

CENTRAL BASIN MUNICIPAL WATER DISTRICT

MARCH 10, 2004 - Finance

Hawkins, Cole

MARCH 22, 2004 - Board Meeting

Prepared by: Mary-Ann Rexroad

Submitted by: Mary-Ann Rexroad

Approved by: Darryl G. Miller

ACTION CALENDAR

RESOLUTION NO. 3-04-692ADOPT RECYCLED WATER STANDBY CHARGE FOR FISCAL YEAR 2004-05SUMMARY:

Each year, Central Basin reviews its financial obligations and sources of revenue as part of the annual budget process. Included within the budget are two parcel charges that require the Board to conduct a public hearing, which was held on February 23, 2004. The parcel charges are described below:

Recycled Water Parcel Charge

In the early 1990's, Central Basin initiated their efforts in drought-proofing the District's region by constructing pipelines and pump stations to provide recycled water to various irrigation customers. In recognition of the regional drought-proofing benefits of the Recycled Water Program, Central Basin implemented a recycled water parcel charge that has been used to finance the Central Basin's Water Recycling Project and is used to help offset the debt service obligations of the outstanding debt. The charge currently generates approximately \$3.2 million. Under the Municipal Water District Act (Water Code 71630), a municipal water district may impose a maximum of \$10 per parcel or per acre for parcels larger than one acre. After the first three years of notice to all property owners, an alternative procedure (Water Code 71638) is allowed for noticing affected property owners about the public hearing. Legal notices were mailed (approximately 43,300 post cards) to all property owners who had a change of ownership since January 1, 2002. Staff prepared legal notice in the newspapers and proper notification of the public hearing. No comments were received prior to the February 23, 2004 public hearing.

At the November 24, 2003 Board meeting, the "Resolution of Intent" initiating the procedures to continue the Standby Charge required by Government Code section 54984 was adopted by the Board. Staff submitted to the Board for approval the draft engineer's report describing the District's Capital Improvement Program that the standby charge revenues are used to finance, and the Negative Declaration that addresses the environmental consequences of implementing the Standby Charge under the California Environmental Quality Act (CEQA).

Metropolitan Water District (MWD) Parcel Charge

For the last nine years, MWD has had a parcel charge in place for Central Basin that has been used to finance the annual Readiness-to-Serve (RTS) obligation. The MWD parcel charge is collected by MWD and used to finance the annual RTS obligation. Any surplus or deficit is charged to the District on the monthly water bill. Central Basin has continued to collect its obligations to MWD's RTS charge through a parcel charge. This charge, which generates

approximately \$3.4 million annually, helps to defray the need for substantial rate increases to imported and recycled water rates.

Each year Central Basin must inform MWD if the District would like MWD to collect the RTS obligation with the MWD Standby Charge. Central Basin has requested MWD impose the Standby Charge since July 1995.

Public Hearing

On February 23, 2004, the Board held a public hearing on the Recycled Water Standby Charge. No comments were received at the public hearing.

The FY 2004-05 Recycled Water Standby Charge Program information was made available to the public, distributed to the Board, and is included in the Recycled Water Standby Charge public hearing file.

FISCAL IMPACTS:

The Central Basin Standby Charge generates \$3.2 million and the MWD Standby Charge generates \$3.4 million in annual revenues. The Central Basin Standby Charge revenues are used to fund the District's Water Recycling Program revenue bond debt service and the MWD Standby Charge revenues are used to fund the District's RTS obligation.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on March 10, 2004 and recommended for approval at the March 22, 2004 Board meeting.

RECOMMENDED MOTION:

That the Board:

1. Approves, adopts, and signs Resolution No. 3-04-692, " A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT IMPOSING STANDBY CHARGES FOR THE FISCAL YEAR COMMENCING JULY 1, 2004 AND REPEALING RESOLUTION NO. 3-03-675" and
2. Authorizes the President to send a letter requesting that MWD continue the MWD Water Parcel Charge to fund Central Basin's Readiness-to-Serve charge for the fiscal year 2004-05.

LIST OF EXHIBITS:

Exhibit "A" - Resolution 3-04-692
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