

ASSEMBLY BILL

No. 727

Introduced by Assembly Member Wilk

February 25, 2015

An act to amend Section 21531 of the Public Contract Code, and to amend Sections 11, 15, 26.1, 29.1, 29.2, 29.4, and 29.7 of, and to repeal Sections 29.5 and 29.6 of, the Castaic Lake Water Agency Law (Chapter 28 of the First Extraordinary Session of the Statutes of 1962), relating to the Castaic Lake Water Agency.

LEGISLATIVE COUNSEL’S DIGEST

AB 727, as introduced, Wilk. Castaic Lake Water Agency.

(1) Existing law, the Castaic Lake Water Agency Law, creates the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. The law authorizes the agency to construct, operate, and maintain works to develop hydroelectric energy and to contract for the sale of the right to use falling water for electrical energy purposes.

This bill would authorize the agency to construct, operate, and maintain works to develop energy projects and to contract for the sale of the right to use facilities or real property for electric energy purposes.

(2) Existing law authorizes the agency to develop, treat, distribute, and reclaim water, and to store and recover water from groundwater basins located outside the boundaries of the agency.

This bill would authorize the agency to exercise these powers over groundwater basins located both within and outside the boundaries of the agency. This bill would authorize the board of directors of the agency

to adopt and carry out a plan to finance or reimburse the agency for advancing net costs of remediating groundwater contamination.

(3) Existing law authorizes the agency to establish and impose a facility capacity fee for the right to make a new retail connection to the water distribution system of any retail water distributor within the agency that obtains water supplies from the agency. Existing law requires the proceeds of the facility capacity fee to be used exclusively by the board of directors of the agency for the annual capital budget of the agency, which is the sum annually projected by the board of directors to be reasonably necessary for prescribed purposes. Existing law authorizes the board of directors to adopt a multiyear capital budget, not to encompass more than 3 agency fiscal years.

This bill would define a facility capacity fee and authorize the agency to establish and impose the fee on any person who makes a new retail connection or has an existing retail connection to the water distribution system. This bill would eliminate payments of capital costs to the State of California for purposes of the State Water Project from being a component of the annual facility capacity fee capital budget of the agency. This bill would eliminate the authorization to adopt a multiyear capital budget.

(4) Existing law authorizes the board of directors, by majority vote, to appoint from its members one vice president.

This bill would authorize the board of directors to appoint from its members one or more vice presidents.

(5) Existing law requires the board of directors of the agency to annually adopt a resolution of intention to form new water service areas, or to continue, amend, or modify water service areas previously established.

This bill would not require the board of directors to adopt this resolution if there is no change from the previous year to the water service areas or to the existing facility capacity fees.

(6) Existing law provides that until July 1, 1991, or the date the board of directors finds and declares by resolution that there is more than 25,000 acre-feet of potable water available each from the agency, whichever is later, the agency is required to allocate water of the agency to each purveyor on a specified percentage basis and that the allocation of agency water after this date is to be with respect to agency water service areas.

This bill would repeal these provisions.

(7) Existing law authorizes the agency to prescribe methods for the construction of works and for the letting of contracts for the construction of works, structures, or equipment, or the performance or furnishing of labor, materials, or supplies, for carrying out specified provisions. Existing law requires all contracts for any improvement or unit of work when the cost estimate exceeds \$5,000 to be let to the lowest responsible bidder or bidders. Existing law authorizes the agency to have work done by force account without advertising for bids and to purchase in the open market materials and supplies when the estimated cost of the work does not exceed \$5,000.

This bill would revise the cost estimate limit for the purpose of these provisions to \$75,000.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 21531 of the Public Contract Code is
2 amended to read:
3 21531. (a) The Castaic Lake Water Agency shall have power
4 to prescribe methods for the construction of works and for the
5 letting of contracts for the construction of works, structures, or
6 equipment, or the performance or furnishing of labor, materials,
7 or supplies, necessary or convenient for carrying out any of the
8 purposes of this act or for the acquisition or disposal of any real
9 or personal property; provided, that all contracts for any
10 improvement or unit of work, when the cost according to the
11 estimate of the engineer will exceed ~~five~~ *seventy-five* thousand
12 dollars ~~(\$5,000)~~, (\$75,000) shall be let to the lowest responsible
13 bidder or bidders as provided in this article. The board shall first
14 determine whether the contract shall be let as a single unit or
15 divided into severable parts. The board shall advertise for bids by
16 three insertions in a daily newspaper of general circulation
17 published in the agency or by two insertions in a nondaily
18 newspaper of general circulation published in the agency or, if no
19 newspaper is published in the agency, in any newspaper of general
20 circulation distributed in the agency, inviting sealed proposals for
21 the construction or performance of the improvement or work. The
22 call for bids shall state whether the work shall be performed in one
23 unit or divided into parts. The work may be let under a single

1 contract or several contracts, as stated in the call. The board shall
2 require the successful bidders to file with the board good and
3 sufficient bonds to be approved by the board conditioned upon the
4 faithful performance of the contract and upon the payment of their
5 claims for labor and material. The bonds shall comply with Title
6 3 (commencing with Section 9000) of Part 6 of Division 4 of the
7 Civil Code. The board may reject any bid.

8 (b) In the event all proposals are rejected or no proposals are
9 received, or the estimated cost of the work does not exceed ~~five~~
10 *seventy-five* thousand dollars ~~(\$5,000); (\$75,000)~~ or the work
11 consists of channel protection, maintenance work, or emergency
12 work, the board may have the work done by force account without
13 advertising for bids. In case of an emergency, if notice for bids to
14 let contracts will not be given, the board shall comply with Chapter
15 2.5 (commencing with Section 22050).

16 (c) The agency may purchase in the open market without
17 advertising for bids, materials and supplies for use in any work,
18 either under contract or by force account; provided, however, that
19 materials and supplies for use in any new construction work or
20 improvement, except work referred to in subdivision (b), ~~may~~ *shall*
21 not be purchased if the cost exceeds ~~five~~ *seventy-five* thousand
22 dollars ~~(\$5,000); (\$75,000)~~, without advertising for bids and
23 awarding the contract to the lowest responsible bidder.

24 SEC. 2. Section 11 of the Castaic Lake Water Agency Law
25 (Chapter 28 of the First Extraordinary Session of the Statutes of
26 1962), as amended by Section 1 of Chapter 170 of the Statutes of
27 1998, is amended to read:

28 Sec. 11. The board of directors shall be the governing body of
29 the agency. The board shall hold its first meeting as soon as
30 possible after the appointment and certification of the first board
31 of directors. The board shall choose one of its members to be
32 president, and shall thereupon provide for the time and place of
33 holding its meetings and the manner in which its special meetings
34 may be called. All legislative sessions of the board, whether regular
35 or special, shall be open to the public. A majority of the board
36 shall constitute a quorum for the transaction of business. At its
37 first meeting in the month of January of each odd-numbered year,
38 the board shall choose one of its members president. The board,
39 by majority vote, may appoint from its members one *or more* vice

1 ~~president~~ *presidents* and may define the duties of ~~the~~ a vice
2 president.

3 SEC. 3. Section 15 of the Castaic Lake Water Agency Law
4 (Chapter 28 of the First Extraordinary Session of the Statutes of
5 1962), as amended by Section 1 of Chapter 910 of the Statutes of
6 1989, is amended to read:

7 Sec. 15. The agency may acquire water and water rights,
8 including, but not limited to, water from the State of California
9 under the State Water Resources Development System, and
10 provide, sell, and deliver that water at wholesale only, for
11 municipal, industrial, domestic, and other purposes, through a
12 transmission system to be acquired or constructed by the agency.
13 To carry out these purposes, the agency shall have the following
14 powers:

15 (a) To have perpetual succession.

16 (b) To sue and be sued, except as otherwise provided herein or
17 by law, in all actions and proceedings in all courts and tribunals
18 of competent jurisdiction.

19 (c) To adopt a seal and alter it at pleasure.

20 (d) To take by grant, purchase, gift, devise, or lease, hold, use,
21 enjoy, and to lease or dispose of real and personal property of
22 every kind, within or without the agency.

23 (e) To acquire, or contract to acquire, waterworks or a
24 waterworks system, water rights, waters, lands, and rights and
25 privileges and to construct, complete, extend, add to, repair,
26 maintain, improve, and operate waterworks or a waterworks
27 system, conduits, pipelines, reservoirs, works, machinery, and
28 other property or facilities useful or necessary to import, store,
29 treat, reclaim, conserve, convey, or supply water for the benefit
30 and use of residents and owners of property within the agency,
31 and otherwise for authorized agency purposes.

32 (f) To lease of and from any person, firm, public or private
33 corporation, or public agency, with the privilege of purchasing or
34 otherwise, all or any part of water storage, transportation or
35 distribution facilities, existing waterworks or a waterworks system,
36 and to carry on and conduct waterworks or a waterworks system;
37 also to sell for use within the area of the agency at wholesale only
38 water of the agency to cities, to other public corporations and
39 public agencies, and to water corporations as defined in the Public
40 Utilities Code, and to any mutual water companies engaged in

1 distributing water to its members for use, without any preference,
2 and the agency may, whenever the board finds that there is a
3 surplus of water above that which may be required by those
4 consumers within the agency, sell or otherwise dispose of that
5 surplus water to any persons, firms, public or private corporations,
6 public agencies, or other consumers.

7 (g) To exercise the right of eminent domain to take any property
8 necessary or desirable for any facility reasonably required for the
9 importation and transmission of water in the area of the agency.
10 The agency in exercising that power, shall in addition to the
11 damage for the taking, injury, or destruction of property, also pay
12 the cost of removal, reconstruction, or relocation of any structure,
13 railways, mains, pipes, conduits, wires, cables or poles of any
14 public utility which is required to be removed to a new location.
15 No action in eminent domain to acquire property outside the
16 boundaries of the agency shall be commenced unless the board of
17 supervisors of each affected county has consented to the acquisition
18 by resolution.

19 (h) To issue bonds, borrow money, and incur indebtedness as
20 authorized by law or in this act provided; also to refund (by the
21 issuance of the same obligations following the same procedure)
22 or retire any indebtedness or lien that may exist against the agency
23 or property thereof.

24 (i) To issue negotiable promissory notes bearing interest at a
25 rate not exceeding the maximum rate per annum authorized by
26 Section 27; provided, however, that the notes shall be general
27 obligations of the agency payable from revenues and taxes in the
28 same manner as bonds of the agency; and provided further that
29 the maturity shall not be later than five years from the date thereof
30 and that the total aggregate amount of the notes outstanding at any
31 one time may be at least equal to seventy-five thousand dollars
32 (\$75,000) but shall not otherwise exceed the lesser of either one
33 million dollars (\$1,000,000) or 2 percent of the assessed valuation
34 of the taxable property in the agency, or, if that assessed valuation
35 is not obtainable, 2 percent of the county auditor's estimate of the
36 assessed valuation of the taxable property in the agency evidenced
37 by his or her certificate.

38 (j) To cause taxes to be levied, in the manner hereinafter
39 provided, for the purpose of paying any obligation of the agency,
40 including its formation expenses and any warrants issued therefor.

1 (k) To restrict the use of agency water during any emergency
2 caused by drought, or other threatened or existing water shortage,
3 and to prohibit the wastage of agency water or the use of agency
4 water during those periods, for any purpose other than household
5 uses or such other restricted uses as may be determined to be
6 necessary by the agency; to prohibit the use of agency water during
7 those periods for specified uses which the agency may from time
8 to time find to be nonessential.

9 (l) To prescribe and define by ordinance, the restrictions,
10 prohibitions, and exclusions referred to in subdivision (k). Every
11 ordinance relating to the matters referred to in this subdivision
12 shall be in full force and effect forthwith upon adoption, but shall
13 be published once in full within 10 days after adoption in a
14 newspaper of general circulation published in the agency or, if no
15 such newspaper is published in the agency, in a newspaper of
16 general circulation distributed in the agency.

17 (m) To make contracts, to employ labor, and do all acts
18 necessary for the full exercise of the foregoing powers.

19 (n) To provide by ordinance of its board of directors for the
20 pensioning of employees and the creation of a special fund for the
21 purpose of paying those pensions, and the accumulation of
22 contributions to the fund from the revenues of the agency, the
23 wages of employees, voluntary contributions, gifts, donations, or
24 any source of revenue not inconsistent with the general powers of
25 the board, and to contract with any insurance corporation or any
26 other insurance carrier for the maintenance of a service covering
27 the pension of the employees, and to provide in the ordinance for
28 the terms and conditions under which the pensions shall be
29 awarded, and for the time and extent of service of employees before
30 the pensions shall be available to them.

31 (o) To join with one or more public agencies, private
32 corporations, or other persons for the purpose of carrying out any
33 of the powers of the agency, and for that purpose to contract with
34 such other public agencies or private corporations or persons for
35 the purpose of financing those acquisitions, constructions, and
36 operations. The contracts may provide for contributions to be made
37 by each party thereto and for the division and apportionment of
38 the expenses of the acquisitions and operations, and the division
39 and apportionment of the benefits, the services and products
40 therefrom, and may provide for any agency to effect the

1 acquisitions and to carry on the operations, and shall provide in
2 the powers and methods of procedure for the agency the method
3 by which the agency may contract. The contracts with other public
4 agencies or private corporations or persons may contain such other
5 and further covenants and agreements as may be necessary or
6 convenient to accomplish the purposes thereof. Particularly, but
7 not exclusively, the agency may contract with the State of
8 California for delivery of water under the State Water Resources
9 Development System. The term “public agency,” as used in this
10 subdivision, shall be deemed to mean and include the United States
11 of America or any department or agency thereof, the State of
12 California or any department or agency thereof, a county, city,
13 public corporation, the Metropolitan Water District of Southern
14 California, or other public district of this state. The term “private
15 corporation,” as used in this subdivision, shall be deemed to mean
16 and include any private corporation organized under the laws of
17 the United States of America or of this or any other state thereof.
18 Contracts mentioned herein include those made with the United
19 States, under the Federal Reclamation Act of June 17, 1902, (43
20 U.S.C. Sec. 372 *et seq.*) and all acts amendatory thereof or
21 supplementary thereto or any other act of Congress heretofore or
22 hereafter enacted permitting cooperation. Any such contract with
23 the United States of America or any department or agency thereof,
24 or with any private corporation organized under the laws of the
25 United States of America, by which the agency, or an improvement
26 district thereof, incurs an indebtedness or liability exceeding in
27 any year the income and revenue for that year, shall not be executed
28 without the assent of two-thirds of the qualified electors of the
29 agency, or an improvement district thereof, voting at a special
30 election to be held for that purpose, the election to be called and
31 held, so far as practicable, in the same manner as bond elections
32 for the agency. The exact form of the contract need not be available
33 at the time of the special election, but the (1) purpose of the
34 contract; (2) maximum amount of the indebtedness created thereby;
35 (3) maximum term of repayment, and (4) maximum interest rate
36 on the indebtedness shall be known and included in the proposition
37 or measure submitted to the qualified electors of the agency, or an
38 improvement district thereof, at the special election.

39 (p) To issue bonds under Section 28 for the purpose of providing
40 money required to be paid by this agency to the State of California

1 or any agency thereof under any contract which shall be made with
2 it, or as all or part of the terms and conditions under which the
3 corporate area of the agency may be annexed to and become a part
4 of any metropolitan water district organized under the Metropolitan
5 Water District Act. The amount of the bonds may include expenses
6 of all proceedings for the authorization, issuance, and sale of the
7 bonds.

8 (q) To disseminate information concerning the rights, properties,
9 and activities of the agency.

10 (r) To construct, operate, and maintain works to develop
11 hydroelectric energy *projects*, for use by the agency in the operation
12 of its works or as a means of assisting in financing the construction,
13 operation, and maintenance of its projects for the control,
14 conservation, diversion, and transmission of water and to enter
15 into contracts for the sale of the energy for a term not to exceed
16 100 years. The energy may be marketed only at wholesale to any
17 public agency or private entity, or both, or the federal or state
18 government.

19 (s) To contract, in connection with the construction and
20 operation of the works of the agency, for the sale of the right to
21 use ~~falling water facilities or real property~~ for electric energy
22 purposes with any public agency or private entity engaged in the
23 retail distribution of electric energy, for a term not to exceed 100
24 years.

25 (t) To develop, treat, distribute, and reclaim water, and to store
26 and recover water from groundwater basins located *both within*
27 *and* outside the boundaries of the agency and, in exercising that
28 power, to make and enter into contracts allowing that storage and
29 recovery.

30 SEC. 4. Section 26.1 of the Castaic Lake Water Agency Law
31 (Chapter 28 of the First Extraordinary Session of the Statutes of
32 1962), as amended by Section 1 of Chapter 562 of the Statutes of
33 1991, is amended to read:

34 Sec. 26.1. (a) (1) In addition to the other powers provided in
35 this act, the agency may establish and impose a charge referred to
36 as a facility capacity fee, ~~and which is in the nature of a connection~~
37 ~~fee, for the right to make fee on any person who makes a new retail~~
38 *connection or has an existing retail connection* to the water
39 distribution system of any retail water distributor within the agency
40 that obtains all, or any portion, of its water supplies from the

1 agency. The necessity for the fee, and the amounts thereof, shall
2 be determined, established, imposed, collected, and used in the
3 manner provided in this section.

4 (2) *As used in this act, a “facility capacity fee” means a fee for*
5 *public facilities in existence at the time a fee is imposed and for*
6 *new public facilities to be acquired or constructed in the future*
7 *that are of proportional benefit to the person or property being*
8 *charged, including supply or capacity contracts for rights or*
9 *entitlements, real property interests, and entitlements and other*
10 *rights of the agency involving capital expense relating to its use*
11 *of existing or new public facilities. A “facility capacity fee” does*
12 *not include a commodity charge.*

13 (b) If the board of directors determines that its existing water
14 importation, transportation, and delivery facilities and other related
15 works, property, and improvements are not adequate for the
16 purpose of receiving, importing, transporting, and delivering
17 additional needed quantities of water available from the State
18 Water Resources Development System or from other sources, the
19 board of directors may adopt and carry out a plan for any of the
20 following purposes:

21 (1) To obtain additional facilities, works, property,
22 improvements, and supplies of water.

23 (2) To increase or enlarge, as may be appropriate, its existing
24 capacity and facilities for obtaining, importing, transporting, and
25 delivering additional ~~quantity~~ *quantities* of water to retail water
26 distributors within the agency which are in need of additional water
27 supplies.

28 (3) To finance or reimburse the agency for advancing the cost
29 of acquiring facilities, works, property, improvements, and supplies
30 of water and to allocate that cost among lands within water service
31 areas of the agency which, by reason of new development or new
32 construction thereon, will need ~~new water service~~ *a new or*
33 *expanded retail connection, or will result in expanded use of water*
34 *at the retail connection*, and will be benefited by making the
35 additional supplies of agency water available for purchase by the
36 retail water distributors that will supply those lands with water.

37 (4) *To finance or reimburse the agency for advancing net costs*
38 *for capital facilities for remediating groundwater contamination,*
39 *which originated solely from the land within a given water service*
40 *area.*

1 (c) (1) Prior to adopting any plans pursuant to subdivision (b),
2 the board of directors shall hold at least one public hearing, at
3 which oral or written presentations may be made, as part of a
4 regularly scheduled meeting to establish water service areas within
5 the agency.

6 (2) Notwithstanding any other notice requirements of this act,
7 notice of the time and place of the hearing and meeting, including
8 a general explanation of the matters to be considered, and a
9 statement that the data required by this subdivision is available,
10 shall be mailed at least 14 days prior to the hearing to any interested
11 party who files a written request with the agency for mailed notice
12 of the hearing on those plans and on allocation of the costs thereof.
13 Any written request for that mailed notice shall be valid only for
14 one year from the date on which it is filed with the agency unless
15 a renewal request is filed. Renewal requests for the mailed notices
16 shall be filed on or before April 1st of each year. The board of
17 directors may establish a reasonable annual charge for sending the
18 notices based on the agency's estimated cost of providing the
19 service.

20 (3) At least 10 days prior to the hearing, the agency shall make
21 available to the public data indicating the cost, or estimated cost,
22 to acquire, construct, and provide the water importation,
23 transportation, and delivery facilities and other works, property,
24 and improvements necessary to obtain and provide the additional
25 water to those retail water distributors who will serve water to the
26 lands on which the new developments and new construction will
27 be located, and the proposed method and basis for allocating the
28 costs as among those lands. *The agency may transmit this data*
29 *electronically to interested parties upon written request.*

30 (d) (1) Following the public hearing or hearings, the board of
31 directors shall make both of the following determinations:

32 (A) The extent of the need for the additional property and
33 supplies of water to be supplied by the agency.

34 (B) Whether existing facilities and other works and
35 improvements of the agency are adequate to import, receive,
36 transport, and deliver those additional quantities of water.

37 (2) If the board of directors determines that there is a need or
38 that the agency's existing facilities, works, property, and
39 improvements are inadequate to serve that water, or both, the board

1 of directors shall adopt the plan or plans specified in subdivision
2 (b).

3 (e) In making its determinations as to how to allocate the costs
4 of the plan or plans within water service areas of the agency, the
5 board of directors shall determine the amount of the facility
6 capacity fee to be imposed for ~~and upon each new connection to~~
7 the delivery facilities of the retail water distributors that will supply
8 those lands with imported or local water. The facility capacity fee
9 shall be fixed and determined pursuant to a method and basis
10 whereby the fee is as nearly as reasonably practicable an amount
11 proportionate to the benefit to the land, including consideration of
12 the volume of water to be ~~delivered to the new retail connection~~
13 *delivered*.

14 (f) The board of directors may contract with the counties, or
15 cities on or after January 1, 1992, in which the agency is located
16 for the collection of the facility capacity fee along with building
17 permit fees or other fees related to the improvement of property,
18 or may contract for collection of the facility capacity fee by the
19 retail water distributor.

20 (g) The proceeds of the facility capacity fee imposed and
21 collected pursuant to this section shall be used exclusively by the
22 board of directors for the annual *facility capacity fee* capital budget
23 of the agency, as described in Section 29.1, for purposes authorized
24 by this section as specified in the plans adopted pursuant to
25 subdivisions (b), (d), and (e).

26 (h) Any action taken by the board of directors pursuant to this
27 section shall be taken only by resolution.

28 (i) Any judicial action or proceeding to attack, review, set aside,
29 void, or annul any resolution imposing a facility capacity charge
30 of the agency, or a resolution modifying or amending an existing
31 charge imposed by the agency, shall be commenced within 120
32 days of the effective date of the resolution. Any action or
33 proceeding shall be brought pursuant to Chapter 9 (commencing
34 with Section 860) of Title 10 of Part 2 of the Code of Civil
35 Procedure.

36 SEC. 5. Section 29.1 of the Castaic Lake Water Agency Law
37 (Chapter 28 of the First Extraordinary Session of the Statutes of
38 1962), as amended by Section 3 of Chapter 1119 of the Statutes
39 of 1987, is amended to read:

1 Sec. 29.1. (a) For any agency fiscal year commencing on or
 2 after July 1, 1987, the board of directors shall divide all lands
 3 within the agency into separate, nonoverlapping water service
 4 areas. The water service areas shall be fixed, formed, and
 5 established following a public hearing and notice pursuant to
 6 Section 29.3. The purpose for the formation of water service areas
 7 is to provide a source of and to apportion moneys, not to exceed
 8 the amount permitted annually by law, for, and only for, the annual
 9 *facility capacity fee* capital budget of the agency. The funding and
 10 apportioning of the *facility capacity fee* capital budget shall be on
 11 the principle of benefit received by the lands and people within
 12 each water service area. Projected use of water in any way to be
 13 made available by the agency within a water service area during
 14 any agency fiscal year, as well as ~~the agency's contract interests~~
 15 ~~pursuant to the State Water Resources Development System and~~
 16 the agency's existing property, plant, and distribution facilities,
 17 shall be deemed by the board of directors to be the principal
 18 benefits to be considered in determining the proportion of the
 19 annual *facility capacity fee* capital budget of the agency to be
 20 collected from sources within each water service area. Different
 21 schedules of rates, charges, fees, assessments, and taxes to fund
 22 the *facility capacity fee* capital budget of the agency, or a portion
 23 thereof, may be fixed and established in each water service area,
 24 except that tax rates within any individual water service area shall
 25 be uniform. The lands within each water service area need not be
 26 contiguous.

27 ~~Any~~

28 (b) Any ad valorem tax or tax rate set or determined by the
 29 board of directors, though part of the benefit determination process
 30 within water service areas, is valid so long as the tax proceeds are
 31 applied in accordance with constitutional restrictions. Allocations
 32 by the board of directors of the burden of ad valorem taxes between
 33 or among water service areas may, at the option of the board of
 34 directors, be conducted outside the hearing process set forth and
 35 described in Sections 29.2 to 29.4, inclusive.

36 ~~As~~

37 (c) As used in this act, the "annual *facility capacity fee* capital
 38 budget of the agency" means that sum annually projected by the
 39 board of directors to be reasonably necessary (1) ~~for payments of~~
 40 ~~capital costs to the State of California, including its agencies or~~

1 departments, in any way for purposes of the State Water Resources
2 Development System as from time to time amended, (2) for
3 payments for acquisition of other water imported into the agency
4 or for local water, (3) *water for new and expanded uses*, (2) for
5 payments in any way concerning agency bonded indebtedness or
6 for lands and facilities, within or outside the agency, useful or
7 necessary to bank, store, transport, treat, and distribute water
8 currently or eventually to be made available by the agency within
9 water service areas ~~thereof~~, *thereof for new and expanded uses*,
10 and ~~(4)~~ (3) for payment to agency budget reserve accounts for the
11 above uses or purposes in future agency fiscal years. Moneys
12 collected by the agency for the “annual *facility capacity fee* capital
13 budget of the agency” shall only be utilized for “capital,” as that
14 term is utilized under general accounting principles. The board of
15 directors in its budgetary processes during any fiscal year may
16 shift “capital” moneys between or among “capital” accounts,
17 including reserve accounts. Notwithstanding the foregoing, the
18 annual *facility capacity fee* capital budget of the agency as derived
19 from all water service areas of the agency shall be funded in strict
20 accordance with constitutional and statutory restrictions, as existing
21 from time to time, on legally permissible rates, charges, fees,
22 assessments, and taxes.

23 SEC. 6. Section 29.2 of the Castaic Lake Water Agency Law
24 (Chapter 28 of the First Extraordinary Session of the Statutes of
25 1962), as amended by Section 4 of Chapter 1119 of the Statutes
26 of 1987, is amended to read:

27 Sec. 29.2. ~~The~~ (a) *Except as provided in subdivision (b), the*
28 board of directors shall annually adopt a resolution of intention to
29 form new water service areas, or to ~~continue, amend,~~ *amend* or
30 modify water service areas previously established. The resolution
31 shall contain all of the following:

32 (a)

33 (1) The proposed boundary description of each proposed water
34 service area.

35 (b)

36 (2) ~~The projected benefits to be received by~~ *additional capacity*
37 *that will be provided to* the lands and people within each proposed
38 water service area during a specific, identified agency fiscal year.

39 (c)

1 (3) The proposed annual *facility capacity fee* capital budget of
2 the agency for that fiscal year, and the portion thereof proposed
3 to be obtained from ~~sources~~ *facility capacity fees* within each
4 proposed water service area.

5 ~~(d)~~

6 (4) The proposed charges, fees, assessments, and tax rates
7 proposed to be fixed, levied, or collected within or from each
8 proposed water service area for the proposed annual *facility*
9 *capacity fee* capital budget of the agency.

10 ~~(e)~~

11 (5) The date, time, and location for a public hearing concerning
12 the formation, ~~continuation~~, amendments, or modification of the
13 water service areas.

14 *(b) The board of directors shall not be required to adopt a*
15 *resolution pursuant to this section if there is not a change from*
16 *the previous year to the water service areas or the existing facility*
17 *capacity fees.*

18 SEC. 7. Section 29.4 of the Castaic Lake Water Agency Law
19 (Chapter 28 of the First Extraordinary Session of the Statutes of
20 1962), as amended by Section 6 of Chapter 1119 of the Statutes
21 of 1987, is amended to read:

22 Sec. 29.4. (a) The board of directors shall at the public hearing
23 concerning water service areas, which hearing may be adjourned
24 and continued from time to time, hear and consider any objections
25 or comments concerning the proposed water service areas as
26 described in the agency's resolution of intention concerning the
27 areas. At or following the hearing, the board of directors may make
28 any changes in the proposals set forth in the resolution of intention
29 that are deemed by the board of directors to be proper; provided,
30 except that if additional land is to be included within or described
31 land is to be excluded from a proposed water service area, or if
32 any proposed described benefit within a proposed water service
33 area is to be materially changed, or if any proposed charge, fee,
34 assessment, or tax rate within a proposed water service area is to
35 be increased by 15 percent or more, the hearing shall be continued
36 for at least 30 days and mailed notice of that continuance shall be
37 given to the affected property owners not waiving that notice by
38 mailing the notice not less than 21 days in advance of the continued
39 hearing.

40 Absent

(b) Absent any need to continue the public hearing, the board of directors shall thereafter find and determine whether it is in the best interest of the agency and each proposed water service area that the water service area be either fixed, formed, ~~and established or continued,~~ *established*, modified, or amended. When all those findings and determinations are made, the board of directors shall by resolution do the following:

(a)

(1) Determine each water service area and describe the land in that area.

(b)

(2) Fix the annual *facility capacity fee* capital budget of the agency.

(c)

(3) ~~Describe generally the benefits proposed to be received by additional capacity that will be provided to the lands and people within each water service area.~~

(d)

(4) Fix, levy, and apportion within each water service area the charges, fees, assessments, and tax rates to be collected therefrom for the purpose of equitably matching those charges, fees, assessments, and tax rates with projected benefits within each water service area.

SEC. 8. Section 29.5 of the Castaic Lake Water Agency Law (Chapter 28 of the First Extraordinary Session of the Statutes of 1962), as added by Section 12 of Chapter 832 of the Statutes of 1986, is repealed.

~~Sec. 29.5. Until the later of (1) the date the board of directors finds and declares by resolution based on substantial evidence that there is on a reliable basis more than 25,000 acre-feet of potable water available each year from the agency, or (2) July 1, 1991, the agency shall allocate water of the agency to each purveyor on a percentage basis as follows:~~

~~(a) Los Angeles County Waterworks District No. 36 2.5%~~

~~(b) Newhall County Water District 1.8%~~

~~(c) Santa Clarita Water Company 59.8%~~

~~(d) Valencia Water Company 35.9%~~

~~The allocation of agency water thereafter shall be with respect to agency water service areas. Retail water distributors operating within each water service area shall have a preferential right to~~

1 purchase for beneficial use within a water service area a portion
2 of the water available for sale by the agency which shall, from
3 year to year, thereafter bear the same ratio to all agency water
4 available as the total of amounts received by the agency since
5 January 1, 1987, from the water service area from taxes and from
6 the nontax portion of the annual capital budget of the agency, as
7 described in Section 29.1, bears to the total of amounts received
8 by the agency since January 1, 1987, from taxes and from the
9 nontax portion of that annual capital budget of the agency. The
10 board of directors may adopt reasonable rules and regulations in
11 furtherance of the allocation provided for in this section.

12 SEC. 9. Section 29.6 of the Castaic Lake Water Agency Law
13 (Chapter 28 of the First Extraordinary Session of the Statutes of
14 1962), as added by Section 2 of Chapter 170 of the Statutes of
15 1998, is repealed.

16 Sec. 29.6. (a) Notwithstanding any other provision of law, the
17 board of directors may adopt a multiyear capital budget for the
18 agency. The multiyear capital budget may not encompass more
19 than three agency fiscal years. Except for the length of time, the
20 multiyear capital budget shall meet the requirements pertaining to
21 an annual capital budget.

22 (b)(1) Prior to the adoption of a multiyear capital budget, the
23 board shall hold a public hearing noticed using the means set forth
24 in Section 29.3.

25 (2) The board of directors may adopt, by resolution, reasonable
26 procedures to facilitate the adoption and funding of a multiyear
27 capital budget. Any procedures adopted by the board shall facilitate
28 the making of findings and determinations otherwise required or
29 authorized for the adoption and funding of an annual capital budget
30 pursuant to Sections 29.1 to 29.4, inclusive.

31 (3) Subject to the notice and public hearing requirements
32 imposed by paragraph (1), any multiyear capital budget may be
33 amended by the board of directors during the term of the budget.
34 Schedules of rates, charges, fees, and assessments may not be
35 increased without a prior public hearing noticed as required by
36 any applicable statute or provision of the California Constitution.

37 SEC. 10. Section 29.7 of the Castaic Lake Water Agency Law
38 (Chapter 28 of the First Extraordinary Session of the Statutes of
39 1962), as added by Section 3 of Chapter 170 of the Statutes of
40 1998, is amended to read:

1 Sec. 29.7. Notwithstanding any other ~~provision of~~ law, the
2 board of directors may adopt a facility capacity fee as part of its
3 annual *facility capacity fee* capital budget ~~or multiyear capital~~
4 ~~budget~~ and may allow the facility capacity fee for any water service
5 area to remain in effect until the board, subject to applicable notice
6 and hearing requirements, changes or repeals the fee by resolution.

O