

AMENDED IN ASSEMBLY JULY 9, 1997
AMENDED IN ASSEMBLY JUNE 3, 1997
AMENDED IN ASSEMBLY APRIL 28, 1997

SENATE BILL

No. 133

Introduced by Senator Kelley

January 9, 1997

An act to amend Section 8 8.2 of the County Water Authority Act (Chapter 545 of the Statutes of 1943), relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 133, as amended, Kelley. County water authorities: indebtedness: *letters of credit*.

The County Water Authority Act authorizes the board of directors of a county water authority to arrange for a line of credit as an additional source of repayment for certain indebtedness or to borrow money for specified purposes.

This bill would additionally authorize a board of directors to arrange for a letter of credit for those purposes.

~~(1) Under existing law, voter approval, as specified, is required for a county water authority to incur indebtedness involving a proposal to purchase, lease, or otherwise acquire rights, privileges, or services by contract, the compensation for which is required to be payable over a period of time exceeding 20 years.~~

~~This bill would, instead, make that requirement applicable to those contracts if the compensation is required to be payable over a period of time exceeding 40 years. The bill~~

~~would require any proposal to purchase, lease, or otherwise acquire rights, privileges, or services by contract, if compensation is required to be payable over a period of time exceeding 20 years, to be adopted in accordance with a prescribed procedure, including notice and protest provisions, thereby imposing a state-mandated local program.~~

~~(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

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

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

1 ~~SECTION 1.—Section 8 of the County Water Authority~~

2 *SECTION 1. Section 8.2 of the County Water*
3 *Authority Act (Chapter 545 of the Statutes of 1943) is*
4 *amended to read:*

5 Sec. 8.2. (a) Any authority may, pursuant to this
6 section, borrow money and incur indebtedness ~~from time~~
7 ~~to time~~ for any of the purposes for which it is authorized
8 by law to spend money. The indebtedness shall be
9 evidenced by short-term revenue certificates issued in
10 the manner and subject to the limitations set forth in this
11 section. Any authority may also borrow money and incur
12 indebtedness to pay the principal or interest on
13 certificates issued pursuant to this section.

14 (b) Certificates issued by any authority pursuant to
15 this section may be negotiable or nonnegotiable, and all
16 certificates shall be, and shall recite upon their face that
17 they are, payable both as to principal and interest out of
18 any revenues of the authority which are made security for
19 the certificates pursuant to an indenture or resolution
20 duly adopted by the board of directors. The word
21 “revenues,” as used in this section, refers to any revenues
22 derived from the sale of water and power, annexation
23 charges (whether collected through tax levies or



1 otherwise), grants, available tax revenues, or any other
2 legally available funds. In no event shall any resolution or
3 indenture preclude payment from the proceeds of sale of
4 other certificates issued pursuant to this section or from
5 amounts drawn on a bank, or other financial institution,
6 lines of credit pursuant to subdivision (e), or from any
7 other lawfully available source of funds.

8 (c) ~~In order to~~ To exercise the power to borrow money
9 pursuant to this section, the board shall adopt a resolution,
10 or approve an indenture, authorizing the sale and
11 issuance of certificates for that purpose, which resolution
12 or indenture shall specify all of the following:

13 (1) The purpose or purposes for which the proposed
14 certificates are to be issued.

15 (2) The maximum principal amount of the certificates
16 which may be outstanding at any one time.

17 (3) The maximum interest cost, to be determined in
18 the manner specified in the resolution, to be incurred
19 through the issuance of the certificates.

20 (4) The maximum maturities of the certificates, which
21 shall not exceed 270 days from the date of issue.

22 (5) The obligations to certificate holders while the
23 certificates are outstanding.

24 (d) The board may also provide, in its discretion, for
25 any of the following.

26 (1) The times of sale and issuance of the certificates,
27 the manner of sale and issuance (either through public or
28 private sale), the amounts of the certificates, the
29 maturities of the certificates, the rate of interest, the rate
30 or discount from par, and any other terms and conditions
31 deemed appropriate by the board or by the general
32 manager of the authority or any other officer designated
33 by the board.

34 (2) The appointment of one or more banks or trust
35 companies, either inside or outside the state, as
36 depository for safekeeping and as agent for the delivery,
37 and the payment, of the certificates.

38 (3) The employment of one or more persons or firms
39 to assist the authority in the sale of the certificates,



1 whether as sales agents, dealer managers, or in some
2 other comparable capacity.

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

6 (5) Other terms and conditions the board ~~may deem~~
7 *determines to be* appropriate.

8 (e) The board may arrange for a bank, or other
9 financial institution, line *or letter* of credit for (1) the
10 purpose of providing an additional source of repayment
11 for indebtedness incurred under this section and any
12 interest thereon or (2) for the purpose of borrowing for
13 any purpose for which short-term revenue certificates
14 could be issued under this section. Amounts drawn on ~~the~~
15 ~~lines a line or letter~~ of credit may be evidenced by
16 negotiable or nonnegotiable promissory notes or other
17 evidences of indebtedness. The board is authorized to use
18 any of the provisions of this section in connection with the
19 entering into of the line *or letter* of credit, borrowing
20 thereunder, or repaying of the borrowings.

21 ~~Act (Chapter 545 of the Statutes of 1943) is amended to~~
22 ~~read:~~

23 ~~Sec. 8. (a) An authority may incur indebtedness by~~
24 ~~contract other than by voting bonds or expenditure of~~
25 ~~bond proceeds up to a total amount equal to one-tenth of~~
26 ~~1 percent of the assessed value, as defined in Section 135~~
27 ~~of the Revenue and Taxation Code, or as otherwise~~
28 ~~defined by an act of the Legislature, of property taxable~~
29 ~~for authority purposes by a vote of three-fourths or more~~
30 ~~of the aggregate number of votes of all members of the~~
31 ~~board of directors. Any proposal to incur an indebtedness~~
32 ~~in excess of that amount by contract other than by voting~~
33 ~~bonds or expenditure of bond proceeds, and any proposal~~
34 ~~to purchase, lease, or otherwise acquire rights, privileges,~~
35 ~~or services by contract, the compensation for which shall~~
36 ~~be payable over a period of time exceeding 40 years, shall~~
37 ~~be submitted to the qualified electors of the authority for~~
38 ~~their approval and shall be voted upon at an election~~
39 ~~where the proceedings are held, insofar as applicable, in~~
40 ~~the manner provided in this act for the authorization and~~



1 issuance of the bonds of the authority, except that the
2 vote of a majority of the electors voting upon the
3 proposition shall be sufficient to authorize the incurring
4 of the indebtedness. Notice of the election shall contain,
5 in addition to the information required in the case of bond
6 elections, a statement of the maximum amount of money
7 to be paid under the contract, exclusive of penalties and
8 interest, for what purposes the money is to be expended;
9 and the property, improvements, works, rights,
10 privileges, or services to be acquired thereby. The ballots
11 at the election shall contain a brief statement of the
12 general purposes of the contract and the amount of the
13 obligation to be assumed, with the words "Contract Yes"
14 and "Contract No." The board of directors may submit
15 the contract or proposed contract to the superior court of
16 the county where the authority is located to determine
17 the validity of the contract and the legal authority of the
18 board to enter into the contract, with the same
19 proceedings to be held as provided in this act in the case
20 of the judicial determination of the validity of bonds
21 issued pursuant to this act and with like effect.

22 (b) A proposal to purchase, lease, or otherwise acquire
23 rights, privileges, or services by contract for which the
24 compensation shall be payable over a period of time
25 exceeding 20 years shall be adopted as follows:

26 (1) The authority shall announce its intent to act on a
27 proposal pursuant to this subdivision at the public
28 meeting immediately preceding the meeting at which
29 the proposal is proposed to be adopted.

30 (2) Not less than 20 days before the date of the meeting
31 at which the proposal is proposed to be adopted, the
32 authority shall publish notice of that meeting in a
33 newspaper of general circulation pursuant to Section
34 6061 of the Government Code and provide a first-class
35 mailing to any interested party who has filed with the
36 authority a written request for mailed notice of any
37 meeting at which the authority proposes to take action on
38 any proposal pursuant to this subdivision. The authority
39 may establish an annual fee for mailing notices, based on
40 the reasonable estimated cost of providing that service.



1 ~~Any request for mailed notice shall be valid for one year~~
2 ~~from the date on which the request is filed. Notice~~
3 ~~pursuant to this paragraph shall contain provisions that do~~
4 ~~all of the following:~~

5 ~~(A) Describe the proposal, including its purpose, the~~
6 ~~amount of the annual and aggregate compensation, and~~
7 ~~its duration.~~

8 ~~(B) Estimate any anticipated financial impact on the~~
9 ~~ratepayers.~~

10 ~~(C) State that the authority shall not adopt the~~
11 ~~proposal if there is a sufficient number of protests as~~
12 ~~specified in paragraph (5).~~

13 ~~(D) Describe the procedures by which a ratepayer~~
14 ~~may protest the proposal, including an address to which~~
15 ~~a protest may be mailed.~~

16 ~~(E) Identify the date, time, and location of the public~~
17 ~~meeting at which the authority will determine the level~~
18 ~~of protest and take action on the proposal.~~

19 ~~(F) Include any other information that the authority~~
20 ~~determines to be appropriate.~~

21 ~~(3) Before the conclusion of the meeting at which the~~
22 ~~proposal is proposed to be adopted, any interested person~~
23 ~~may file a written protest stating the grounds for the~~
24 ~~protest with the authority, or may withdraw any protest~~
25 ~~previously filed.~~

26 ~~(4) At the meeting at which the proposal is proposed~~
27 ~~to be adopted, the authority shall consider all written and~~
28 ~~oral protests regarding the proposal. During the hearing,~~
29 ~~the authority may consider and adopt changes to the~~
30 ~~proposal that do not increase the aggregate~~
31 ~~compensation or the duration of the proposal.~~

32 ~~(5) Upon the conclusion of the hearing, the authority~~
33 ~~shall determine if a sufficient number of protests exists. A~~
34 ~~sufficient number of protests exists if the written protests~~
35 ~~filed with the authority and not withdrawn represent~~
36 ~~more than 15 percent of the qualified electors within the~~
37 ~~authority. If the authority determines that a sufficient~~
38 ~~number of protests exists, the authority shall not approve~~
39 ~~the proposal.~~



1 ~~(c) If a proposition to consider the issuance of revenue~~
2 ~~bonds under the Revenue Bond Law of 1941 (Chapter 6~~
3 ~~(commencing with Section 54300) of Part 1 of Division 2~~
4 ~~of Title 6 of the Government Code) has been submitted~~
5 ~~to the qualified voters of an authority at an election held~~
6 ~~for that purpose and received the affirmative vote of a~~
7 ~~majority of the electors voting upon the proposition and,~~
8 ~~therefore, constitutes authority to issue revenue bonds~~
9 ~~under the Revenue Bond Law of 1941, the authority may,~~
10 ~~in lieu of issuing those revenue bonds, incur an~~
11 ~~indebtedness by contract, in addition to the indebtedness~~
12 ~~authorized by subdivision (a), in an amount, excluding~~
13 ~~penalties and interest, up to the amount authorized by~~
14 ~~and for the purpose authorized by the revenue bond~~
15 ~~proposition. The indebtedness shall be payable over a~~
16 ~~period of not to exceed 30 years, as provided in the~~
17 ~~resolution of the board of directors.~~

18 ~~(d) If a contract of indebtedness incurred pursuant to~~
19 ~~subdivision (c) is repaid in full because construction of~~
20 ~~the project approved by the electorate was not~~
21 ~~commenced due to administrative, court, or other delays,~~
22 ~~resulting in failure to obtain necessary governmental~~
23 ~~permits, an authority may incur a second contract of~~
24 ~~indebtedness pursuant to subdivision (c) to fund~~
25 ~~construction of the project. The second indebtedness~~
26 ~~shall not exceed the amount authorized by the~~
27 ~~proposition approved by the electorate as provided in~~
28 ~~subdivision (c).~~

29 ~~SEC. 2. No reimbursement is required by this act~~
30 ~~pursuant to Section 6 of Article XIII B of the California~~
31 ~~Constitution because this act provides for offsetting~~
32 ~~savings to local agencies or school districts that result in~~
33 ~~no net costs to the local agencies or school districts, within~~
34 ~~the meaning of Section 17556 of the Government Code.~~

35 ~~Notwithstanding Section 17580 of the Government~~
36 ~~Code, unless otherwise specified, the provisions of this act~~
37 ~~shall become operative on the same date that the act~~
38 ~~takes effect pursuant to the California Constitution.~~

