Proposed Staff Recommendation Consent Calendar for June 22, 2017

ADMINISTRATION AND FINANCE COMMITTEE

Note and file monthly Treasurer’s Report.

9- 2. Purchase of Water Authority Business Insurance.
a) Authorize the General Manager to purchase property insurance from Travelers Property Casualty Company of America in the amount of $140,775, liability insurance from Allied World Assurance Company– CalMutuals JPRIMA in the amount of $330,167, and workers’ compensation from Zenith Insurance Company– CalMutuals JPRIMA in the amount of $276,402 for a total amount of $747,344.


9- 3. Amendment to Agreement for Special Services with Liebert Cassidy Whitmore to increase the contract limit by $120,000 to a total of $390,000.
Authorize the General Counsel to execute an amendment to the agreement for special labor-related legal services with Liebert Cassidy Whitmore to increase the contract limit by $120,000 from $270,000 to $390,000.

Approve adoption of Resolution No. 2017-___, approving the General Manager’s recommended budget for Fiscal Years 2018 and 2019, for operations and capital improvements and appropriating $1,584,127,560 consistent with the approved budget.

9- 5. Adopt the Water Authority’s rates and charges for calendar year 2018.
a) Conduct the Public Hearing;

b) Adopt Ordinance No. 2017-___ an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities and provision of services;

c) Adopt Resolution No. 2017-____ a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;

d) Adopt Ordinance No. 2017-___ an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Chargers imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act; and
e) Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.

9- 6. Agreement with Oracle USA, Inc. to renew the Enterprise Resource Planning System software annual maintenance and support agreements. 
Authorize the General Manager to renew the Enterprise Resource Planning System software annual maintenance and support agreements with Oracle USA, Inc., for four fiscal years at a total cost of $899,085. The cost per fiscal year is $214,906 for 2018; $221,353 for 2019; $227,993 for 2020, and $234,833 for 2021.

Adopt Ordinance No. 2017-___, an ordinance of the board of directors of the San Diego County Water Authority amending chapter 9.00 of the Administrative Code.

ENGINEERING AND OPERATIONS COMMITTEE
9- 8. Notice of Completion for the Nob Hill Improvements project.
Authorize the General Manager to accept the Nob Hill Improvements project as complete, record the Notice of Completion, and release funds held in retention to L.H. Woods & Sons, Inc. following the expiration of the retention period.

San Vicente Energy Storage Task Force recommendation: Authorize the General Manager to enter into an Agreement with the City of San Diego for implementation of Phase 3 Work for the San Vicente Energy Storage Facility Study.

IMPORTED WATER COMMITTEE
9-10. Amend Existing Agreement to Allow for Temporary Use of a Portion of Water Authority’s Storage Capacity in Semitropic Water Bank.
a) Authorize the General Manager to amend the Water Authority’s existing recharge agreement with Homer LLC, a Delaware limited liability company (Homer) in Semitropic Water Storage District’s Stored Water Recovery Unit and Original Water Bank to also allow Homer the use a portion of the Water Authority’s storage capacity in calendar years 2017, 2018, and 2019; and

b) Find that the amendment to allow for storage use is not a new project under CEQA that would cause a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

LEGISLATION AND PUBLIC OUTREACH COMMITTEE
9-11. Adopt positions on various state bills.
A) Adopt a position of Support and Seek Amendments on SB 100 (De Leon), relating to the California Renewable Portfolio Standards program.

B) Adopt a position of Oppose Unless Amended on SB 623 (Monning), as proposed to be amended, relating to a public goods charge on water.
9-12. **Agreement for Regulatory Advocacy Services with the firm of Smith, Watts & Hartmann.**
Selection Panel recommendation: The Water Authority regulatory advocacy services selection panel recommends the Board of Directors adopt an agreement with the firm of Smith, Watts & Hartmann for a period of 12 months, from July 1, 2017 through June 30, 2018, for a total amount not to exceed $93,500.

9-13. **Recommendation of program goal for Small Contractor Outreach and Opportunities Program.**
Continue the SCOOP program goal of 20 percent for fiscal year 2018.

**WATER PLANNING COMMITTEE**

9-14. **Professional Services Contract with Studio West Landscape Architecture & Planning for WaterSmart Landscape Makeover Program.**
Authorize the General Manager to award a three-year professional services contract, with an option for a two-year extension, in an amount not-to-exceed $381,000 to Studio West Landscape Architecture & Planning to implement the WaterSmart Landscape Makeover Program.
June 19, 2017

Attention: Engineering and Operations Committee

San Vicente Energy Storage Facility Study – Cost-Sharing Agreement with the City of San Diego (Action)

San Vicente Energy Storage Task Force recommendation
Authorize the General Manager to enter into an Agreement with the City of San Diego for implementation of Phase 3 Work for the San Vicente Energy Storage Facility Study.

Alternative
Do not authorize entering into an Agreement with the City of San Diego for implementation of Phase 3 work. Direct the San Vicente Energy Storage Task Force and staff to re-evaluate next steps and return to the Engineering and Operations Committee with an update.

Fiscal Impact
Funds in the amount of $3.3 million have been requested as part of the Recommended Budget for Fiscal Years 2018 and 2019, and are contingent upon Board approval. If approved, Phase 3 costs will be shared between the City and Water Authority per the Agreement. The rate category is customer service.

Background
In October 2013, the Board approved the Water Authority and City of San Diego, the Owners, to enter into a cost-sharing agreement for Phase 1 work. Phase 1 included conducting an initial study to determine the viability of the San Vicente Energy Storage Facility (Project). Black and Veatch completed this initial study and found that the Project appeared to be technically and economically feasible, and recommended a deeper analysis be conducted as Phase 2 Work.

In September 2015, the Board approved the Owners to enter into a cost-sharing agreement for Phase 2 work. This included professional services for completing a Federal Energy Regulatory Commission preliminary application document/notice of intent (PAD/NOI). The filing of the PAD/NOI with FERC was a condition of the FERC preliminary permit issued in May 2015. This document is a study plan that outlines all of the technical and environmental studies that need to be performed as part of the FERC licensing process if the project moves forward.

Phase 2 work also included Navigant Consulting completing a more detailed technical, economic, financial, and risk analysis that expanded upon Black and Veatch’s initial study. Navigant’s work helped to identify potential partners and a range of business models for Project implementation. At the September 8, 2016 Special Engineering and Operations Committee meeting, Navigant presented the study results, which found the Project was viable from a technical and economic standpoint. The Committee then directed staff to conduct outreach to potential partners to determine if the Project was also marketable.
In early 2017, staff advertised a Request for Letters of Interest to electric utilities, developers, investors, energy offtakers, and other entities wishing to purchase the services that this Project would provide. A total of 19 letter responses were received from a broad spectrum of local, national, and international parties. Water Authority and City staff, as well as members of San Vicente Energy Storage Task Force, met with 18 of the letter respondents and determined that there was substantial interest in the Project. The information obtained from these meetings supported the findings of the previous studies. At the April 27, 2017 Engineering and Operations Committee meeting, staff and the Task Force presented the results of this solicitation process and received committee approval to issue a Request for Proposals for a full-service team to implement the Project. This solicitation process is one component of Phase 3 Work.

**Discussion**

The major activities included in Phase 3 work are completing the full-service team RFP process and coordinating with outside agencies.

**Full-Service Team**

The RFP for full-service teams will require proposers, if not already a full-service team, to partner up with other entities to create a full-service team that would finance, design, permit, build, operate, and secure an offtaker for the Project. The Owners anticipate extended time for networking at a mandatory pre-proposal meeting to help entities form teams. Once full-service teams are formed, proposers will be required to submit, at a minimum, information regarding the risk and reward structure for a lease type business model, as well as options for a secondary partnership structure that would limit the engagement of and risk to the Owners while providing greater potential revenue. Staff expects to advertise this solicitation in mid-summer, and anticipates Fall of 2017 will be spent narrowing down the list of proposers to one full-service team to work with toward developing draft terms and conditions. The Task Force and staff will return to the committee in early 2018 with a recommendation for the qualified full-service team that the Owners can move forward with in good faith to negotiate agreement terms and conditions for potential next steps of the Project. Staff will be soliciting professional services for a multidisciplinary team or Owners’ Representative to assist with full-service team evaluations and negotiations.

**Outside Agency Coordination**

Outside agency coordination entails coordinating with:

- California Independent System Operator, which is the operator of California’s transmission grid. The next window for submitting a CAISO interconnection request application is April 2018. This application is required for CAISO to perform studies and determine requirements for the Project’s connection to the grid.
- Federal Energy Regulatory Commission, which has oversight on energy project permitting and licensing. The Owners’ FERC preliminary permit expires in May 2018 and a new permit application will be required to allow time to complete the FERC licensing application package.
State Water Resources Control Board is responsible for Water Quality Certification (401 Permit). The SWRCB review was triggered when the Owners filed the PAD/NOI with FERC in July 2015.

It is important that the Full-Service Team is in place by early 2018 to assist with outside agency coordination activities. Additional funding is also needed to proceed with this work. As such, an additional $3.3 million was requested as part of the Water Authority’s fiscal years 2018 and 2019 budget. This amount includes funds for completing the aforementioned activities, associated outside agency fees, and other professional services that may be required to facilitate this work. These costs will be shared equally between the Owners. It also includes funds for Water Authority staff resources and special legal counsel. Pending approval of this budget, the Task Force recommends entering into a new cost-sharing agreement with the City for implementation of Phase 3 work.

Staff will engage the Task Force in the full-service team solicitation process as the members provided valuable input during the Request for Letters of Interest process. Staff will continue to provide project updates to both the Task Force and the Engineering and Operations Committee.

Prepared by: Kelly Rodgers, Energy Program Manager
Reviewed by: Maureen A. Stapleton, General Manager
Approved by: Michael Hogan, San Vicente Energy Storage Task Force Chair
June 21, 2017

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Discussion)

Background
This report summarizes key discussions held and actions taken at the Metropolitan Water District (MWD) committee and Board meetings, as reported by the Water Authority Delegates. This report includes MWD Board activities from June 12 and 13, 2017. The MWD committees and Board meet next on July 10 and 11.

Discussion
Key actions at the June MWD Board and committee meetings included: 1) adoption of Ordinance No. 150 determining that the interests of MWD require the use of $400 million in revenue bonds to finance a portion of capital expenditures; 2) authorization of up to $80 million of Subordinate Water Revenue Bonds issuance; and 3) expression of support for the Brown Administration’s budget trailer bill, and AB1270 (Gallagher, R-Yuba), if amended, on dam safety. The delegates submitted letters of opposition for the Ordinance adoption and the Subordinate Water Revenue Bond authorization.

Water Sales
During the Water Surplus and Drought Management (WSDM) report, MWD staff reported that its sales are currently tracking at 1.29 million acre-feet, and with 2.57 million acre-feet of projected available supplies, MWD will have 1.28 million acre-feet of excess supplies available for storage. MWD has not yet accounted for transfers from the City of Los Angeles, which will increase the available supplies to MWD. Although MWD plans to store as much supply as possible, staff described challenges MWD faced to store all available State Water Project (SWP) water this year, due to its low alkalinity and finding of suspect quagga veliger in some of the SWP pipelines. Staff reported that it has sought approval for an additional 200,000 acre-feet on top of the currently planned 200,000 acre-feet of water to be stored in Lake Mead as part of its intentionally created surplus account.

Ordinance Authorizing Revenue Bonds
The delegates submitted a letter describing their opposition to the Ordinance authorizing revenue bonds, which was a follow up to the previous month’s letter on opposition to the introduction of the Ordinance by title only. While the delegates agree in general on the wisdom of debt-financing a percentage of long-term capital costs, the delegates opposed this Ordinance due to

3 The sales and supplies numbers do not include the Water Authority’s independently obtained supplies from Imperial Irrigation District and canal lining projects.
the succession ad hoc actions MWD made that resulted in this predicament, and MWD’s lack of meaningful long term resources or financial plans. Further details on the Ordinance can be found in Attachment 1.

**ACWA’s Policy Statement on Bay-Delta Flow Requirements**

During the Water Planning and Stewardship (WP&S) Committee meeting, committee members debated whether or not to sign onto the Association of California Water Agency’s (ACWA) letter on Bay-Delta flow requirements. General Manager Kightlinger said that although the State Board’s commenting period is closed, ACWA continues seeking water agencies’ support of its policy statement on Bay Delta flow requirements. Several committee members disagreed with signing the letter, although ultimately the motion to sign passed. Attachment 2 details a summary of the discussion.

**California WaterFix**

The Delegates sent a letter to request adequate time to review and distribute the information from the three upcoming white papers by MWD on WaterFix. Staff reported at the May Special Committee on Bay-Delta that three white papers on various aspects of WaterFix will be presented in July and August, followed by a board workshop in the latter part of August, with Board action planned in September. Noting that the financing and cost allocation data will be presented in writing for the first time in August, the Delegates requested that MWD delay its action to October or later. They reminded MWD of the Natural Resources Agency’s assurance to the Water Authority that no agency would be asked to support the project without having been provided necessary information to have a complete understanding of the project benefits and costs. In the Water Planning and Stewardship Committee, staff reported, “we anticipate having the Biological Opinions this week, by Friday,” (June 16), which are the prerequisites to the Record of Decision/Notice of Determination. Regarding costs, staff said there are lots of ongoing discussions on allocation, but “costs follow water.”

**Summary**

Overall, the Water Authority Delegation opposed 2 of the 15 action items approved by the MWD Board in June. Attachment 3 is a copy of MWD’s June 2017 committee and Board meeting agendas and summary report.

Prepared by:  Anne Middleton, Water Resources Specialist  
Reviewed by:  *Finance and Insurance Committee* by Keith Lewinger and Elsa Saxod  
*Water Planning and Stewardship Committee* by Keith Lewinger and Fern Steiner  
*Engineering and Operations Committee* by the Fern Steiner  
*Communications and Legislation Committee* by Keith Lewinger and Elsa Saxod  
*Legal and Claims Committee* by Fern Steiner  
*Real Property and Asset Management Committee* by Michael Hogan  
*Organization, Personnel and Technology Committee* by Michael Hogan

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Attachment 1: Discussion Summary of Financial Ordinance and Bonds
Attachment 2: Discussion Summary of the Bay-Delta Issues
Attachment 3: MWD’s committee and Board meeting agendas and Board summary, dated June 12 and 13, 2017.
Discussion Summary of Financial Ordinance and Bonds

In June’s Finance and Insurance (F&I) Committee, Directors approved the adoption of Ordinance No. 150 determining that the interests of MWD require the use of revenue bonds in the aggregate principal amount of $400 million to finance a portion of capital expenditures. Last month, the Board voted to approve the introduction of the Ordinance by title only—a prerequisite of this month’s action—without discussion. The Delegates sent a letter of opposition on the item, stating that MWD staff failed to present the Board with sufficient justification as to why additional borrowing was necessary.

In committee, after requesting that the Water Authority’s letter be entered into the record, Director Lewinger asked how much MWD water rates would increase with each $100 million of debt issuance. Staff responded with about half a percent. Lewinger continued, asking for MWD’s policy on the split between pay as you go (PAYGo) and revenue bonds for capital financing. He then requested that staff provide the actual PAYGo vs. revenue bond ratio over the past ten years. Director Barbre remarked that when information is provided to the Water Authority, that the information is disseminated and presented to the public “appropriately and accurately.” Lewinger commented the Water Authority always sources its information to MWD data. The item passed 11-2, Lewinger and Saxod voted against.

The committee also voted to approve the first issuance of funds authorized under the ordinance. The Delegates sent a letter to the MWD Board observing that the MWD staff memo, “states inaccurately that the issuance of this debt is as ‘projected’ by, and is ‘consistent with,’ the budget adopted by the Board in April 2016.” Lewinger requested that the letter be entered into the record. The item was approved in committee and later in Board; the Delegates voted no.

During the Chief Financial Officer’s report, Assistant General Manager/Chief Financial Officer Gary Breaux noted that staff will travel to New York next week to sell some bonds. He said assuming the Board authorizes the $80 million in Ordinance funds, there would be no debt issuance for “about six months or so.”

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2 Or between $3 and $5, based on MWD’s untreated and treated rates.

Discussion Summary of the Bay-Delta Issues

At the Water Planning and Stewardship Committee (WP&S) Caryn Mandelbaum from Environment Now commented on the Bay-Delta Water Quality Control Plan and urged the committee to look carefully at the scientific reports, nothing that harmful algal blooms should be taken seriously.

The committee discussed staff’s recommendation to adopt the Association of California Water Agencies’ (ACWA’s) policy statement on Bay-Delta flow requirements. Staff commented that ACWA’s stance is consistent with MWD Board Policies. Director Gold (Los Angeles) asked about the timing of the support, saying that the comment period for the Bay-Delta flow requirements has passed. Gold continued that the State Water Resources Control Board (SWRCB) has not yet responded to the comments MWD already submitted, so for MWD to take an action supporting ACWA’s policy now would make it appear that MWD already knows what that response will be. He said the correct timing would be to wait until after receiving comments. He continued that the issue is “much more nuanced than is being put before us today.” General Manager Kightlinger responded that ACWA wants people to sign on now, earlier even, and that it is a long, detailed process with many stages and will be ongoing.

Director Peterson (Las Virgenes) stated, “not everything in this world is sinister,” saying that it is difficult to move MWD’s course, even though this is consistent with the way MWD has acted in the past. Gold responded that several things ACWA requested are not relevant, and that MWD’s concerns and ACWA’s concerns are not identical. He also said that the Clean Water Act is taking a “complete backseat” to the coequal goals under ACWA’s principles. He expressed that his concern with MWD signing on to ACWA’s principles at this time is “strictly for political means” rather than getting into the details on managing the Delta, saying “I don’t think it’s a very smart thing to do.” Kightlinger responded that staff will continue to provide detailed comments on specific issues, and that the ACWA statement is an “umbrella,” and that “the devil is in the details.”

Director McKenney (Municipal Water District of Orange County) said he concurred with “many things” Gold said, but that in developing a Water Quality Control Plan, “that is defining what the Clean Water Act requires, it's not ignoring what the Clean Water Act requires, it's recognizing that the Clean Water Act is all about protecting beneficial uses.” He said human use is also a beneficial use, and balancing the “beneficial uses” with the coequal goals recognizes the need to implement the Clean Water Act “in the real world.”

Circling back, Director Abdo (Santa Monica) also asked about the timing and importance of signing. Kightlinger responded, “nothing bad is going to happen,” and MWD will continue to participate in the process regardless. Director Paskett (Los Angeles) said it is “unusual to align ourselves with ACWA,” and that due to the upcoming “sensitive vote” on WaterFix, she expressed concern on the impact WaterFix would have on water quality and flows. She went on to say that she is confident MWD will “lead to protect the environment of the Delta,” more so than ACWA. She said it’s “too important” given the upcoming vote, and MWD should remain independent of ACWA. Director Quinonez (Los Angeles) agreed it is better to wait to take action.
Director De Jesus (Three Valleys) worried about sending a negative message by taking a “sole path,” noting that MWD is a member of ACWA, and moved the item to a vote (although it had previously been moved by Director Steiner). After hearing Gold’s explanation and agreeig that the timing of MWD’s support now seems odd, Steiner substituted her earlier motion and asked item be deferred until the white papers on WaterFix were presented. Peterson warned the committee not to confuse WaterFix with Delta flows, and said that nearly every agency of MWD is a member of ACWA, implying MWD should support ACWA’s statement now. Kightlinger commented that many agencies had already sent letters of support, including San Diego. Chair Record (Eastern) said “I don’t want us to start to battle over the policy principles,” and that he does not want to see a divided board.

Switching gears, Steiner mentioned an article she read on a potential JPA for WaterFix. Kightlinger reported that a WaterFix JPA would involve the Governor’s office, relevant federal agencies, and the Department of Water Resources, all of which would be managed by the contractors, but it is still being discussed. He said that the new JPA would oversee the design and construction of WaterFix and be brought to the Board. Steiner requested that the WPS committee or Bay-Delta committee report on those discussions. Kightlinger responded, “it’s premature.”

At the May Special Committee on Bay-Delta, staff briefly described the upcoming white papers on WaterFix. The first, on physical infrastructure, would cover project development, design, construction and management, and will be presented to the WPS Committee on July 10. The second paper, on operations, will include details on project yield, and will be presented to the Bay-Delta Committee on July 25. The final paper, on cost allocation, will include details on the State Water Project (SWP)/Central Valley Project split and how SWP costs will be allocated among the State Water Project Contractors, and will be presented at the WPS Committee on August 14. A Board Workshop will be held on August 22; Board Action is planned for September 12.
Finance and Insurance Committee

Meeting with Board of Directors*

June 12, 2017

9:30 a.m. -- Room 2-145

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* The Metropolitan Water District’s Finance and Insurance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Finance and Insurance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Finance and Insurance Committee will not vote on matters before the Finance and Insurance Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction** (As required by Gov. Code Section 54954.3(a))

2. **Approval of the Minutes of the meeting of the Finance and Insurance Committee held May 8, 2017**

3. **CONSENT CALENDAR ITEMS — ACTION**

   **7-1** Adopt CEQA determination and approve up to $1.173 million to purchase insurance coverage for Metropolitan’s Property and Casualty Insurance Program. (F&I)

   **Recommendation:**

   **Option #1:**

   Adopt the CEQA determination that the proposed action is not defined as a project, and is not subject to CEQA, and

   Approve up to $1.173 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits, and add liability coverage for the use of UAVs.

Revised Date of Notice: June 7, 2017
4. OTHER BOARD ITEMS — ACTION

8-1 Adopt CEQA determination and adopt Ordinance No. 150 determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of $400 million to finance a portion of capital expenditures. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and, by a two-thirds vote,

Adopt Ordinance No. 150, determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of $400 million to finance a portion of Metropolitan’s capital expenditures.)

8-2 Adopt CEQA determination and adopt Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $80 million of Subordinate Water Revenue Bonds, 2017 Series C; and approve expenditures to fund the costs of issuance of the Bonds. (F&I)

(Added) Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a. Adopt the Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $80 million of Subordinate Water Revenue Bonds, 2017 Series C and providing the terms and conditions for the sale and issuance of said Subordinate Water Revenue Bonds; and

b. Approve up to $225,000 for the payment of the costs of issuance of the Subordinate Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds.

8-3 Adopt CEQA determination and approve Metropolitan’s Statement of Investment Policy for fiscal year 2017/18, and delegate authority to the Treasurer to invest Metropolitan’s funds for fiscal year 2017/18. (F&I)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a. Approve the Statement of Investment Policy for fiscal year 2017/18, as set forth in Attachment 1 of the board letter; and

b. Delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2017/18.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral Report on Investment Activities

7. MANAGEMENT REPORT

a. Chief Financial Officer’s report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site http://www.mwdh2o.com.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.
**Water Planning and Stewardship Committee**

Meeting with Board of Directors*

**June 12, 2017**

10:30 a.m. – Room 2-456

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**Meeting Schedule**

<table>
<thead>
<tr>
<th>Time</th>
<th>Room</th>
<th>Section</th>
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<tr>
<td>9:30 a.m.</td>
<td>2-145</td>
<td>F&amp;I</td>
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<td>2-456</td>
<td>WP&amp;S</td>
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* The Metropolitan Water District’s Water Planning and Stewardship Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Water Planning and Stewardship Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Water Planning and Stewardship Committee will not vote on matters before the Water Planning and Stewardship Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction** (As required by Gov. Code Section 54954.3(a))

2. **Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held May 8, 2017**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   **8-7** Adopt CEQA determination and express support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements. (WP&S)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and
Express support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements.

8-8 Adopt CEQA determination and authorize payment of up to $688,000 for support of the Colorado River Board and Colorado River Authority for fiscal year 2017/18. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and, by a two-thirds vote,
Authorize the General Manager to make payment of up to $688,000 for the Colorado River Board/Six Agency Committee and Authority for FY 2017/18.

8-9 Adopt CEQA determination and authorize payments of up to $3.79 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2017/18. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as a project under CEQA and, by a two-thirds vote, and
a. Authorize the General Manager to make payment of $2.73 million to the State Water Contractors; and
b. Authorize the General Manager to make payment up to $1.05 million to the State Water Project Contractors Authority.

5. BOARD INFORMATION ITEMS

9-1 Overview of proposed International Boundary and Water Commission Minute and related agreements. (WP&S)
6. COMMITTEE ITEMS
   a. Conservation Program Update
   b. Water Surplus Drought Management Update

7. MANAGEMENT REPORTS
   a. Bay-Delta Matters
   b. Colorado River Matters
   c. Water Resource Management Manager's report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

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REVISED AGENDA

Engineering and Operations Committee

Meeting with Board of Directors*

June 12, 2017
12:30 p.m. -- Room 2-145

Monday, June 12, 2017
Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Room</th>
<th>Committee</th>
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<td>10:30 a.m.</td>
<td>Rm. 2-456</td>
<td>WP&amp;S</td>
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<tr>
<td>12:30 p.m.</td>
<td>Rm. 2-145</td>
<td>E&amp;O</td>
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<tr>
<td>1:30 p.m.</td>
<td>Rm. 2-456</td>
<td>C&amp;L</td>
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* The Metropolitan Water District’s Engineering and Operations Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Engineering and Operations Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Engineering and Operations Committee will not vote on matters before the Engineering and Operations Committee.

1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Engineering and Operations Committee held May 8, 2017

3. CONSENT CALENDAR ITEMS — ACTION

7-2 Adopt CEQA determination and appropriate $670,000; and authorize design to replace concrete panels at Iron Mountain Reservoir and along the Colorado River Aqueduct (Appropriation No. 15483). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines, and

a. Appropriate $670,000; and
b. Authorize design to replace concrete lining panels along the CRA and at Iron Mountain Reservoir.

(Revised) 7-3

Adopt CEQA determination and appropriate $1.85 million; authorize the General Manager to make offers of compensation and acquire permanent and temporary property rights on nine parcels within the Orange County Operating Region (Orange County Assessor’s Parcel Nos. 591-133-15, 322-211-03, 105-015-11, 105-015-16, 105-015-21, 105-015-24, 525-171-12, 525-171-13, 525-171-14, 525-171-14, 463-201-24; 463-201-28, 284-181-44, 284-181-50, and 351-751-11; and Riverside County Assessor’s Parcel Nos. 101-140-005, 101-140-006, 101-040-010, and 101-040-011); and authorize field investigations to address erosion-related issues across the distribution system (Appropriation No. 15474). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the first proposed action has been previously addressed in the certified 2016 Final Program EIR, Findings, and MMRP, and that the second proposed action is categorically exempt, and

a. Appropriate $1.85 million;

b. Authorize the General Manager to make offers and acquire permanent and temporary property rights in nine parcels for planned construction within the Orange County Operating Region, and to approve and obtain all acquisition-related documentation; and

c. Authorize field investigations to address erosion-related issues throughout the distribution system.
4. OTHER BOARD ITEMS — ACTION

8-4 Adopt CEQA determination and appropriate $4.45 million; and authorize: (1) conceptual design for a system-wide upgrade of Metropolitan’s control system; and (2) agreement with CH2M in an amount not to exceed $2,485,000 to provide specialized technical support (Appropriation No. 15467). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and

a. Appropriate $4.45 million;

b. Authorize conceptual design for a system-wide upgrade of Metropolitan’s control system; and

c. Authorize agreement with CH2M in an amount not to exceed $2,485,000 to provide specialized technical support.

8-5 Adopt CEQA determination and authorize approval of an operating agreement with the California Independent System Operator for the Colorado River Aqueduct power system and adopt a resolution establishing Metropolitan’s Colorado River Aqueduct resource adequacy requirements. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a. Authorize the General Manager to execute the Operating Agreement with the California Independent System Operator; and

b. Adopt the resolution on Metropolitan’s resource adequacy requirements in the Board’s capacity as Metropolitan’s Local Regulatory Authority.

5. BOARD INFORMATION ITEMS

None
6. COMMITTEE ITEMS
   a. Update on Headquarters Building Seismic Upgrades

7. MANAGEMENT REPORTS
   a. Water System Operations Manager's report
   b. Engineering Services Manager’s report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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Communications and Legislation Committee

Meeting with Board of Directors*

June 12, 2017

1:30 p.m. -- Room 2-456

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

* The Metropolitan Water District’s Communications and Legislation Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Communications and Legislation Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Communications and Legislation Committee will not vote on matters before the Communications and Legislation Committee.

1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held May 8, 2017

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

8-10 Adopt CEQA determination and express support for the Brown Administration’s budget trailer bill regarding supervision of dam safety and express support, if amended, for AB 1270 (Gallagher, R-Yuba City) regarding inspection of dams and reservoirs. (C&L)
Recommendation:

Option #1:
Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
Authorize the General Manager to express support for Budget Trailer Bill RN 17-14056 and express support, if amended, for AB 1270.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Report on activities from Washington, D.C.

b. Report on activities from Sacramento

7. MANAGEMENT REPORT

a. External Affairs Management report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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Legal and Claims Committee
Meeting with Board of Directors*
June 13, 2017
9:00 a.m. -- Room 2-145

1. Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meetings of the Legal and Claims Committee held April 11, 2017 and May 9, 2017

3. MANAGEMENT REPORTS
   a. General Counsel's report of monthly activities

4. CONSENT CALENDAR ITEMS — ACTION
   7-4 Adopt CEQA determination and authorize revisions to Metropolitan Water District's Conflict of Interest Code for approval by the Fair Political Practices Commission. (L&C)
(Added) Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and

a. Approve the proposed amendments to the Administrative Code; and
b. Authorize the Ethics Officer to include any non-substantive changes requested by FPPC in its final review.

5. OTHER BOARD ITEMS — ACTION

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830, CPF-12-512466, CPF-14-514004 and CPF-16-515282; and the appeal of the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case Nos. A146901 and A148266. (L&C) [Conference with legal counsel – existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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Real Property and Asset Management Committee

Meeting with Board of Directors*

June 13, 2017

9:30 a.m. -- Room 2-456

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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

* The Metropolitan Water District’s Real Property and Asset Management Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Real Property and Asset Management Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Real Property and Asset Management Committee will not vote on matters before the Real Property and Asset Management Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction** (As required by Gov. Code Section 54954.3(a))

2. **Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held May 9, 2017**

3. **CONSENT CALENDAR ITEMS – ACTION**

   7-5   Adopt CEQA determination and authorize a long-term lease to city of San Bernardino. (RP&AM)

   Recommendation:

   Option #1:

   Adopt the CEQA determination that the proposed project is categorically exempt, and

   Authorize a 20-year greenbelt landscaping lease with City of San Bernardino.
4. OTHER BOARD ITEMS – ACTION
   None

5. BOARD INFORMATION ITEMS
   None

6. COMMITTEE ITEMS
   a. Bay-Delta Reclamation Districts Update

7. MANAGEMENT REPORT
   a. Real Property Management Manager’s Report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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Organization, Personnel and Technology Committee

Meeting with Board of Directors*

June 13, 2017

10:30 a.m. -- Room 2-145

* The Metropolitan Water District’s meeting of the Organization, Personnel and Technology Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Organization, Personnel and Technology Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Organization, Personnel and Technology Committee will not vote on matters before the meeting of the Organization, Personnel and Technology Committee.

1. Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Organization, Personnel and Technology Committee held May 9, 2017

3. CONSENT CALENDAR ITEMS – ACTION

None
4. OTHER BOARD ITEMS – ACTION

8-6 Adopt CEQA determination and approve Metropolitan Water District of Southern California’s Salary Schedule pursuant to CalPERS regulations. (OP&T)

(Added) Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and approve the attached salary schedule.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORT

a. Human Resources Manager’s report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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REVISED AGENDA

Regular Board Meeting

June 13, 2017

12:00 p.m. – Board Room

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

1. Call to Order
   (a) Invocation: Brett Schickling, Assistant Engineer, Engineering Services Group
   (b) Pledge of Allegiance: Desert Compadres 4-H Members

2. Roll Call

3. Determination of a Quorum

4. Opportunity for members of the public to address the Board on matters within the Board’s jurisdiction. (As required by Gov. Code § 54954.3(a)

5. OTHER MATTERS
   A. Approval of the Minutes of the Meeting for May 9, 2017. (A copy has been mailed to each Director) Any additions, corrections, or omissions
   B. Report on Directors’ events attended at Metropolitan expense for month of May
   C. Approve committee assignments
   D. Chairman’s Monthly Activity Report

Revised Date of Notice: June 8, 2017
6. DEPARTMENT HEADS' REPORTS

A. General Manager’s summary of Metropolitan’s activities for the month of May

B. General Counsel’s summary of Legal Department activities for the month of May

C. General Auditor’s summary of activities for the month of May

D. Ethics Officer’s summary of activities for the month of May

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Adopt CEQA determination and approve up to $1.173 million to purchase insurance coverage for Metropolitan’s Property and Casualty Insurance Program. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and is not subject to CEQA, and

Approve up to $1.173 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits, and add liability coverage for the use of UAVs.

7-2 Adopt CEQA determination and appropriate $670,000; and authorize design to replace concrete panels at Iron Mountain Reservoir and along the Colorado River Aqueduct (Appropriation No. 15483). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines, and

a. Appropriate $670,000; and

b. Authorize design to replace concrete lining panels along the CRA and at Iron Mountain Reservoir.
(Revised) 7-3

Adopt CEQA determination and appropriate $1.85 million; authorize the General Manager to make offers of compensation and acquire permanent and temporary property rights on nine parcels within the Orange County Operating Region (Orange County Assessor’s Parcel Nos. 591-133-15, 322-211-03, 105-015-11, 105-015-16, 105-015-21, 105-015-24, 525-171-12, 525-171-13, 525-171-14, 525-171-14, 463-201-24; 463-201-28, 284-181-44, 284-181-50, and 351-751-11; and Riverside County Assessor’s Parcel Nos. 101-140-005, 101-140-006, 101-040-010, and 101-040-011); and authorize field investigations to address erosion-related issues across the distribution system (Appropriation No. 15474). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the first proposed action has been previously addressed in the certified 2016 Final Program EIR, Findings, and MMRP, and that the second proposed action is categorically exempt, and

a. Appropriate $1.85 million;

b. Authorize the General Manager to make offers and acquire permanent and temporary property rights in nine parcels for planned construction within the Orange County Operating Region, and to approve and obtain all acquisition-related documentation; and

c. Authorize field investigations to address erosion-related issues throughout the distribution system.

(Added) 7-4

Adopt CEQA determination and authorize revisions to Metropolitan Water District’s Conflict of Interest Code for approval by the Fair Political Practices Commission. (L&C)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and

a. Approve the proposed amendments to the Administrative Code; and

b. Authorize the Ethics Officer to include any non-substantive changes requested by FPPC in its final review.
7-5 Adopt CEQA determination and authorize a long-term lease to city of San Bernardino. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed project is categorically exempt, and

Authorize a 20-year greenbelt landscaping lease with City of San Bernardino.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Adopt CEQA determination and adopt Ordinance No. 150 determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of $400 million to finance a portion of capital expenditures. (F&I) (Two-thirds vote required)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and, by a two-thirds vote,

Adopt Ordinance No. 150, determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of $400 million to finance a portion of Metropolitan's capital expenditures.

8-2 Adopt CEQA determination and adopt Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $80 million of Subordinate Water Revenue Bonds, 2017 Series C; and approve expenditures to fund the costs of issuance of the Bonds. (F&I)
Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a. Adopt the Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $80 million of Subordinate Water Revenue Bonds, 2017 Series C and providing the terms and conditions for the sale and issuance of said Subordinate Water Revenue Bonds; and

b. Approve up to $225,000 for the payment of the costs of issuance of the Subordinate Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds.

8-3 Adopt CEQA determination and approve Metropolitan’s Statement of Investment Policy for fiscal year 2017/18, and delegate authority to the Treasurer to invest Metropolitan’s funds for fiscal year 2017/18. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a. Approve the Statement of Investment Policy for fiscal year 2017/18, as set forth in Attachment 1 of the board letter; and

b. Delegate authority to the Treasurer to invest Metropolitan’s funds for fiscal year 2017/18.

8-4 Adopt CEQA determination and appropriate $4.45 million; and authorize: (1) conceptual design for a system-wide upgrade of Metropolitan’s control system; and (2) agreement with CH2M in an amount not to exceed $2,485,000 to provide specialized technical support ( Appropriation No. 15467). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and

a. Appropriate $4.45 million;

b. Authorize conceptual design for a system-wide upgrade of Metropolitan’s control system; and

c. Authorize agreement with CH2M in an amount not to exceed $2,485,000 to provide specialized technical support.
8-5 Adopt CEQA determination and authorize approval of an operating agreement with the California Independent System Operator for the Colorado River Aqueduct power system and adopt a resolution establishing Metropolitan’s Colorado River Aqueduct resource adequacy requirements. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a. Authorize the General Manager to execute the Operating Agreement with the California Independent System Operator; and

b. Adopt the resolution on Metropolitan’s resource adequacy requirements in the Board’s capacity as Metropolitan’s Local Regulatory Authority.

8-6 Adopt CEQA determination and approve Metropolitan Water District of Southern California’s Salary Schedule pursuant to CalPERS regulations. (OP&T)

(Added) Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and approve the attached salary schedule.

8-7 Adopt CEQA determination and express support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and

Express support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements.
8-8 Adopt CEQA determination and authorize payment of up to $688,000 for support of the Colorado River Board and Colorado River Authority for fiscal year 2017/18. (WP&S) (Two-thirds vote required)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and, by a two-thirds vote, Authorize the General Manager to make payment of up to $688,000 for the Colorado River Board/Six Agency Committee and Authority for FY 2017/18.

8-9 Adopt CEQA determination and authorize payments of up to $3.79 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2017/18. (WP&S) (Two-thirds vote required)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as a project under CEQA and, by a two-thirds vote, and
a. Authorize the General Manager to make payment of $2.73 million to the State Water Contractors; and
b. Authorize the General Manager to make payment up to $1.05 million to the State Water Project Contractors Authority.

8-10 Adopt CEQA determination and express support for the Brown Administration’s budget trailer bill regarding supervision of dam safety and express support, if amended, for AB 1270 (Gallagher, R-Yuba City) regarding inspection of dams and reservoirs. (C&L) (Added)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and Authorize the General Manager to express support for Budget Trailer Bill RN 17-14056 and express support, if amended, for AB 1270.
9. BOARD INFORMATION ITEMS

9-1 Overview of proposed International Boundary and Water Commission Minute and related agreements. (WP&S)

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parentheses at the end of the description of the agenda item e.g., (E&O, F&I). Committee agendas may be obtained from the Board Executive Secretary.

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COMMITTEE ASSIGNMENTS

None. (Agenda Item 5C)

FINANCE AND INSURANCE COMMITTEE

Adopted Ordinance No. 150, determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of $400 million to finance a portion of Metropolitan’s capital expenditures. (Two-thirds vote required) (Agenda Item 8-1)

Adopted the Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $80 million of Subordinate Water Revenue Bonds, 2017 Series C and providing the terms and conditions for the sale and issuance of said Subordinate Water Revenue Bonds; and approved up to $225,000 for the payment of the costs of issuance of the Subordinate Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds. (Agenda Item 8-2)

Approved the Statement of Investment Policy for fiscal year 2017/18, as set forth in the board letter; and delegated authority to the Treasurer to invest Metropolitan’s funds for fiscal year 2017/18. (Agenda Item 8-3)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $4.45 million; authorized conceptual design for a system-wide upgrade of Metropolitan’s control system; and authorized agreement with CH2M in an amount not to exceed $2,485,000 to provide specialized technical support. (Appropriation No. 15467) (Agenda Item 8-4)

Authorized the General Manager to execute the Operating Agreement with the California Independent System Operator; and adopted the resolution on Metropolitan’s resource adequacy requirements in the Board’s capacity as Metropolitan’s Local Regulatory Authority. (Agenda Item 8-5)

ORGANIZATION, PERSONNEL AND TECHNOLOGY COMMITTEE

Approved Metropolitan Water District of Southern California’s Salary Schedule pursuant to CalPERS regulations. (Agenda Item 8-6)
WATER PLANNING AND STEWARDSHIP COMMITTEE

Expressed support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements. (Agenda Item 8-7)

Authorized the General Manager to make payment of up to $688,000 for the Colorado River Board/Six Agency Committee and Authority for FY 2017/18. (Two-thirds vote required) (Agenda Item 8-8)

Authorized the General Manager to make payment of $2.73 million to the State Water Contractors; and authorized the General Manager to make payment up to $1.05 million to the State Water Project Contractors Authority. (Two-thirds vote required) (Agenda Item 8-9)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Authorized the General Manager to express support for Budget Trailer Bill RN 17-14056 and express support, if amended, for AB 1270 (Gallagher, R-Yuba City). (Agenda Item 8-10)

CONSENT CALENDAR

In other action, the Board:

Approved up to $1.173 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits, and add liability coverage for the use of UAVs. (Agenda Item 7-1)

Appropriated $670,000; and authorized design to replace concrete lining panels along the CRA and at Iron Mountain Reservoir. (Appropriation No. 15483) (Agenda Item 7-2)

Appropriate $1.85 million; authorize the General Manager to make offers and acquire permanent and temporary property rights in nine parcels for planned construction within the Orange County Operating Region, and to approve and obtain all acquisition-related documentation; and authorized field investigations to address erosion-related issues throughout the distribution system. (Appropriation No. 15474) (Agenda Item 7-3 – DEFERRED TO JULY)

Approved the proposed amendments to the Administrative Code; and authorized the Ethics Officer to include any non-substantive changes requested by Fair Political Practices Commission in its final review. (Agenda Item 7-4)

Authorized a 20-year greenbelt landscaping lease with City of San Bernardino. (Agenda Item 7-5)
THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.

Board letters related to the items in this summary are generally posted in the Board Letter Archive approximately one week after the board meeting. In order to view them and their attachments, please copy and paste the following into your browser
http://edmsidm.mwdh2o.com/idmweb/home.asp.
**San Diego County Water Authority**

June 21, 2017

Attention: Imported Water Committee

**Colorado River Board Representative’s report. (Discussion)**

**Purpose**
The Colorado River Board (CRB) Representative’s report summarizes monthly activities of the Colorado River Board of California.

**Discussion**
This report covers activities from the June 14, 2017 CRB meeting in Ontario, California.

**Agency Updates**
CRB agencies provided updates, including:
- *Department of Water Resources (DWR)* – DWR reported a record wet year on the 8-Station Index, a tie for the record wet year in the Northern Sierras, and also very wet in the Tulare Basin. Throughout California there was an excellent snowpack this year.
- *Los Angeles Department of Water and Power (LADWP)* – LADWP reported that they are utilizing turnouts along the Los Angeles aqueduct to help manage their record supplies and avoid damaging their $1 billion investment in capital projects at Owens Lake.
- *Metropolitan Water District of Southern California (MWD)* – MWD reported that the presence of quagga mussels in Colorado River supplies has prevented input of that water into some of MWD’s groundwater storage options.
- *Water Authority* – Mark Watton was introduced as the new alternate representative.

**CRB Budget**
The fiscal year 2018 budgets for the CRB, Six Agency Committee (SAC), and Colorado River Authority (CRA) were approved totaling $2,150,000. The SAC funds the Governor’s Budget for the CRB. The Water Authority’s cost share is ten percent.

**Colorado River Basin Water Report**
Snowmelt and runoff across the Colorado River Basin is underway. The Weekly Water Supply Report figures from June 12 are shown in Table 1.

<table>
<thead>
<tr>
<th>Conditions as of June 12</th>
<th>Volume (million acre-feet)</th>
<th>Percent of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total System Storage</td>
<td>30.55</td>
<td>55%</td>
</tr>
<tr>
<td>Lake Powell</td>
<td>14.34</td>
<td>59%</td>
</tr>
<tr>
<td>Lake Mead</td>
<td>10.09</td>
<td>39%</td>
</tr>
<tr>
<td>Upper Colorado River Snowpack (As of June 5)</td>
<td>194% of average</td>
<td></td>
</tr>
<tr>
<td>Water Year 2017 Precipitation</td>
<td></td>
<td>115% of average</td>
</tr>
<tr>
<td>Forecasted Inflows to Lake Powell in Water Year 2017</td>
<td>114% of average</td>
<td></td>
</tr>
</tbody>
</table>

**Hydrology Symposium**

On May 22-23, CRB staff attended the Colorado River Hydrology Research Symposium in Las Vegas, Nevada. The symposium was set up to establish a dialogue and share information between technical staff and researchers conducting work in the Colorado River Basin.

**Minute 32X and Drought Contingency Plan (DCP)**

U.S. and Mexican representatives continue work on finalizing the various agreements needed to execute Minute 32X. The U.S. Technical Team is working on developing a process to address the Minute’s contingency aspect related to the implementation of the Lower Basin DCP. Development of a separate “triggering agreement” is underway that would setup implementation of Mexico’s Water Scarcity Contingency Plan once the DCP is adopted.

**Basin States Governor’s Representatives Introductory Call with Interior Secretary Zinke**

On June 12, the Basin States Governors’ Representatives had a brief introductory conference call with Interior Secretary Ryan Zinke and several of his senior staff. The purpose of the call was to follow up on the Basin States’ commitment and desire to move forward with DCP efforts and to complete Minute 32X. Key points included: maintaining the participation of key senior staff such as the Deputy Secretary, Reclamation Commissioner and Regional Directors as well as Bob Snow from the Solicitor’s Office in working closely with the states; Departmental commitment to work with the states to complete Minute 32X in 2017; continued Departmental commitment to work with the states on DCP; and Departmental support for any necessary DCP federal legislation. The Secretary stated that the Department is undergoing some reorganization, and that decision-making would be devolving down from Washington D.C. to regional and state offices.

**Lower Colorado Water Supply Project (LCWSP)**

Stage II of the LCWSP is entering the well-drilling phase of the project. The 2005 amendment to the LCWSP Act authorized construction of additional wells to pump up to the allowed 10,000 acre-feet per year. Stage II is expected to be completed by the end of 2017.

**Salinity Control Program**

The Salinity Control Forum (Forum) met at Jackson Lake Lodge in Wyoming on June 8-9. The Forum’s Work Group briefed Forum members and sought comments on the draft 2017 Triennial Review related to implementation of salinity control efforts over the next three years. Under this 2017 Review, an additional control of 63,500 tons per year will be implemented over the next three years, bringing the total salinity control through 2020 to nearly 1.4 million tons per year.

**Lower Colorado River Multi-Species Conservation Program (LCR MSCP)**

The LCR MSCP Steering Committee will meet on June 28 for potential action on the proposal to add the northern Mexican gartersnake to the program as a covered species.

Prepared by:  Kara Mathews, Senior Water Resources Specialist
Reviewed by:  Doug Wilson, CRB Representative
June has been filled with work on appropriations, but congressional attention has been focused on various probes of the President and the continuing fight over health care reform. This fall, Congress must vote to raise the national debt ceiling and Democrats are beginning to ponder how to leverage this to their advantage. Also on tap for the fall, the President and congressional Republican leadership have pledged to tackle comprehensive tax reform in earnest.

With little more than 30 legislative days scheduled before the end of the fiscal year, Republican leaders have raised the possibility of cancelling the planned August recess to find more days to reconcile House and Senate health legislation. Given the hyper-partisan environment in Washington and the many competing priorities for floor time later this year, some appropriators have suggested that Congress abandon efforts to pass individual spending bills and move immediately to assembling an omnibus bill for the coming year. Leadership has not endorsed this idea, but a long-term Continuing Resolution or a new omnibus are the most likely result of the work now underway.

**Hearings Show Lack of Support for the President’s Proposed Cuts**

Appropriators have been busy this month hearing from Trump Administration witnesses defending the President’s FY2018 budget proposal and from opponents of those same plans. Republicans see room for additional cuts to domestic discretionary programs, but have been generally hostile to the deep cuts proposed by the President. At this point, subcommittee chairmen seem to be looking at slight changes to final funding levels approved for FY2017. The White House has not indicated whether the President would veto spending bills that do not hew closer to his proposals. Complicating appropriators’ work is the fact that neither chamber has yet passed a budget resolution that tells subcommittees how much funding they may use.
Regarding water-related programs, the President’s proposal to cut the EPA’s budget by more than 30 percent has failed to find significant support in Congress. Republicans have pressed Administration witnesses to reconcile the President’s goals to expand infrastructure investment and reduce regulatory delays when his proposed cuts would seem to hinder both goals. Similarly, Republicans and Democrats alike have criticized proposed cuts to the Bureau of Reclamation, NOAA, and Department of Agriculture’s rural water programs. Again, the bipartisan refrain has been the need to build and maintain water quality and supply projects while ensuring sufficient staff levels to review and approve plans and permits for this work. The need to bolster federal inspections of critical infrastructure has also received increasing attention, particularly for dams.

**Trickle of Nominations Slowly Filling Key Posts**

The Senate is averaging two to three confirmation votes per week while the President is staying slightly above that average for nominations. The slow pace remains a concern, but cumulatively, more key posts are being filled or have nominations pending. There has also been more movement on posts that do not require Senate confirmation.

Of 558 key positions requiring Senate confirmation, 43 positions have been confirmed. An additional 102 individuals have been formally nominated and are at different stages of review in the Senate. This includes David Bernhardt as Deputy Secretary of the Interior. His confirmation vote is expected by the end of June.

At EPA, Administrator Pruitt named Lee Forsgen as Deputy Assistant Administrator for Water, a position that does not require confirmation. Pruitt also named Henry Darwin as Assistant Deputy Administrator, a new position that also does not require confirmation. Darwin will oversee daily management of EPA. He previously served as director of the Arizona Department of Environmental Quality.