1969, ch. 441.

## **Article 2. Alternative Procedure**

### **Sec. 260. [Submission to Electors of Proposition that Board may Issue Bonds Supported by Annexation Charges]**

The board by ordinance may order the submission to the qualified voters of the district, at a special election to be consolidated with an election at which all such qualified voters shall be authorized to vote, of a proposition to authorize the board by majority vote of such board to incur and to refund indebtedness in the manner, for the purposes, and subject to the limitations provided in Article 1 (commencing with Section 250) of this chapter.

### **Sec. 261. [Form of Ballot]**

The proposition submitted pursuant to Section 260 shall be stated upon the official ballot substantially in the following language: "Shall the Board of Directors of (insert name of district) be authorized, by a majority vote of the board, pursuant to the provisions of Chapter 3 (commencing with Section 250) of Part 5 of the Metropolitan Water District Act, to incur indebtedness from time to time for terms not exceeding 12 years, for the purpose of constructing or installing additional works or facilities for the development, transportation and distribution of water, such indebtedness to be payable primarily or solely from revenues derived from special taxes levied pursuant to annexation proceedings completed prior to the incurring of such indebtedness, and such indebtedness to not exceed at any one time either the sum of 50 percent of the aggregate amount of such special taxes thereafter to be levied by the district pursuant to the authority of Articles 1, 2, or 3 of Chapter 1 of Part 7 and 50 percent of the aggregate amount that then would be acceptable in cash by the district as payment in full of special tax levies by the district pursuant to the authority of Article 6 of Chapter 1 of Part 7 or 1 percent of the assessed valuation of taxable property within the district, whichever is the lesser, and also to refund all or any part of such indebtedness?"

Amended by Stats. 1969, ch. 441.

### **Sec. 262. [Election Reference]**

The election procedures applicable to Article 2 (commencing with Section 210) of Chapter 1 of Part 5 shall apply to any election called pursuant to this article.

### **Sec. 263. [Majority Vote of Board to Issue Bonds]**

In the event that a majority of the voters of the district voting on the proposition at the election called pursuant to Section 260 shall vote in favor of the proposition, the board on behalf of the district may by a majority vote, instead of a three-fourths vote, incur and refund indebtedness in the manner, for the purposes, and to the extent provided in Article 1 (commencing with Section 250) of this chapter.

Amended by Stats. 1969, ch. 441.

**Sec. 264. [Form, Signatures, Registration]**

The bonds or other evidence of indebtedness authorized to be issued pursuant to this article shall be in such form, bear such signatures, and be subject to such provisions for registration as are provided in Article 3 (commencing with Section 220) of Chapter 1 of Part 5.

Amended by Stats. 1969, ch. 441.

## CHAPTER 4

### BOND ANTICIPATION NOTES

#### **Sec. 285. [When Notes May Be Issued]**

The district may borrow money in anticipation of the sale of, but not in excess of the principal amount of, authorized bonds of the district which have not yet been sold and delivered, and for that purpose may issue and sell negotiable bond anticipation notes, and may refund such notes from time to time, but the maximum maturity of any such notes, as originally issued or as refunded, shall not exceed five years from the date of the original notes. The notes shall be sold in such manner as the board may determine, and such notes and the resolution providing for the issuance of such notes may contain any provision, condition or limitation which a bond, or any resolution or ordinance providing for the issuance of bonds, may contain.

Amended by Stats. 1969, ch. 441.

#### **Sec. 286. [Principal and Interest on Notes]**

The interest on bond anticipation notes shall be payable at the time or times provided in such notes and may be represented by interest coupons attached to the notes and shall be payable from the same funds from which the interest on bonds of the district are payable. The principal of such notes may be paid from any moneys of the district available for such purpose. If such notes, or any portion thereof, have not been previously paid, they shall be paid from the proceeds of the next sale of bonds in anticipation of which the notes were issued.

#### **Sec. 287. [Tax Levy for Notes]**

The resolution providing for the issuance of bond anticipation notes may contain a provision that, if for any reason bonds of the district are not sold in time to provide funds to pay any unpaid note, and, if other funds of the district are not available for such payment, taxes shall be levied for such payment in the manner provided in Section 308 for the payment of bonds in such amount each year for such period of years as may be set forth in such resolution.

#### **Sec. 288. [Maturity of Bonds Replacing Notes]**

When bonds of the district are issued and any portion of the proceeds of the sale are to be used to pay bond anticipation notes, such bonds shall mature not later than the maximum permissible term for such bonds from the date of such notes as originally issued.

Amended by Stats. 1970, ch. 696

## CHAPTER 5

### REFUNDING OF BONDS

#### **Sec. 290. [Resolution for Issuance, Sale or Exchange]**

The district may provide by resolution adopted by a two-thirds vote of the board for the issuance, sale or exchange of refunding bonds to purchase, redeem or retire bonds upon such terms, at such times, and in such manner as the board determines. All such refunding bonds shall mature not later than the maturity date of the outstanding bonds which are refunded. Subject to any limitations contained in this chapter, the provisions of Sections 163, 221, 222, 223, 224, 225, 226, 227, 228, 229, and 230 shall apply to such refunding bonds.

Amended by Stats. 1969, ch. 441.

#### **Sec. 291. [Principal Amount]**

Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of any of the following:

- (a) The redemption or retirement of all outstanding bonds which are refunded.
- (b) All expenses incident to the calling, retiring or redemption of the outstanding bonds which are refunded and the issuance of the refunding bonds.
- (c) Interest upon the refunding bonds from the date of sale to the date of redemption or retirement of the bonds outstanding which are refunded out of the proceeds of the sale.
- (d) Any premium necessary in the redemption and retiring of the outstanding bonds and the interest accruing on them to the date of the call or retirement.

Added by Stats. 1969, ch. 441.

#### **Sec. 292. [Proceeds of the Sale]**

The proceeds of the sale of refunding bonds, except premium and accrued interest, shall be placed in the treasury and applied to the purposes specified in this chapter. Premium and accrued interest shall be placed in the fund to be applied to the payment of interest on and retirement of the refunding bonds.

Added by Stats. 1969, ch. 441.

#### **Sec. 293. [Exchanging Bonds]**

In lieu of selling refunding bonds and redeeming or retiring with the proceeds the bonds which are refunded, the board may exchange refunding bonds for the bonds so refunded.

Added by Stats. 1969, ch. 441.

**Sec. 294. [Surrender to Treasurer]**

Whenever outstanding bonds are refunded, they shall be surrendered to the treasurer of the district, for cancellation in the manner to be prescribed by the board.

Added by Stats. 1969, ch. 441.

## CHAPTER 6

### **BONDS AS LEGAL INVESTMENTS**

#### **Sec. 295. [Bonds are Legal Investments for Trust, etc.]**

All bonds, notes or other evidence of indebtedness issued by any district shall be legal investments for all trust funds, and for the funds of all insurance companies, banks, both commercial and savings and trust companies, and for the state school funds, and for all sinking funds under the control of the State Treasurer, and whenever any moneys or funds may by law now or hereafter enacted be invested in, or loaned upon the security of, bonds of cities, cities and counties, counties, or school districts in the State of California, such moneys or funds may be invested in, or loaned upon the security of, the bonds, notes or other evidence of indebtedness of such metropolitan water district; and whenever bonds of cities, cities and counties, counties, or school districts, by any law now or hereafter enacted, may be used as security for the faithful performance or execution of any court or private trust or of any other act, bonds, notes or other evidence of indebtedness of such metropolitan water district may be so used.

Amended by Stats. 1969, ch. 441.

## CHAPTER 6.5

### VARIABLE RATE OBLIGATIONS

#### **Sec. 295.1. [Variable Interest Rate Authority]**

Bonds and other evidences of indebtedness issued pursuant to this part may, if authorized by the resolution or ordinance providing for their issuance, bear interest at a variable rate and be issued in the form of notes, bonds, or other evidences of indebtedness. Notwithstanding any other provision of this part, proceeds of obligations issued pursuant to this chapter may be spent on any purpose for which a district is authorized to spend money. In addition to providing for the matters otherwise required by this part and additional matters as the board deems necessary or convenient, the resolution or ordinance shall recite all of the following:

(a) The method by which the interest rate shall be established from time to time or may convert from a variable to a fixed rate.

(b) The maximum interest rate which the district may pay on the obligations. The variable rate shall on no day exceed the maximum rate permitted for obligations of the district on that day by Section 53541 of the Government Code or any other applicable provisions of law. However, the variable interest rate so permitted may on any day exceed that maximum rate if the interest paid on the obligations from their date of original issuance to that day does not exceed the total interest which would have been permitted to have been paid on the obligations if the obligations had borne interest at all times from the date of issuance to that day at the maximum rate permitted from time to time by Section 53541 of the Government Code or any other applicable provisions of law.

(c) The particular period or periods of time for which each value of the variable interest rate shall remain in effect, or the times upon which any change in the variable interest rate will become effective.

(d) The rights, if any, of the holders of the obligations to receive payment of the principal amount of their obligations, prior to their stated maturity, and accrued interest upon request. These payments shall come from the district unless proceeds are available from remarketing to a third party or a credit facility is utilized.

(e) The dates, which may be more frequent than semiannual or which may vary from time to time, on which accrued interest on the obligations will be paid.

Added by Stats. 1985, ch. 1531.

#### **Sec. 295.2. [Negotiated Sale]**

Notwithstanding any other provision of this part, the board may, by majority vote, sell obligations described in Section 295.1 at a private sale, upon the terms and conditions as the board may deem necessary. These obligations shall be sold at not less than 95 percent of the principal amount thereof.

Added by Stats. 1985, ch. 1531.

### **Sec. 295.3. [Additional Authority]**

The board may enter into contracts and agreements with investment banking firms, banks, insurance companies, or other individuals or institutions as the board deems incident, necessary, or convenient to the issuance of the obligations described in Section 295.1. Goods, services, and financial facilities that may be provided to the district pursuant to these contracts include, but are not limited to, the following: provision of a letter of credit; an insurance or surety policy or any other device to provide an additional source of repayment of the obligations; the determination from time to time of the interest rate to be borne by the obligations; trustee services; remarketing agent services; and paying agent, transfer agent, and registrar services. The district's contracts with the providers of these goods, services, and facilities shall be valid to the same extent that the obligation to which the contracts relate is valid.

Section 21565 of the Public Contract Code shall not apply to contracts entered into by the district pursuant to this section.

Added by Stats. 1985, ch. 1531.

## CHAPTER 7

### SHORT-TERM REVENUE CERTIFICATES

#### **Sec. 296. [Basic Authority]**

A district may pursuant to this chapter borrow money and incur indebtedness from time to time for any of the purposes for which it is authorized by law to spend money. The indebtedness shall be evidenced by short-term revenue certificates issued in the manner and subject to the limitations set forth in this chapter. A district may also borrow money and incur indebtedness to pay the principal or interest on certificates issued pursuant to this chapter.

Added by Stats. 1984, ch. 271.

#### **Sec. 297. [Source of Payment]**

Certificates issued by a district pursuant to this chapter may be negotiable or nonnegotiable, and all certificates shall be, and shall recite upon their face that they are, payable, both as to principal and interest, out of any revenues of the district which may legally be applied to the payment of the indebtedness evidenced by the certificates as determined by and set forth in an indenture or resolution duly adopted by the board of directors. The word "revenues" as used in this chapter shall refer to any income and revenues derived from the sale of water and power, annexation charges (whether collected through tax levies or otherwise), grants, available tax revenues, or any other legally available funds. In no event shall the resolution or indenture preclude payment from the proceeds of sale of other certificates issued pursuant to this chapter or from amounts paid or advanced by banks or other financial institutions pursuant to credit facilities established pursuant to Section 299.1, or from any other lawfully available source of funds.

Added by Stats. 1984, ch. 271; amended by Stats. 1985, ch. 1531.

#### **Sec. 298. [Authorizing Documents]**

In order to exercise the power to borrow money and incur indebtedness pursuant to this chapter, the board shall adopt a resolution or approve an indenture authorizing the sale and issuance of certificates for that purpose, which resolution or indenture shall specify all of the following:

- (a) The purpose or purposes for which the certificates are to be issued.
- (b) The maximum principal amount of the certificates which may be outstanding at any one time.

(c) The maximum interest cost, to be determined in the manner specified in the resolution or indenture, to be incurred through the issuance of the certificates.

(d) The maximum maturities of the certificates which shall not exceed one year from the date or dates of issue.

(e) The source of payment of the certificates, subject to Section 297.

(f) The form and manner of execution of the certificates.

(g) Any covenants and obligations to certificate holders which the board may include in its discretion.

Added by Stats. 1984, ch. 271; amended by Stats. 1985, ch. 1531.

### **Sec. 299. [Additional Board Authority]**

The board may also provide, in its discretion, for any of the following:

(a) The sale and issuance of the certificates, at the times, in the manner (either through public or private sale), in the amounts, with the maturities not exceeding the maximum maturities specified in the resolution or indenture pursuant to Section 298, at the rate of interest, the rate of discount from par, and with any other terms and conditions deemed appropriate by the general manager of the district or any other officer or employee designated by the board.

(b) The appointment of one or more banks or trust companies, either inside or outside the state, as depository for safekeeping and as agent for the authentication, registration, transfer, delivery, and payment of the certificates.

(c) The appointment of one or more persons or firms to assist the district in the sale of the certificates, whether as sales agents, dealer managers, or in some other comparable capacity.

(d) The refunding of the certificates from time to time without further action by the board, unless and until the board specifically revokes that authority to refund.

(e) Other terms and conditions the board may deem appropriate.

Added by Stats. 1984, ch. 271; amended by Stats. 1985, ch. 1531.

### **Sec. 299.1. [Bank Line of Credit]**

In order to enhance the marketability of the certificates, the board may arrange with one or more banks or other financial institutions to provide credit facilities, including, but not limited to, letters of credit, lines of credit, standby purchase agreements, and insurance policies, as an

additional source of payment of the certificates. Any obligation of a district to repay amounts advanced pursuant to any credit facility established pursuant to this section may be evidenced by negotiable or nonnegotiable promissory notes or other evidences of indebtedness payable from revenues, in the form and with terms as the board may prescribe.

Added by Stats. 1984, ch. 271; amended by Stats. 1985, ch. 1531.

#### **Sec. 299.2. [No Additional Authority Needed]**

This chapter is complete authority for the issuance of certificates and the obtaining of credit facilities under this chapter, and no action or proceeding not required by this chapter shall be necessary for the valid authorization of indebtedness under this chapter. The powers conferred by this chapter are in addition and supplemental to, and are not in substitution for, and the limitations imposed by this chapter shall not affect, the powers conferred by any other chapter of this act or by any other law.

Added by Stats. 1985, ch. 1531.

#### **Sec. 299.5. [Maximum Interest Rate]**

Except as provided in Section 295.1, the maximum interest payable on bonds or other evidences of indebtedness issued pursuant to this part shall be that which is permitted under Section 53541 of the Government Code.

Added by Stats. 1985, ch. 1531.

Part 6. Taxes

CHAPTER 1

**GENERAL PROCEDURE**

**Article 1. Definitions**

**Sec. 300. [Definition of Declaring Public Agency]**

As used in this part, "declaring public agency" means any public agency, any irrigation district, California water district or any other public corporation or agency of the State of California, of similar character and with power to acquire and distribute water, whose corporate area, in whole or in part, is taxable by a metropolitan water district and which has declared its intention to pay out of its agency funds the whole or a stated percentage of the district's taxes, pursuant to Section 331.

Amended by Stats. 1969, ch. 441.

**Article 2. Procedure**

**Sec. 305. [Certification of Assessed Valuations; Segregation of Valuations]**

Immediately after equalization and not later than the 15th day of August of each year, the auditor of each county in which property taxable by the district lies shall prepare and deliver to the controller of the district a certificate showing the assessed valuation of all property taxable by the district lying in the county, and also showing such assessed valuation segregated according to each member public agency within the county and further showing such assessed valuation segregated according to annexations to, or exclusions from, the district as long as such segregation is necessary for the imposition of taxes by the district.

Amended by Stats. 1969, ch. 441.

**Sec. 306. [Segregation of Assessed Valuations -- Declaring Public Agencies]**

In the event that the controller of the district notifies the State Board of Equalization and the appropriate county assessor pursuant to Section 335 of the acceptance of the declaration of intention of any declaring public agency to make payments in lieu of taxes pursuant to the provisions of Chapter 2 (commencing with Section 331) of this part, the State Board of Equalization and the county assessor shall prepare the assessments for the next ensuing fiscal year of all property taxable by such metropolitan water district lying in such declaring public agency, segregated in such manner that the county auditor of each county within which such agency or any part thereof shall lie, in issuing his certificate to the controller of such metropolitan

water district on or before the 15th day of August of such year, pursuant to the requirements of Section 305, will be able to segregate the assessed valuation of all property in his county taxable by such metropolitan water district lying in such agency, and it shall be the duty of each such county auditor to make such segregation in such certificate.

Amended by Stats. 1969, ch. 441.

### **Sec. 307. [Tax Levies - Determination of Rates]**

On or before the 20th day of August, the board shall, by resolution, determine the amount of money necessary to be raised by taxation during the fiscal year beginning the first day of July next preceding for all district purposes and shall fix rates of taxation designating the number of cents, upon each one hundred dollars (\$100) assessed valuation of property taxable by the district in each county and shall levy a tax accordingly.

Amended by Stats. 1981, ch. 49.

### **Sec. 308. [Tax Levies - Bond Service]**

If from any cause the income and revenue of the district shall be inadequate to pay the interest or principal (including sinking fund requirements, if any) of any bonds issued under Chapters 1, 2, and 3 of Part 5, except bonds payable only out of income derived from special taxes levied and collected pursuant to annexation proceedings pursuant to Articles 1, 2, 3, and 6 of Chapter 1 of Part 7, as the same become due, the board shall, at the time of fixing the tax levy, pursuant to Section 307, and in the same manner provided for such tax levy, levy and collect annually until such bonds shall be paid or until there shall be a sum in the treasury of the district set apart for such purposes sufficient to meet all sums coming due for such interest or principal, a tax, in addition to all other taxes levied for district purposes, sufficient to pay the annual interest on such bonds and such part of the principal as shall become due before the time when money will be available from the next general tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the district. Taxes so levied and collected shall be used for no purpose other than the payment of such interest or principal, except that in case a tax is levied, as above stated, for any authorized but unsold bonds, and such bonds are not so issued and sold or such tax for any other reason is not required for such purpose, the proceeds from the tax so levied shall be applied to the payment of interest or principal, on any bonds authorized by the electors then outstanding or subsequently issued. In addition to the foregoing, taxes shall also be levied to meet the required [sic Ed.] of any resolution adopted pursuant to Section 287.

Amended by Stats. 1984, ch. 271.

#### CASE NOTES

A metropolitan water district is a quasi-municipal corporation and, not being an assessment district, it may impose general taxes without opportunity for hearing as to benefits.

*City of Pasadena v. Chamberlain*, 204 Cal. 653, 661-664, 269 Pac. 630 (1928).

*Metropolitan Water District v. Superior Court*, 2 Cal. 2d 4, 6, 37 P. 2d 1041 (1934).

The Board of Directors of the Metropolitan Water District, as the governing body of such District, may be vested by the Legislature with the power to levy taxes, without infringing Section 13 of Article XI of the California Constitution.

*City of Pasadena v. Chamberlain*, 204 Cal. 653, 664-666, 269 Pac. 630 (1928).

The appointive Board of Directors of the Metropolitan Water District may be vested with power to levy general ad valorem taxes.

*In re Metropolitan Water District*, 215 Cal. 582, 586, 11 P. 2d 1095 (1932).

The Metropolitan Water District may levy its general ad valorem taxes in areas annexing after 7-1-78, effective date of State Const. Sec. XIII A (Prop. 13).

*Metropolitan Water District v. Dorff*, 98 Cal. App. 3d 109, 159 Cal. Rptr. 211 (1979).

### **Sec. 309. [Tax Levies. - Declaring Public Agencies]**

The board shall also cause to be computed and shall declare in the resolution adopted pursuant to Section 307 the amount of money to be derived by virtue of the tax levy from the area of the district lying within each member public agency and within each declaring public agency for which a certificate segregating the assessed valuation of all property within the agency has been received from the county auditor by the controller of the district. In such resolution the board shall also fix and determine the times and proportional amounts of installments through which any declaring public agency may elect to make payment in lieu of taxes as provided in Section 336, and may provide for deductions or refunds of amounts determined by the board to be equal to the fees which would be required to be paid pursuant to Section 312 if taxes were levied and collected by county officials, and equal to the interest, as determined by the board, that could be earned by the district on payments made pursuant to Section 338 between such date of payment and the dates the amount of such payment would have been payable under this section for purposes other than those referred to in Section 338. If two or more overlapping declaring public agencies have elected to make payments in lieu of taxes which in total produce more than the taxes applicable to property common to such agencies, such installments will be proportionately reduced so as to produce such taxes. The board shall immediately transmit certified copies of such resolution to the presiding officer of the governing body of each member public agency and declaring public agency.

Amended by Stats. 1969, ch. 441.

#### CASE NOTES

Payments by cities in avoidance of taxes pursuant to the provisions of former Section 8 and 8.1 (now Sec. 3.5) of the Metropolitan Water District Act are not gifts of public funds, the payments being supported by an ample consideration -- the availability of plentiful water for the use of the city's inhabitants.

*City of Glendale v. Crescenta, etc. Water Co.*, 135 Cal. App.2d 784, 288 P.2d 105 (1955).

Where a city had paid, in avoidance of taxes, amounts which would have been levied as taxes by a metropolitan water district but for the election of the city pursuant to former Section 8 (now Sec. 336) of the District's act, and where the payments by the city were computed based on anticipated tax revenues on taxable property within the city a portion of which taxable property included possessory interests in personal property later held not taxable in *General Dynamics Corp. v. County of Los Angeles*, 51 Cal.2d 59, the city is not estopped from asserting a claim for credit for the portion of payments computed on the possessory interests held not taxable as the county auditor furnished the certificate of assessed valuation on which the district predicted its tax rate and not the city.

*City of Burbank v. Metropolitan Water District*, 180 Cal. App.2d 451, 4 Cal. Rptr. 757 (1960).

Where a city had paid, in avoidance of taxes, amounts which would have been levied as taxes by a metropolitan water district but for the election of the city pursuant to former Section 8 (now Sec. 336) of the District's act, and where the payments by the city were computed based on anticipated tax revenues on taxable property within the city including possessory interests in personal property later held not taxable in *General Dynamics Corp. v. County of Los Angeles*, 51 Cal.2d 59, the amount paid in avoidance of taxes based on such possessory interests shall be considered to be in excess of the amount of taxes which would otherwise have been levied and shall be carried over and applied in reduction of taxes levied or which would otherwise have been levied during the ensuing year or years.

*City of Burbank v. Metropolitan Water District*, 180 Cal. App.2d 451, 4 Cal. Rptr. 757 (1960).

### **Sec. 310. [Statement of Tax Rates]**

Before the first day of September the controller of the district shall prepare and transmit to the auditor of each county in which property taxable by the district lies, a statement showing the tax rates to be applied to property taxable by the district. Such rates shall be the rates fixed by resolution of the board modified to the extent necessary to produce from each declaring public agency only the amount apportioned to it in such resolution, less any amount paid or undertaken to be paid by such agency, or credited thereto as provided in Chapter 2 (commencing with Section 331) of this part.

Amended by Stats. 1969, ch. 441.

### **Sec. 311. [Collection of Taxes]**

Upon receipt, pursuant to Section 310, by the auditor of each county of a certified copy of the controller's statement showing the tax rates to be applied to property taxable by the district, the county officers shall collect taxes for the benefit of the district at the rates specified. The taxes so levied shall be computed and collected at the time and in the manner required by law for the computation and collection of taxes for county purposes, and the property subject to such tax shall be subject to the same penalties for delinquency. The same provisions of law relating to the sale of property for nonpayment of county taxes and to redemption of such property shall apply to such tax levy. When so collected, such taxes including penalties for delinquency shall be paid over to the district.

Amended by Stats. 1981, ch. 686.

**Sec. 312. [Collection Fees]**

In consideration of services rendered by the county, any county may annually deduct and withhold an amount not exceeding 1 percent on the first twenty-five thousand dollars (\$25,000) collected pursuant to this chapter, and one-fourth of 1 percent of any amount in excess of twenty-five thousand dollars (\$25,000). The board of supervisors of each such county may provide such extra help as in their judgment may be necessary for the proper performance of the duties imposed under this part.

**Sec. 313. [Apportionment of Redemption Proceeds]**

Whenever any real property situated in the district upon which a tax has been levied pursuant to this chapter shall be sold for taxes and shall be redeemed, the money paid for such redemption, except advertising costs, shall be apportioned to the district in the proportion which the tax due to such district shall bear to the total tax for which such property shall have been sold.

**Sec. 314. [Lien of Taxes]**

All taxes levied under the provisions of this act shall be a lien upon the property upon which levied, and the enforcement of the collection of such tax shall be in the same manner and by the same means as is provided by law for the enforcement of liens for state and county taxes, and all of the provisions of law relating to the enforcement of such taxes are a part of this act so far as applicable.

**Sec. 315. [Payments by Declaring Public Agencies in Lieu of Taxes]**

Declaring public agencies are hereby authorized pursuant to the provisions of Chapter 2 (commencing with Section 331) of this part to pay to metropolitan water districts, out of funds derived from the sale of water or other funds not appropriated to some other use, such amounts as may be determined upon by the governing bodies, or other bodies, boards, commissions or officers having control of such funds. Any such payment in avoidance of taxes shall be credited to the appropriate member public agency or agencies. The amount of the payment so made by any such agency shall be deducted from the amount of taxes which would otherwise be levied against property lying in such agency as provided in Section 310.

In the event that payment so made by any public agency shall exceed the amount of taxes which would otherwise have been levied against property within such agency, the amount of such excess without interest shall be carried over and applied in reduction of taxes levied during the ensuing year or years.

Amended by Stats. 1969, ch. 441.

### **Sec. 316. [Reimbursement to Agencies for Preliminary District Expenses]**

Any declaring public agency which incurs expenses in the investigation of or preliminary work upon any works or projects taken over by the district may receive, and the district so taking over any such works or projects may make to such agency, reimbursement for all such sums so expended, or to be expended, for expenses incurred in such investigation or preliminary work to the extent that the board shall find that such expenditures have benefited the district.

Amended by Stats. 1969, ch. 441.

### **Sec. 317. [Credit for Incorporation Expenses]**

As an alternative to the purchase and sale of any works or projects taken over by the district any declaring public agency which incurs expenses in preliminary work in preparing for the incorporation of any district may certify the amount of such expenses, without interest, to the board at any time within four years from the date of the incorporation of the district, and if allowed by the board, such amount shall be credited to such agency, and shall be considered as a payment of money for which deduction shall be made pursuant to this part from the amount of taxes which would otherwise be levied against property lying within such agency. Such certification and allowance shall be made on or before the first Monday in July, and the amount of money to be raised by taxation shall be computed with reference to the credit to be allowed as provided in this section. Such credit may in the discretion of the board be considered in connection with the amount of money to be raised by the next tax levy or may be spread over subsequent years, not to exceed five.

Amended by Stats. 1969, ch. 441.

Note: Former Section 318 repealed by Stats. 1969, ch. 441.

### **Sec. 319. [Credits Against Taxes Levied for Bond Service]**

No credit allowed by the board pursuant to Section 317 shall apply to reduce the amount of taxes which would otherwise be levied against the property within any declaring public agency to meet interest, principal and sinking fund requirements on bonded indebtedness of the district.

Amended by Stats. 1969, ch. 441.

### **Sec. 320. [Time provisions Directory Only]**

All provisions in this act, or in any ordinance adopted pursuant to this act, relating to the respective times when the various acts pertaining to the levy of taxes are to be performed are directory only, and failure to perform any such act or acts within the time so specified shall not

impair the authority herein conferred to perform all subsequent acts relating to the levy of such taxes.

**Sec. 321. [Revision of Time Provisions]**

In the event that any of the provisions of this act respecting the time and manner of assessing property for purposes of taxation, of equalizing such assessments, of certifying such assessed valuations to the taxing authorities, of making the tax levies, of certifying such tax levies to the proper authorities for extension upon the tax rolls, and for enforcement and collection of such taxes or of performing any other act regarding the assessment, levy or collection of taxes be amended, changed, repealed or newly enacted, and as a result thereof, it should appear to the board that the time schedule provided in this part respecting the levy of district taxes be no longer consistent with such modified tax procedure, then the board by ordinance may prescribe a new schedule setting forth the times when the various acts herein required to be done in levying district taxes shall be performed. Nothing in this section shall relieve the board of its duty to provide adequate funds, by annual tax levies if necessary, to meet the interest and principal requirements of the bonded debt as they fall due.

**Sec. 322. [Tax Rates for Unsecured Property]**

For the purpose of assessing and collecting, under the provisions of Section 12 of Article XIII of the Constitution of the State of California, the taxes levied by any district incorporated pursuant to this act, the rates for taxes levied for the preceding tax year, as such phrase is employed in such section of the Constitution, shall be the rates fixed for such preceding tax year by the board pursuant to Section 307.

Amended by Stats. 1974, ch. 311.

## CHAPTER 2

### PAYMENT IN LIEU OF TAXES

#### **Sec. 331. [Adoption of Declaration of Intention]**

On or before the 10th day of December in any year the governing body of any public agency may declare its intention to pay out of its agency funds the whole or a stated percentage of the amount of taxes to be derived from the area of the district within such agency, as such amount shall be fixed in the next succeeding August by resolution of the board. If such governing body shall so declare its intention to pay a stated percentage less the whole of the amount of taxes so to be derived, such stated percentage shall be 1 percent or a whole multiple thereof. Such declaration of intention shall be made by order upon motion, which order shall recite that such agency, pursuant to the provisions of Section 336, will elect to pay the whole or such stated percentage of the amount of taxes of the district to be derived from such declaring public agency.

Amended by Stats. 1969, ch. 441.

#### **Sec. 332. [Filing of Declaration of Intention]**

Immediately upon the adoption of a declaration of intention pursuant to Section 331 and not later than the 10th day of December in such year, a certified copy of the declaration shall be filed by such declaring public agency with the controller of the district, with the county assessor of the county within which such agency lies, and with the State Board of Equalization, accompanied in each instance by a statement of the creation of such agency or of the change of boundaries of such agency or of the part thereof within the district, setting forth the legal description of the boundaries of such agency as so created or so changed and of the part thereof within the district, together with a map or plat indicating such boundaries. Such statement and such map or plat need not accompany the respective certified copy of such declaration of intention so to be filed where such agency since its creation and the last change in boundaries of such agency and of the part thereof included within the district already has filed with the board of directors and with the county assessor and with the State Board of Equalization, as the case may be, pursuant to Section 382 of Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code or other applicable provisions of law, a statement of the creation of such agency or of the change of boundaries of such agency or of the part thereof within the district, setting forth the legal description of the boundaries of such agency as so created or so changed and of the part thereof within the district, together with a map or plat indicating such boundaries.

Amended by Stats. 1969, ch. 441.

#### **Sec. 333. [Other Documents to be Filed With Controller]**

Concurrently with the certification to the controller of the district pursuant to Section 332 of the declaration of intention, accompanied by such statement and map or plat where required, such declaring public agency shall transmit to the controller of the district a statement showing its financial condition as of the close of the fiscal year immediately preceding, the funds from which it is intended that such payment will be made and the sources of revenue to be used therefore, and not later than the 15th day of December in such year shall file with the controller proof that a certified copy of the declaration and such statement and map or plat have been filed with the county assessor and with the State Board of Equalization. In instances where such statement and map or plat are not required by Section 332 to accompany the certified copy of the declaration so filed, such proof shall evidence the fact that the requirements of Section 332 have been otherwise fulfilled.

Amended by Stats. 1969, ch. 441.

#### **Sec. 334. [Acceptance of Declaration of Intention by Controller]**

Upon the filing with the controller of the district pursuant to Section 332 of the certified copy of the declaration of intention accompanied by the statement and map or plat, where required, and the filing pursuant to Section 333 of the financial statement and of the required proof, the controller, if it appears that the financial condition of such agency reasonably will assure the payment of such amount of taxes, shall accept such declaration of intention.

#### **Sec. 335. [Notice to Board of Equalization and Assessor]**

If the declaration of intention is accepted pursuant to Section 334, the controller, on or before the 23rd day of December, shall so notify the State Board of Equalization and the county assessor of the county wherein such declaring public agency is situated, and any other officer whose duty it is to collect taxes under the provisions of Section 12 of Article XIII of the Constitution of the State of California. Thereupon the county assessor or other officer shall not collect in such agency prior to the next ensuing first day of September, the amount of such taxes for the benefit of the district that is to be paid out of the agency funds of such agency, as indicated in the declaration of intention.

Amended by Stats. 1974, ch. 311.

#### **Sec. 336. [Election to Pay Out of Agency Funds]**

On or before the 27th day of August of each year the governing body of each declaring public agency whose declaration of intention has been accepted pursuant to Section 334, may elect to pay out of the agency funds of such agency, other than funds derived from ad valorem property taxes, all or the stated percentage, as the case may be, of the amount of tax which would otherwise be levied upon property within such agency. Such election shall be made in strict compliance with, and fulfillment of, the declaration of intention made by such agency pursuant to Section 331.

Amended by Stats. 1971, ch. 1499.

**Sec. 337. [Order for Payment out of Agency Funds]**

Any election pursuant to Section 336 shall be made by order upon motion, which shall recite that such payment shall be made in cash concurrently with the certification of such order to the controller of the district, or that such payment shall be made in installments at such times and in such amounts as shall be in accordance with the requirements of the board adopted pursuant to Section 309. In the event that any declaring public agency shall adopt an order making any such election, it shall immediately certify to the controller of the district a copy of such order.

Amended by Stats. 1969, ch. 441.

**Sec. 338. [Amounts Levied for Bond Service]**

In the event any declaring public agency shall elect to pay in cash all or any portion of the amount of tax which otherwise be levied upon property within such agency to meet interest, principal and sinking fund requirements on bonded indebtedness of such district, such amount so elected to be paid shall be deposited with the treasurer of the district on or before the 28th day of August next following such election, and unless such payment is so made in the case of interest, principal and sinking fund requirements on bonded indebtedness, such election shall be ineffective for any purpose.

Amended by Stats. 1969, ch. 441.

**Sec. 339. [Failure to Make Intended Election]**

If any declaring public agency whose declaration of intention has been accepted pursuant to Section 334 shall fail to make its intended election in accordance with Section 331 and in compliance with all applicable requirements, the controller of the district, on or before the first day of September, shall so notify the county auditor of the county in which such agency shall lie and thereupon the county assessor or county tax collector of said county or other officer whose duty it then is to collect such taxes, forthwith shall collect for the benefit of the district such taxes to the extent that such agency shall so fail to make its intended election to pay such taxes out of its agency funds. No penalties shall attach to such taxes as are collected by the first day of December.

Amended by Stats. 1969, ch. 441.

**Sec. 340. [Penalty for Delinquency of Agency]**

If any declaring public agency fails to comply with the terms of the order electing to make payments to the district pursuant to this article in lieu of taxation, the amount of the delinquency,

plus a penalty of 8 percent, shall be added to the taxes to be collected during the ensuing fiscal year, from the property within such delinquent agency, and thereafter for a period of two years no order or ordinance shall be sufficient to exempt the property in such agency from taxation unless it be accompanied by payment in cash of the amount which would otherwise be collected from owners of property within the agency, together with all moneys due but unpaid under any previous order.

Amended by Stats. 1969, ch. 441.

### **Sec. 341. [Public Reimbursement of Revenue Losses]**

Wherever, under any provision of law, state, county, or other public agency reimbursement is made for lost tax revenue to taxing authorities by reason of any property tax exemption, or treatment or assessment of certain property in a manner different from that regularly done by a county for property generally, the loss of tax revenue to the district by reason of public agencies within the district paying out of their funds, other than funds derived from ad valorem property taxes, all or a stated percentage of the taxes levied by the district shall be reimbursed by the state, county, or other public agency to the district in the same manner as provided by law for other taxing authorities and to the same extent as if all of the taxes of the district had been carried on the county assessment roll. In the case of reimbursement for lost revenue due to reduction of property taxes on business inventories, the district's right to reimbursement is effective only insofar as the county receives reimbursement from the state.

Added by Stats. 1971, ch. 1499.

Part 7. Changes in Organization

**CHAPTER 1**

**ANNEXATION OF TERRITORY**

**Article 1. Annexation of Public Agencies**

**Sec. 350. [Annexation of Corporate Area of Agency]**

The corporate area of any public agency may be annexed to any metropolitan water district by direct annexation as a separate unit upon terms and conditions fixed by the board of directors and in accordance with the provisions of this article.

**Sec. 351. [Application for Agency Annexation]**

The governing body of any public agency may apply to the board of the district for consent to annex the corporate area of such agency to the district. The board may grant or deny such application and in granting such application may fix the terms and conditions upon which the corporate area of such agency may be annexed to and become a part of the metropolitan water district. Such terms and conditions may provide, among other things, for the levy by the district of special taxes upon taxable property within the agency in addition to the taxes authorized elsewhere in this act to be levied by the district.

**Sec. 352. [Resolution Consenting to Agency Annexation]**

The action of the board pursuant to Section 351 evidenced by resolution shall be promptly transmitted to the governing body of the applying public agency, and if such action grants consent to such annexation, the governing body may thereupon submit to the qualified electors of the agency at any general or special election held in the agency, the proposition of such annexation subject to the terms and conditions fixed by the board.

**Sec. 353. [Notice of Election]**

Notice of the election shall be given by posting such notice for at least 10 days in three public places in the public agency or by publication once at least 10 days before the date fixed for the election in a newspaper of general circulation published in the public agency. Such notice shall contain the substance of the terms and conditions fixed by the board pursuant to Section 351.

**Sec. 354. [Conduct and Canvass of Election]**

The election shall be conducted and the returns canvassed in the manner provided by law for elections in such public agency. If the proposition receives the affirmative vote of a majority of the electors of such public agency voting thereon at such election, the governing body of such agency shall certify the result of the election to the board, together with a legal description of the boundaries of the corporate area of the public agency, accompanied by a map or plat indicating such boundaries.

**Sec. 355. [Certificate of Proceedings]**

A certificate of proceedings under this article shall be made by the secretary of the district and filed with the Secretary of State. Upon the filing of such certificate in the office of the Secretary of State, the corporate area of the public agency shall become an integral part of the district, and the taxable property in such agency shall be subject to taxation for the purposes of the district, including the payment of any authorized or outstanding bonds or other obligations of such district. The board may thereafter do all things necessary to enforce and make effective the terms and conditions of annexation fixed by the board pursuant to Section 351.

**Sec. 356. [Secretary of State's Certificate]**

Upon the filing in his office of the certificate of proceedings pursuant to Section 355, the Secretary of State shall, within 10 days, issue his certificate reciting the filing of such papers in his office and the annexation of the corporate area of the public agency to the metropolitan water district. The Secretary of State shall transmit the original of such certificate to the secretary of the district and shall forward a certified copy to the county clerk of each county in which such district or any portion thereof is situated.

## **Article 2. Automatic Annexation of Territory in a City**

### **Sec. 360. [Automatic Annexation - City Member Agency]**

Territory may be annexed to any metropolitan water district by annexation to, or consolidation with, the area of any city, which is itself a member public agency, such annexation or consolidation to occur upon compliance with the provisions of law governing such annexation to, or consolidation with, the area of such city. Upon completion of such annexation to, or consolidation with, any city in compliance with the provisions of law applicable to such annexation or consolidation, such territory shall become a part of such metropolitan water district, and the taxable property in such territory shall be subject to taxation for the purposes of such district, including the payment of any authorized or outstanding bonds or other obligations of such district.

### **Sec. 361. [Automatic Annexation - City Units of Member Agency]**

Territory may be annexed to any metropolitan water district by annexation to, or consolidation with, any city which, as a separate unit, shall have become a part of any member public agency of the district, in instances where, under the applicable provisions of law governing the change of boundaries of such member public agency, such annexation or consolidation automatically will result in the enlargement of the area of such agency, such annexation or consolidation to occur upon compliance with the provisions of law governing such annexation to, or consolidation with, the area of such city. Upon completion of such annexation to, or consolidation with, such city in compliance with the provisions of law applicable to such annexation or consolidation, such territory shall become a part of such member public agency and of such metropolitan water district, and the taxable property in such territory shall be subject to taxation for the purposes of such member public agency and of such metropolitan water district, including the payment of any authorized or outstanding bonds or other obligations of such agency and of such district.

### **Article 3. Annexation of Territory with Consent of the Board**

#### **Sec. 370. [Territorial Annexation]**

Territory may be annexed to any metropolitan water district by annexation to, or consolidation with, any member public agency, other than a city or any city which, as a separate unit, shall have become a part of any member public agency of the district, upon terms and conditions fixed by the board of directors of the district and in accordance with the provisions of this article. Unless such territory is annexed to the district with the consent of the board, the annexation of such territory to, or the consolidation of such territory with, any such agency shall not authorize or entitle such agency or such territory to demand or receive any water from the district for use in such territory.

#### **Sec. 371. [Local Annexation]**

Nothing in this act shall prevent the annexation of territory to, or the consolidation of territory with, any such member public agency for its local purposes only and without annexing such territory to such metropolitan water district, and such local annexation or consolidation may occur without requesting or obtaining the consent of the board.

#### **Sec. 372. [Application for Territorial Annexation]**

The governing body of any member public agency, other than a city or a member public agency with respect to annexation to any city which, as a separate unit, has become a part of such member public agency, may apply to the board for consent to annex to the district territory which it is sought to annex to, or consolidate with, such agency, or territory which already has been annexed to, or consolidated with, such agency but has not been made a part of such district. The board may grant or deny such application and in granting such application may fix the terms and conditions upon which such territory may be annexed to the district. Such terms and conditions may provide, among other things, for the levy by such district of special taxes upon taxable property within such territory in addition to the taxes authorized elsewhere in this act to be levied by such district.

#### **Sec. 373. [Resolution Consenting to Territorial Annexation]**

The action of the board pursuant to Section 372 evidenced by resolution shall be promptly transmitted to the governing body of the applying agency, and if such action shall grant consent to the annexation, such territory may be annexed to the district upon compliance with the provisions of this article.

#### **Sec. 374. [Completion of Annexation]**

If such territory has not previously been annexed to, or consolidated with, such member public agency, upon completion of such annexation to, or consolidation with, such agency in

compliance with the applicable provisions of law, including this article, such territory shall become a part of the district, and the taxable property in such territory shall be subject to taxation for the purposes of such district, including the payment of any authorized or outstanding bonds or other obligations of such district. The board may thereafter do all things necessary to enforce and make effective the terms and conditions of annexation fixed by the board pursuant to Section 372.

Article XIII A of the California Constitution does not prohibit the levy of an ad valorem tax, pursuant to Section 374, in excess of one percent on property annexed to a Metropolitan Water District for the payment of indebtedness of the District approved by voters prior to July 1, 1978.

*MWD v. Dorff* (1979) 98 Cal. App. 3d 109

### **Sec. 375. [Election Requirements]**

If the applicable provisions of law governing such annexation to, or consolidation with, such member public agency shall require any notice of any election called for the purpose of determining whether such proposed annexation or consolidation shall occur, or shall require any notice of hearing or other notice to be given to the residents or electors of, or owners of property in, such territory, such notice shall contain the substance of the terms and conditions of annexation to such district fixed by the board pursuant to Section 372.

### **Sec. 376. [Certificate of Proceedings]**

The governing body of such member public agency or other officer having the duty of certifying the proceedings resulting in such annexation to, or consolidation with, such agency, pursuant to the provisions of law applicable thereto, shall include in such certification a record of the proceedings by which such territory has been annexed to such metropolitan water district in accordance with the provisions of this article, and shall file a duplicate of such certificate with the board of the district.

### **Sec. 377. [Annexation of Territory Already in Member Public Agency]**

If the territory sought to be annexed to the district has previously been annexed to, or consolidated with, such member public agency, the governing body of such agency, upon being advised of the action of the board consenting to annexation pursuant to Section 370, may annex the territory by compliance with the provisions of either (a) or (b) hereof.

(a) If 12 or more voters reside therein, the governing body may submit to the qualified electors of such territory at any general or special election held therein the proposition of such annexation subject to the terms and conditions fixed by the board. The provisions of Sections 353 and 354 hereof, respectively, regarding notice, conduct, canvassing, and certification of such an election shall be applicable.

(b) If less than 12 voters reside therein, and all property owners consent to annexation upon the terms and conditions fixed by the board, the governing body may, without notice or hearing, adopt a resolution ordering such territory annexed to the district and transmit a certified copy thereof to the secretary of the district, together with a legal description and map or plat of the boundaries of such territory. If less than all such property owners consent, the governing body may, after notice and hearing, adopt a resolution ordering such territory annexed to the district and transmit a certified copy thereof to the secretary of the district, together with a legal description and map or plat of the boundaries of such territory; provided that there is not on file at the conclusion of the hearing written protests by the owners of one-half of the value of such territory as shown by the last equalized assessment roll of the county in which such territory is situated. In which such territory is situated. The notice of hearing on the proposed annexation shall be published once at least 15 days prior to the date for the hearing in a newspaper published in the member public agency in which the territory lies. Such notice shall refer to the proposed annexation and the terms and conditions therefor fixed by the board.

The provisions of Sections 355 and 356 shall thereafter be applicable to such proceedings, and for the purposes of this section, such provisions shall be deemed to refer to the territory sought to be annexed to the district pursuant to this article, rather than to the corporate area of any public agency sought to be annexed to the district pursuant to Article 1 (commencing with Section 350) of this chapter.  
Amended by Stats. 1969, ch. 441.

## **Article 4. Change in Boundaries**

### **Sec. 380. [Filing Statement of Change of Boundaries With State Board of Equalization and Assessors]**

Whenever the corporate area of a public agency is annexed to a district as a separate unit, or whenever territory is otherwise annexed to a district pursuant to the provisions of this chapter, the secretary of the district shall file, with the county assessor of each county within which the district or any part thereof shall lie and with the State Board of Equalization, a statement of the change of boundaries of the district, setting forth the corporate names of the member public agencies, which statement also shall contain a legal description of the boundaries of such annexed public agency or territory, as the case may be, unless a statement and map or plat indicating the boundaries of the agency or territory has been filed with the county assessor of each county within which such agency or territory or any part thereof shall lie and with the State Board of Equalization, pursuant to Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code or other applicable provisions of law. Such statement so filed by the secretary shall be accompanied by a map or plat indicating the boundaries of the district as so changed.

### **Sec. 381. [Property Subject to Taxation]**

If such statement and map or plat is filed pursuant to Section 380 on or before the first day of January, but subsequent to the 30th day of June next preceding, all taxable property within the corporate area of such public agency or such territory so annexed, as the case may be, shall be subject to taxation by such metropolitan water district for the purposes of this act, commencing with the fiscal year beginning on July 1st next ensuing. If such statement and map or plat is filed subsequent to January 1st, but before July 1st, all taxable property within the corporate area of such public agency or such territory so annexed shall be subject to such taxation by the district commencing with the fiscal year beginning on the first day of July in the calendar year next succeeding the calendar year in which the statement and map or plat are so filed by the secretary of such district.

### **Sec. 382. [Filing Statement of Change of Boundaries of Member Agencies with District]**

Whenever territory is annexed to, or consolidated with, any member public agency, irrespective of whether such territory is annexed to such metropolitan water district, or whenever territory is annexed to any city, under the conditions specified in Article 2 (commencing with Section 360) of this chapter, the governing body, or clerk thereof, of such agency shall file with the board of the district a statement of the change of boundaries of the agency, setting forth the legal description of the boundaries of such agency, as so changed, and of the part thereof within the district. Such statement shall be accompanied by a map or plat indicating such boundaries.

## **Article 5. Conflict of City and Agency Annexations**

### **Sec. 390. [Limited Definition of Public Agency]**

As used in this article, `public agency` does not include any city.

### **Sec. 391. [Declaration of Intent to Apply for Consent to Annex]**

The governing body of any public agency may declare its intention to apply to the board of directors of any metropolitan water district for consent to annex to such metropolitan water district the corporate area of such public agency as such corporate area exists at the time of making such declaration of intention or as such corporate area will exist upon the conclusion of proceedings referred to in Sections 393 and 394 for the annexation to any city of territory within such public agency in a manner that would result in automatic annexation of such territory to such metropolitan water district upon the consummation of the annexation of such territory to such city.

### **Sec. 392. [Filing of Declaration of Intent with District]**

Except as provided in Sections 393 and 394, whenever the governing body of any public agency shall make such declaration of intention and shall file a certified copy thereof with the board of directors of such metropolitan water district, any territory lying within such corporate area of such public agency so proposed to be annexed as stated in such declaration of intention shall not be annexed to such metropolitan water district except as a part of the corporate area of such public agency, until such time as the limitations prescribed in this article shall have ceased to be operative. If any proceedings referred to in Sections 393 and 394 shall fail to result in the annexation of territory within such public agency to the city conducting such proceedings, the declaration of intention so made and filed by such public agency shall be deemed to relate to the corporate area of such public agency, including the territory for which annexation to such city shall have so failed.

### **Sec. 393. [Effect of Petition to Annex to City Member Public Agency]**

If, prior to the making and filing of the declaration of intention in the manner provided in Section 391, a valid petition shall have been filed with the governing body of a city, the corporate area of which shall be included in such metropolitan water district in a manner which except for the limitations prescribed in this article would result in automatic annexation to such metropolitan water district of territory annexed to such city, and such petition shall pray for the annexation to such city of territory within such public agency, the governing body so declaring its intention shall not apply to the board of directors of such metropolitan water district for consent to the proposed annexation of the corporate area of such public agency until such proceedings for the annexation to such city of the territory within such public agency shall have been completed or terminated.

Such annexation of any such territory to such city in manner resulting in automatic annexation thereof to such metropolitan water district shall also, without other proceedings, result in the exclusion of such territory from such public agency, such exclusion to be effective concurrently with the annexation of such territory to such city and to such metropolitan water district.

**Sec. 394. [Taxation Effect Upon Exclusion; Failure to Annex]**

The taxable property within such area excluded pursuant to Section 393 shall continue to be taxable by such public agency to the same extent and in the same manner and for the same purposes as though such area had been excluded pursuant to proceedings conducted therefor in the manner and form provided by the organic law governing such public agency and the exclusion of territory therefrom. If any proceedings referred to in Section 393 shall fail to result in the annexation to such city of territory within such public agency, upon the termination of such unsuccessful city proceedings the governing body of such public agency may apply to the board of directors of such metropolitan water district for consent to annex thereto the corporate area of such public agency, including the territory for which annexation to such city shall have so failed.

**Sec. 395. [Time of Formal Application for Annexation to District Upon Filing of Declaration of Intent]**

If the governing body of such public agency previously shall have made and filed its declaration of intention in the manner provided in Section 391, the formal application to the board of directors of such metropolitan water district for consent to annex such corporate area shall be made and filed with such board of directors not later than 30 days from the date of completion or termination of all proceedings referred to in Sections 393 and 394 for the annexation of territory within such public agency to a city in such manner that if the annexation to the city be consummated the territory automatically would be annexed to such metropolitan water district and would be excluded from such public agency.

**Sec. 396. [Time Within Which District Board Must Act Before Application]**

In the event that application shall be made, within the time herein prescribed, by the governing body of a public agency to the board of directors of a metropolitan water district, for consent to annex the corporate area of such public agency to such metropolitan water district, such application shall be granted or denied by the board of directors of such metropolitan water district within three months from the date such application is filed with such board of directors. Failure of such board of directors to grant such application within the period prescribed shall constitute denial of the application.

**Sec. 397. [Time Within Which Agency Must Accept Terms and Conditions]**

The governing body of such public agency, within 30 days from the date upon which such application shall have been granted by the board of directors of such metropolitan water district,

shall approve or disapprove such annexation subject to the terms and conditions fixed by the board of directors of such metropolitan water district in granting such consent. If such annexation be so approved, the governing body of such public agency, within such period of 30 days, shall call, and order to be held, an election within the corporate area of such public agency for the purpose of submitting to the qualified electors of such public agency the proposition of annexing such corporate area to such metropolitan water district, subject to the terms and conditions so fixed by the board of directors of such metropolitan water district. Such election shall be called and ordered to be held on a suitable date not later than three months from the date on which it is so called by such governing body. Failure of such governing body to call such election within the period prescribed shall constitute disapproval by such governing body of the proposed annexation.

#### **Sec. 398. [Application of Other Sections]**

Except as otherwise expressly provided in this article, the proceedings for the annexation of the corporate area of such public agency to such metropolitan water district shall be conducted in accordance with the provisions of Article 1 (commencing with Section 350) of this chapter and the annexation election shall be conducted and the returns thereof canvassed in the manner provided by law for elections in such public agency. In the event that the proposition for such annexation shall receive the affirmative vote of a majority of electors of such public agency voting thereon at such election, the results shall be certified and all documents filed in the manner provided in such article by a date not later than 60 days from the date of the holding of such election.

#### **Sec. 399. [Area Included Upon Successful Annexation]**

Upon successful completion, in accordance with the provisions of this article and of Article 1 (commencing with Section 350) of this chapter, of the proceedings for annexation of the corporate area of such public agency to such metropolitan water district, all territory comprised within the corporate area of such public agency at the time of the filing with the board of directors of such metropolitan water district of the application by the governing body of such public agency for consent to such annexation, shall become a part of such metropolitan water district as a part of the corporate area of such public agency. Nothing herein contained shall prevent the annexation of any such territory to any city irrespective of the fact that the corporate area of such city may be a part of such metropolitan water district in a manner which except for the limitations prescribed in this article would result in automatic annexation to such metropolitan water district of territory annexed to such city. Nothing contained in this article shall authorize the annexation to a metropolitan water district, as a separate unit, of less than the entire corporate area of a public agency.

#### **Sec. 400. [Effect of Failure of Annexation of Agency]**

In the event that the proceedings to annex the corporate area of such public agency to such metropolitan water district shall fail to result in the consummation of such annexation, the

governing body of such public agency which shall have filed its declaration of intention in the manner provided in this article, immediately shall file with the Secretary of State evidence of the failure of such annexation proceedings. Upon the filing of such evidence in the office of the Secretary of State any territory then within such public agency which theretofore shall have been annexed to any city, the corporate area of which shall be included in such metropolitan water district in a manner which except for the limitations prescribed in this article would have resulted in automatic annexation to such metropolitan water district of such territory concurrently with its annexation to such city, shall become, and be, a part of such metropolitan water district, and the taxable property therein shall be subject to taxation thereafter for the purposes of such metropolitan water district, including the payment of bonds and other obligations of such district at the time authorized or outstanding, and such annexation shall be deemed to have occurred in accordance with the provisions of Article 2 (commencing with Section 360) of this chapter, except for the effective date of such automatic annexation, which shall be the date of filing in the office of the Secretary of State of the evidence of failure of the proceedings for the annexation of the corporate area of such public agency to such metropolitan water district. Any such territory thereafter annexed to any such city, subject to the limitations prescribed in this article in the event that new proceedings shall be instituted under the provisions hereof, shall become, and be, a part of such metropolitan water district at the time, in the manner, and with the effect prescribed in Article 2 (commencing with Section 360) of this chapter.

#### **Sec. 401. [Proceedings Without Filing Declaration of Intention]**

Notwithstanding any provision contained in this article, the governing body of any public agency, in the manner provided in Article 1 (commencing with Section 350) of this chapter, may apply to the board of directors of a metropolitan water district for consent to annex to such metropolitan water district the corporate area of such public agency without first having declared its intention to make such application. If such prior declaration of intention be not made and filed, upon making formal application for consent to such annexation, in the manner provided in Article 1 (commencing with Section 350) of this chapter, any territory lying within such corporate area of such public agency so proposed to be annexed thereafter shall not be annexed to such metropolitan water district except as a part of the corporate area of such public agency until such time as the limitations prescribed in this article shall have ceased to be operative. If, prior to the making and filing of such formal application, a valid petition shall have been filed with the governing body of a city for annexation thereto of territory within such public agency in a manner which except for the limitations prescribed in this article would result in automatic annexation to such metropolitan water district of territory annexed to such city, then such formal application shall not be made by the governing body of such public agency until such proceedings for the annexation to such city of the territory within such public agency shall have been completed or terminated. The filing of such formal application for consent to such annexation shall have the same effect as though such formal application for such consent were filed pursuant to a prior declaration of intention made and filed in accordance with the provisions of this article and effective as of the time of filing such formal application.

## **Article 6. Modification of Special Tax Levies**

### **Sec. 405. [Procedure for Modification]**

The board of directors of a district, with respect to an area annexed to a district pursuant to this chapter, may modify the method of raising an amount previously fixed by the board to be collected by special tax levies as a condition or term of annexation, in any manner which would result in a cash payment or a series of annual levies either of which would have a present value equal to the present value of the amounts remaining to be levied in such area according to terms previously specified by the board. Such present values shall be as determined by the board as of the date such modification is approved by the board.

### **Sec. 406. [Approval by Voters or Property Owners]**

Any such modification pursuant to Section 405 shall be approved by a majority of the voters voting on such proposition at an election called within such area if 12 or more voters reside therein, or, if less than 12 voters reside therein, upon written approval duly filed with the district's secretary signed by owners of more than one-half of the value of the taxable property within such area as shown on the last equalized assessment roll. Such election shall be conducted by the member public agency of which such area is a part.

## CHAPTER 2

### EXCLUSION OF TERRITORY

#### **Sec. 450. [Completion of Exclusion]**

If any portion of the corporate area of any member public agency, shall be excluded from such agency in accordance with the provisions of law applicable to such exclusions, then such excluded area shall thereby also be excluded from the corporate area of such metropolitan water district, but the taxable property within such excluded area shall continue to be taxable by the district for the purpose of paying the bonded or other indebtedness of the district outstanding or contracted for at the time of such exclusion and the balance of any indebtedness due the district under terms of annexation to the district.

Amended by Stats. 1969, ch. 441.

#### CASE NOTE

The withdrawal from the Metropolitan Water District of the area included within a constituent municipality is not a municipal affair of that municipality, and hence the procedure for withdrawal is prescribed solely by the Metropolitan Water District Act, free from charter provisions of the constituent municipality, so that, for example, only the city council may call a withdrawal election, and an initiative petition under the city charter is ineffectual.

*Riedman v. Brison*, 217 Cal. 383, 387-388, 18 P.2d 948 (1933).

#### **Sec. 451. [Election Procedure]**

The governing body of any member public agency may submit to the electors of the agency at any general or special election the proposition of the exclusion of the entire corporate area of such member public agency from the district. Notice of such election shall be given in the manner provided in Section 353. Such election shall be conducted and the returns canvassed in the manner provided by law for the conduct of elections in such agency. In the event that the majority of the electors voting on such proposition vote in favor of such withdrawal, such result shall be certified by the governing body of such agency to the board of the district.

#### **Sec. 452. [Certificate of Proceedings]**

A certificate of the proceedings under Section 450 or 451 shall be made by the secretary of the district and filed with the Secretary of State, and upon the filing of such certificate the corporate area of the member public agency shall be excluded from the district but the property within the agency at the time of such exclusion shall continue to be taxable for the purpose of paying the bonded and other indebtedness of the district outstanding or contracted for, at the time of such exclusion and until such bonded or other indebtedness shall have been satisfied.

**Sec. 453. [Secretary of State Certificate]**

Upon the filing in his office of the certificate of proceedings pursuant to Section 452 the Secretary of State shall, within 10 days, issue his certificate, reciting the filing of such papers in his office and the exclusion of the corporate area of such member public agency from the district. The Secretary of State shall transmit the original of such certificate to the secretary of the district and shall forward a certified copy to the county clerk of each county in which the district or any portion thereof is situated.

## **CHAPTER 3**

### **EXCHANGE OF TERRITORY**

#### **Sec. 455. [Effect of Exchange]**

Whenever two or more member public agencies of a district are subject to a reorganization of their boundaries under applicable provisions of law which would result in an exchange, but not an overlapping, of territory that is entirely within such district, the boundaries of such agencies within the district, upon completion of such reorganization and the filing with the secretary of the district of certificates thereof, shall constitute the boundaries of such member public agencies for all district purposes, without action by the board, and shall be so shown on any certificates relating to district boundaries thereafter filed under this part or applicable provisions of law. If such exchange includes territory subject to special conditions and tax levies pursuant to terms of annexation at the time such territory became a part of the district, such territory shall continue subject to such conditions and to be taxable by the district for such levies.

Added by Stats. 1969, ch. 441.

Part 8. Repeal

CHAPTER 1

**REPEAL**

**Sec. 550. [Repeal of 1927 Act]**

Chapter 429 of the Statutes of 1927 is repealed.

**Sec. 551. [Effect of Repeal]**

The repeal effected by this part shall not be construed to deprive any district or person or any other entity of any substantial right which would have existed or hereafter exists had such repeal not been effected.

**THE METROPOLITAN WATER DISTRICT ACT**

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