ADMINISTRATIVE AND FINANCE COMMITTEE

ITEM II – 1. RATES AND CHARGES FOR CY 2019

LETTER OF SUPPORT

THE ATTACHED INFORMATION WAS RECEIVED AFTER POSTING OF THE AGENDA PACKET FOR THE JUNE 28, 2018 MEETING
June 26, 2018

Mark Muir, Chairman
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

Re: Proposed Rate Increase for Calendar Year 2019

Dear Chairman Muir,

On behalf of Olivenhain Municipal Water District, I would like to commend the Water Authority for its proposed rates and charges for calendar year 2019 shared at the May 24 board meeting. OMWD appreciates the modest increase of 2.9% for untreated water and supports the prudent use of the Water Authority’s Rate Stabilization Fund reserve to offset a higher increase.

OMWD appreciates the board’s consideration to revise the Water Authority’s Rate Stabilization Fund policy to offset purchased wholesale cost increases. OMWD agrees that due to improved water efficiency and supply reliability in the region, the risk of such significant cutbacks as accounted for in the current Rate Stabilization Fund has been reduced. Reducing the fund’s target more accurately reflects demand variability while still protecting the Water Authority’s high credit ratings.

OMWD is thankful for the opportunity to review and discuss the Water Authority’s cost of service and rate setting methodology with Water Authority staff and their consultant. If you or your staff should need any additional details pertaining to our assessment of this matter, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,

[Signature]
Kimberly A. Thorner
General Manager
June 27, 2018

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 for June 2018. The MWD committees and Board met on June 11 and 12, 2018, and meet next on July 9 and 10.

Discussion
The Water Authority Delegates supported all eight action items approved by the MWD Board at its June 2018 meeting. During this month’s meetings, the Board received a report on the proposed State Water Project (SWP) contract extension amendment, and several oral updates including on debt management, the status of MWD’s Local Resources Program (LRP), conservation in Disadvantaged Communities (DAC), the Perris Valley Pipeline, and the regional recycled water program. The update on the regional recycled water program focused on the progress of constructing the demonstration project. Attachments 1 and 2 summarize the Board’s discussion of the debt management update and SWP contract extension amendment. The Board’s discussion of conservation in DAC and MWD’s LRP status is summarized in Attachment 3.

During the Legal and Claims Committee (L&C Committee) meeting, General Counsel Scully reported on MWD’s response to the notice of Brown Act violation alleged by Food and Water Watch and First Amendment Coalition received on May 7 relating to MWD’s April 2018 California WaterFix (WaterFix) vote. A Public Records Act request accompanied the notice. MWD’s response letter concludes that it did not violate the Brown Act; however, MWD “has decided that this matter [of increasing MWD’s funding of WaterFix beyond what was authorized in October 2017] will be presented to the Board of Directors anew for consideration and a vote at its regular meeting on July 10, 2018.” To ensure “an absolutely clean meeting and vote in July,” during the L&C Committee meeting, Scully said she wanted “to caution everyone to refrain from any conversations directly, indirectly, through intermediaries, that could possibly be deemed to be a violation of the Brown Act.” Scully repeated her advice later at MWD’s Board meeting.

During public comment at MWD’s Board meeting, four speakers opposed WaterFix and three of the four commented on the alleged Brown Act violation. (Subsequent to the meeting, Director Hogan requested MWD hold an ethics training for its Board members with an emphasis on the

---

1 For a summary of this update see the “Metropolitan Water District Program Report” in the Water Authority’s June 2018 Board Packet found here: https://www.sdcwa.org/meetings-and-documents
Brown Act to complement MWD’s response. Agreeing “that supplementary training, focusing solely on the Brown Act, is appropriate at this time,” MWD said it had already tentatively scheduled “supplementary Brown Act Training” during its September meeting as requested by Chair Record after receiving the notice.)

During the Communications and Legislation Committee (C&L Committee) meeting, Director Gold (Los Angeles) suggested that Representatives Calvert’s and Valadao’s federal budget appropriation riders to eliminate state and federal judicial review of California WaterFix, and similar legislation, are “inconsistent” with the watershed management portion of MWD’s adopted 2018 federal and state legislative principles and asked how MWD is “weighing in.” Gold also noted that MWD voted to support WaterFix with the understanding of the project’s intended environmental benefits as described in its environmental documentation, further suggesting the legislation would be “inconsistent” with the Board’s support of the project.

General Manager Kightlinger responded that MWD is monitoring the legislation and pointed out that in the past MWD supported similar legislation, highlighting legislation that “preempted judicial review of the All-American Canal Lining” Project (AACLP). Responding to Gold’s question on how the Board could discuss MWD’s position on the legislation in more detail, Kightlinger said Gold could make this suggestion under the committee’s “future agenda items” and ask that it be “brought forward to the Executive Committee to be added to the agenda.”

Director McKenney (Municipal Water District of Orange County) said he liked the “path” MWD is on and that MWD should not “spend a lot of time on trying to oppose” the legislation. C&L Committee Chair Kurtz (Pasadena) commented that MWD “would not be requesting any kind of an exemption from the environmental review if [it] were to support those bills” rather “that there just can’t be litigation on the environment,” and emphasized currently MWD staff is proposing to “watch what occurs in Washington.” In response to Gold’s question if the preemption of judicial review for the All-American Canal only related to the National Environmental Policy Act and California Environmental Quality Act, Kightlinger said the MWD Board supported legislation deeming that the AACLP “complied with all laws of the nation” after environmental reviews were completed but “litigation was under way.” Later, Director Murray (Los Angeles) requested that Gold’s proposed discussion item be added to a future C&L Committee agenda and Kurtz said she would “take” the item to the Executive Committee.

In its update on the Perris Valley pipeline, staff reported that in 2004, Eastern and Western municipal water districts requested additional treated water service to meet Riverside County’s projected growth. To accommodate this request, MWD started construction of the Perris Valley Pipeline in 2006 to bring treated water from its Mills Water Treatment Plant to Riverside County. Although a portion of the pipeline was put into service in 2010, in 2011, construction of the final reach was postponed due to declines in demands and projected demands. Now that demands are returning to Riverside County, particularly in Eastern’s service area, Eastern and Western requested the pipeline be completed and deliveries begin by fiscal year 2021. Following the completion of work related to permitting, environmental, design, and right of way, staff plans

---


to return to the Board in February 2019 to award a construction contract to complete the pipeline. Director Peterson said he wanted “to remind everyone that this [project] is being paid for by Eastern and Western so there aren’t any fiscal responsibilities for” MWD. (MWD’s adopted budget for fiscal years 2019 and 2020 includes about $320,000 for this project.) In response to Director Steiner, staff confirmed it considered using Skinner Water Treatment Plant to meet Riverside County’s projected demands in its determination to move forward with completing the pipeline.

Overview
In closed session, the L&C Committee, without the Delegates in attendance, heard a report on the rate litigation. Also, it was announced that MWD’s Assistant General Manager/Chief Financial Officer (CFO) Breaux will retire in early August and until his position is filled, Budget and Treasury Section Manager Skillman will act as interim CFO. Attachment 4 is a copy of MWD’s June 2018 committee and Board meeting agendas and summary report.

Prepared by: Liz Mendelson-Goossens, Senior Water Resources Specialist
Reviewed by: Communications and Legislation Committee by Keith Lewinger and Elsa Saxod
Conservation and Local Resources Committee by Fern Steiner and Michael Hogan
Engineering and Operations Committee by Fern Steiner
Finance and Insurance Committee by Keith Lewinger
Legal and Claims Committee by Fern Steiner
Organization, Personnel and Technology by Michael Hogan
Water Planning and Stewardship Committee by Keith Lewinger and Fern Steiner

Attachment 1: Discussion Summary of MWD’s Debt Management Update
Attachment 2: Discussion Summary of State Water Project Contract Extension Amendment
Attachment 3: Discussion Summary of Conservation in Disadvantaged Communities and Local Resources Program
Attachment 4: MWD’s committee and Board meeting agendas and Board summary, dated June 11 and 12, 2018
Discussion Summary of MWD’s Debt Management Update

During its June 2018 meeting, MWD’s Finance and Insurance Committee (F&I Committee) received an oral update on MWD’s debt management. On June 5, MWD priced two bond issues “on a competitive bid basis.” For these sales, Fitch and Standard and Poors (S&P) issued updated credit reports.1 Staff reported that although both rating agencies affirmed MWD’s “high, outstanding bond ratings with a stable outlook,” Fitch’s report included “a more cautious tone.” According to staff, Fitch cited concerns that included the unpredictability of the annual State Water Project (SWP) allocation, prolonged drought on the Colorado River, “variability” of MWD sales, and fluctuation of “some” financial metrics such as MWD’s debt service coverage. However, staff said that Fitch acknowledged MWD’s “ample financial reserves and water storage reserves.” Staff reported that at the request of both rating agencies, General Manager Kightlinger, Assistant General Manager/Chief Financial Officer Breaux, and Budget and Treasury Section Manager Skillman met with the agencies to discuss California WaterFix for these updated reports. Fitch and S&P were concerned with the “higher debt commitments associated with” MWD assuming 64.6 percent of the project’s costs, but that both rating agencies “view” MWD’s forecasted average annual rate increase of 4.1 percent “as sufficient to fund MWD’s share of project costs based on current project costs estimates.” However, staff added that “[m]ost importantly, the maintenance of the current ratings will depend on tight management of project costs and Metropolitan’s ability to raise rates to cover these costs.”

Following staff’s presentation, Director Lewinger kicked off the Board’s discussion by asking when MWD would respond to the Delegates May 7 letter regarding MWD’s Official Statement.2 Breaux replied that MWD was “in the final drafting of” the response, which could be expected “the next day or so.” (MWD responded to this letter on June 22.)3 Considering the rating agencies’ finding that tightly managing WaterFix’s costs coupled with MWD being able to raise its rates to cover these costs are important in maintaining MWD’s credit rating, Lewinger asked that staff provide “sensitivity analysis” before the Board’s July revote on WaterFix. Specifically, he requested analysis of how MWD’s untreated water rates and Readiness-to-Serve Charge would be impacted if WaterFix costs are 30 percent higher than budgeted, and then another analysis with MWD undertaking the regional recycled water program (with the Los Angeles County Sanitation Districts) added.

In response to Director McKenney (Municipal Water District of Orange County), Breaux said that MWD described to the rating agencies that it plans to use “a Joint Powers Authority financing mechanism” to finance WaterFix. Lewinger asked how MWD’s WaterFix debt will be shown on its books considering the new Governmental Accounting Standards Board Regulation 88 (GASB 88), which requires Joint Powers Authority (JPA) members to account for the JPA debt as a liability on their “books.” First Breaux said that GASB 88 “should not have any

---

impact” on MWD’s books but then added that MWD’s controller is looking into the implications of GASB 88 and staff “can come back.” Also in response to Lewinger’s question on whether one JPA will issue debt to cover both MWD’s SWP share of project costs and its funding of the unsubscribed WaterFix cost, Breaux said that no final decision has not been made; although he expects that a separate JPA will be established to issue debt to cover MWD’s financing of the CVP’s unsubscribed portion of the project. Lewinger asked why an agency would sign onto the second JPA to finance the CVP’s unsubscribed share? Breaux suggested that the agency is “still a partner” and it would be “a benefit to the project.” Kightlinger added that “these decisions will be made down the road,” and that once DWR’s validation action is complete, “the state would be then in effect issuing” the debt related to the SWP’s share of the project and “may even take out the existing debt as issued by the JPA.” Focusing on the unsubscribed portion, Kightlinger said it “may be continued” as “part of the JPA” or “it may actually be more economic[al] for Metropolitan to just do it itself.” Lewinger asked if MWD were to finance the unsubscribed portion on its own, would it exceed the debt limit set in its act? Agreeing that exceeding its debt limit was a possibility, Kightlinger said that would be the reason MWD may continue to use the JPA to finance the unsubscribed share and it “may have partners by that point.” Breaux added that Santa Clara Valley Water District is “a very logical member of the JPA for the unsubscribed portion.”
June 11, 2018

Karla Nemeth, Director
Department of Water Resources
1416 9th Street
Sacramento, CA 95814

RE: Amendment of State Water Project Contract for California WaterFix
Comments on State Water Contractors May 14, 2018 Talking Points (#SWCCWF-0038) and DWR’s May 29, 2018 Consolidated Talking Points (#00086)

Dear Ms. Nemeth,

One of the key objectives and desired outcomes for negotiating an agreement between the Department of Water Resources (DWR) and the State Water Project (SWP) contractors is to amend the existing Water Supply Contract with DWR to implement California (CA) WaterFix in a manner that equitably allocates costs and benefits of the project (see DWR Objectives for SWP Contract Amendment, Objective 1; see also SWC Submission #SWCCWF-0001). I write to you on behalf of the San Diego County Water Authority Board of Directors to formally advise you of specific facts and circumstances concerning Water Authority ratepayers in regard to this objective, and to request your assistance to ensure that our ratepayers are not unfairly disadvantaged as result of the CA WaterFix negotiations.

As you know, under the existing Water Supply Contract, costs to the contractors are made up of two major charges: 1) the Delta Water Charge (which is a supply charge); and 2) the Transportation Charge. The Delta Water Charge is the cost of conservation facilities which include the Oroville facilities, the Delta facilities, the San Luis facilities, and a portion of the aqueduct leading from the San Luis facilities to the Delta facilities. Most importantly, the Delta Water Charge was to include within it facilities for the “transfer of water across the Delta,” such as the proposed WaterFix (see below). It is a unit charge applied to each acre-foot of SWP water that SWP contractors are to receive, in accordance with their contracts. In contrast, the Transportation Charge covers the use of facilities required to deliver SWP water to the service area of each SWP water contractor.

Under the existing SWP contract, the CA WaterFix would unquestionably be categorized as "project conservation facilities" as defined in Article 1(f) and (g)(2), based on Water Code § 12934(d)(3), serving the purposes of water conservation in the Delta, water supply in the Delta, and transfer of water across the Delta. The CA WaterFix costs would thus constitute a Delta Water Charge under the current agreement and law. Similarly, DWR’s Bulletin 132 categorizes Peripheral Canal facilities -- the forerunner of CA WaterFix -- as conservation facilities, with costs generally allocated accordingly. In unexplained contrast to Water Code § 12934(d)(3), the existing SWP contract, and DWR Bulletin 132, the draft Statement of Principles abruptly, and without explanation, changes the legal and agreed-upon methodology that would define the CA WaterFix as a Delta Water Charge for conservation, now adding transportation: "[t]he purpose of the [CA WaterFix] Facilities is water conservation and/or transportation." While this statement, and any corresponding charges as "transportation," may have no relevance to the cost share borne by other contractors or their member agency customers, it potentially has a substantial and grossly unfair impact on Water Authority ratepayers.

DWR is no doubt well aware of the appellate decision San Diego County Water Authority v. Metropolitan Water District of Southern California 12 Cal. App. 5th 1124 (2017), in which the Court of Appeal applied terms of the DWR-MWD contract to allow MWD to bill transportation costs identified in the existing SWP
contract to the Water Authority's Exchange Agreement payments. Conversely, the Delta Water Charge costs were not billed as transportation and there is no legal or substantive basis for changing that now in the allocation of CA WaterFix costs.

MWD has widely published to San Diego ratepayers that the cost of CA WaterFix is estimated to be $3.90 per month, and in any case no more than the $5 per household per month that has been estimated for the rest of the MWD service territory (all stated in 2017 dollars). And yet, if WaterFix costs are charged to transportation (now or in the future), the estimated cost per San Diego household skyrockets to $15-23 per month or more when the project is fully implemented. All of these numbers are estimates, but it gives you an idea of the different impacts depending on whether costs are allocated to transportation or supply. Thus, this is not an insignificant issue, but rather one that presents a material and uniquely unfair potential cost impact and future risk for San Diego County ratepayers.

We request that the sentence quoted from the Statement of Principles be stricken, and that it be made clear that the CA WaterFix costs are intended to be allocated in a manner that is consistent with the existing SWP contract and Water Code § 12934(d)(3) as a Delta Water Charge supply cost.

We would welcome the opportunity to meet with you to provide further information if that would be helpful. The Water Authority's Board of Directors will be meeting in the near future to adopt a formal position on the CA WaterFix and I know this issue is of critical importance.

Thank you for your cooperation and understanding of the importance of this issue.

Very truly yours,

Mark Muir, Chairman of the Board of Directors

Attachment 1: DWR SWP Contract Amendment for California Water Fix – Objective 1
Attachment 2: SWC Submission SWCCWF-0038
Attachment 3: Water Code 12934
Attachment 4: Table 2, Appendix B to Bulletin 132-17

cc: Governor Jerry Brown
    Senate President pro Tem Toni Atkins
    San Diego Legislative Delegation
    Water Authority Board of Directors
    Maureen A. Stapleton, General Manager
    MWD Board of Directors
    Jeff Kightlinger, MWD General Manager
SWP CONTRACT AMENDMENT
FOR CALIFORNIA WATERFIX

Department of Water Resources’ Objectives

WaterFix and Water Management Actions:

Objective 1: The California Department of Water Resources will ensure that the terms and conditions for the proposed Contract Amendments allow for the continued financial integrity of the State Water Project (SWP). The terms and conditions will: 1) be made in compliance with all legal requirements, 2) provide a fair and equitable approach for repayment of SWP Contractor costs to address the addition of the California WaterFix facilities to the SWP, and 3) confirm and supplement DWR’s position on water management actions available to the State Water Project Contractors under the contracts.
The State Water Project¹ (SWP) Public Water Agencies’ (PWAs)² Talking Points for Objective Two Concerning the Allocation and Repayment of Costs Associated with California WaterFix (CWF).

These talking points provide a proposed Statement of Principles (Principles) for the allocation and repayment of costs for construction, operation and maintenance of facilities associated with CWF (CWF Facilities). Under these Principles, the State, acting by and through the California Department of Water Resources (DWR), would be fully reimbursed for all such costs. These costs would be billed to and collected from SWP PWAs participating in the SWP portion of CWF (Participating PWAs), except those situated north of the Delta³ (Non-Participating PWAs), through their annual Statement of Charges (SOC). The SWP portion of CWF is up to two-thirds of CWF Facilities costs. The amount remaining will be reimbursed separately from SWP and/or Central Valley Project PWAs interested in additional conveyance capacity in CWF Facilities. These Principles are intended to serve as the foundation for a contract amendment to the existing long-term water service contracts (Contracts) between DWR and the SWP PWAs.

STATEMENT OF PRINCIPLES

1. CWF Facilities Definition: CWF Facilities shall mean those facilities that are constructed to convey water from the north Delta to the south Delta through facilities as described in the California WaterFix Final EIR/EIS SCH #2008032062. In general, CWF Facilities will divert water from the Sacramento River through three intakes on the east bank of the Sacramento

---

¹ The State Water Project is the name commonly used to refer to the State Water Resources Development System (Water Code Section 12931).
² The SWP PWAs are those public water agencies that hold contracts with DWR for the delivery of SWP water: Alameda County Flood Control and Water Conservation District (Zone 7), Alameda County Water District, Antelope Valley-East Kern Water Agency, Castaic Lake Water Agency, City of Yuba City, Coachella Valley Water District, County of Butte, County of Kings, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Little Rock Creek Irrigation District, The Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, Plumas County Flood Control and Water Conservation District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Gorgonio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Barbara County Flood Control and Water Conservation District, Santa Clara Valley Water District, Solano County Water Agency, Tulare Lake Basin Water Storage District, and Ventura County Flood Control District.
³ These Non-Participating PWAs are: City of Yuba City, County of Butte, Plumas County Flood Control and Water Conservation District, Napa County Flood Control and Water Conservation District, and Solano County Water Agency.
River, through pipelines and tunnels to the south Delta, to new pumping plants northeast of a reconfigured Clifton Court Forebay, and finally to connections with the Jones and Banks pumping plants.

2. CWF Facilities Charge Components - The purpose of the CWF Facilities is water conservation and/or transportation. Accordingly, all capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the CWF Facilities are 100% reimbursable and shall be recovered by the DWR from Participating PWAs through their annual SOCs. These costs shall be allocated to and billed under two new charges as follows:

   a. CWF Facilities Capital Charge Component
   b. CWF Facilities Minimum OMP&R Component

3. CWF Capital Charge Component Method of Computation

   a. Recover actual annual debt service created by financing activities (Financing Method) for CWF Facilities.
   b. Each Financing Method shall provide an annual repayment schedule, which includes all Financing Costs.
   c. Financing Costs shall mean the following:
      i. Principal of and interest on Revenue Bonds,
      ii. Debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest,
      iii. Deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and
      iv. Premiums for insurance or other security obtained in relation to such Revenue Bonds.
   d. Financing Method shall be divided into four categories:
      i. CWF Facilities Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,
      ii. CWF Facilities Capital Costs paid with amounts in the State Water Resources Development System Reinvestment Account,
      iii. CWF Facilities Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and
      iv. CWF Facilities Capital Costs prepaid by the Participating PWAs.

   e. CWF Facilities Capital Charge Component should be allocated to the Participating PWAs in proportion to the CWF Facilities Allocation Factors for each calendar year.

4. CWF Facilities Minimum OMP&R Charge Component Method of Computation

   a. Recovery estimated and/or actual annual OMP&R costs for the CWF Facilities each year.
b. CWF Facilities Minimum OMP&R Charge Component shall be allocated to the Participating PWAs in proportion to the CWF Facilities Allocation Factors for each calendar year.

5. **CWF Facilities Variable OMP&R Charge Component Method of Computation** - The operations, maintenance, power and replacement costs for the CWF facilities pumping plants (CWF Pumping Plants) that are (1) necessary to deliver water to a Participating PWA and (2) incurred in an amount which is dependent upon and varies with the amount of project water delivered to the PWA and allocated to the PWA pursuant to Article 26 (a)(1) and (2) of the Contracts. The CWF Facilities Variable OMP&R costs are 100% reimbursable and shall be recovered by DWR from the Participating PWAs through their annual SOCs as follows:

a. Costs shall be included in the Participating PWAs Variable Charge

b. Costs shall not be included in the Non-Participating PWAs’ Variable Charge.
   
   i. The Non-Participating PWAs’ shall not be charged for any direct costs of conveying water through CWF Pumping Plants.
   
   ii. The unit rate for the CWF Pumping Plants shall not be included in the Non-Participating PWAs accumulated pumping plant rates used to calculate their Transportation Variable Component Charge.

6. **CWF Facilities Allocation Factors.** The following table is a preliminary allocation of CWF Facilities participation percentages for the Non-Participating PWAs and the Participating PWAs. Only Participating PWAs would be billed for CWF through their annual SOC, using the CWF Facility Allocation Factors described in the table. Non-Participating PWAs would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with CWF, except to the extent there is a permanent transfer of Table A from a Participating PWA to a Non-Participating PWA as set forth in principle 10.
<table>
<thead>
<tr>
<th>Non-Participating PWA</th>
<th>CWF Facilities Allocation Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Yuba City</td>
<td>0.0000%</td>
</tr>
<tr>
<td>County of Butte</td>
<td>0.0000%</td>
</tr>
<tr>
<td>Plumas County FC&amp;WCD</td>
<td>0.0000%</td>
</tr>
<tr>
<td>Napa County FC&amp;WCD</td>
<td>0.0000%</td>
</tr>
<tr>
<td>Solano County Water Agency</td>
<td>0.0000%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participating PWA</th>
<th>CWF Facilities Allocation Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda County FC&amp;WCD, Zone 7</td>
<td>1.9875%</td>
</tr>
<tr>
<td>Alameda County Water District</td>
<td>1.0355%</td>
</tr>
<tr>
<td>Santa Clara Valley Water District</td>
<td>2.4654%</td>
</tr>
<tr>
<td>Dudley Ridge Water District</td>
<td>1.0194%</td>
</tr>
<tr>
<td>Empire-West Side Irrigation District</td>
<td>0.0740%</td>
</tr>
<tr>
<td>Kern County Water Agency-Total</td>
<td>24.2278%</td>
</tr>
<tr>
<td>County of Kings</td>
<td>0.2294%</td>
</tr>
<tr>
<td>Oak Flat Water District</td>
<td>0.1405%</td>
</tr>
<tr>
<td>Tulare Lake Basin Water Storage District</td>
<td>2.1565%</td>
</tr>
<tr>
<td>San Luis Obispo County FC&amp;WCD</td>
<td>0.6163%</td>
</tr>
<tr>
<td>Santa Barbara County FC&amp;WCD</td>
<td>1.1214%</td>
</tr>
<tr>
<td>Antelope Valley-East Kern Water Agency</td>
<td>3.5709%</td>
</tr>
<tr>
<td>Santa Clarita Valley Water Agency</td>
<td>2.3470%</td>
</tr>
<tr>
<td>Coachella Valley Water District</td>
<td>3.4108%</td>
</tr>
<tr>
<td>Crestline-Lake Arrowhead Water Agency</td>
<td>0.1430%</td>
</tr>
<tr>
<td>Desert Water Agency</td>
<td>1.3744%</td>
</tr>
<tr>
<td>Littlerock Creek Irrigation District</td>
<td>0.0567%</td>
</tr>
<tr>
<td>Mojave Water Agency</td>
<td>2.2139%</td>
</tr>
<tr>
<td>Palmdale Water District</td>
<td>0.5251%</td>
</tr>
<tr>
<td>San Bernardino Valley Municipal Water District</td>
<td>2.5295%</td>
</tr>
<tr>
<td>San Gabriel Valley Municipal Water District</td>
<td>0.7100%</td>
</tr>
<tr>
<td>San Gorgonio Pass Water Agency</td>
<td>0.4265%</td>
</tr>
<tr>
<td>The Metropolitan Water District of Southern California</td>
<td>47.1253%</td>
</tr>
<tr>
<td>Ventura County Watershed Protection District</td>
<td>0.4931%</td>
</tr>
</tbody>
</table>

| Total                                   | 100.000%                         |

7. **Repayment Schedule Table** - The amount to be paid by the Participating PWAs for each year under the CWF Facilities Capital and Minimum OMP&R Charge Components shall be set forth in a Repayment Schedule Table.

8. **Charge Redetermination** - The CWF Facilities Capital and Minimum OMP&R Charge Components shall be subject to Charge Redetermination.
9. **Annual Statement of Charges** - The CWF Facilities Capital and Minimum OMP&R Charge Components shall be included in a separate invoice that is included in the annual SOC and shall be subject to the time and method of payment for Capital and Minimum OMP&R Components.

10. **Permanent Transfer of Contract Rights** – Any permanent transfer of Table A contract rights of a Participating PWA shall be accompanied by a pro-rata transfer of that PWAs rights and responsibilities with respect to CWF.

11. **CWF Facilities Use Of Facilities Charge** – If a Non-Participating PWA transfers allocated Table A to a Participating PWA, then no fee will be charged to the PWAs involved in the transaction. Other transactions may result in a fee sufficient to cover all (1) capital, (2) minimum operations, maintenance, power and replacement (OMP&R) costs, and (3) variable OMP&R costs, associated with this usage.

12. **Water Delivery Principles** - Participating PWAs moving water in excess of their CWF Facilities Allocation Factor shall schedule deliveries in a manner that does not harm other participating PWAs and shall be subject to the delivery priorities set forth in Article 12(f) of the Contract.
§ 12934. Definitions

As used in this chapter and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" shall mean the California Water Resources Development Finance Committee created by Section 12933.

(b) "Board" or "department" shall mean the Department of Water Resources.

(c) "Fund" shall mean the California Water Resources Development Bond Fund created by Section 12935.

(d) "State Water Facilities" shall mean the following facilities:

1. A multiple purpose dam and reservoir on the Feather River in the vicinity of Oroville, Butte County, and dams and reservoirs upstream therefrom in Plumas County in the vicinity of Frenchman, Grizzly Valley, Abbey Bridge, Dixie Refuge and Antelope Valley;

2. An aqueduct system which will provide for the transportation of water from a point or points at or near the Sacramento-San Joaquin Delta to termini in the Counties of Marin, Alameda, Santa Clara, Santa Barbara, Los Angeles and Riverside, and for delivery of water both at such termini and at canal-side points en route, for service in Solano, Napa, Sonoma, Marin, Alameda, Contra Costa, Santa Clara, San Benito, Santa Cruz, Fresno, Tulare, Kings, Kern, Los Angeles, Ventura, San Bernardino, Riverside, Orange, San Diego, San Luis Obispo, Monterey and Santa Barbara Counties.

Said aqueduct system shall consist of intake and diversion works, conduits, tunnels, siphons, pipelines, dams, reservoirs, and pumping facilities, and shall be composed of a North Bay aqueduct extending to a terminal reservoir in Marin County; a South Bay aqueduct extending to terminal reservoirs in the Counties of Alameda and Santa Clara; a reservoir near Los Banos in Merced County; a Pacheco Pass Tunnel aqueduct from a reservoir near Los Banos in Merced County to a terminus in Pacheco Creek in Santa Clara County; a San Joaquin Valley-Southern California aqueduct extending to termini in the vicinity of Newhall, Los Angeles County, and Perris, Riverside County, and having a capacity of not less than 2,500 cubic feet per second at all points north of the northerly boundary of the County of Los Angeles in the Tehachapi Mountains in the vicinity of Quail Lake and a capacity of not less than 10,000 cubic feet per second at all points north of the initial offstream storage reservoir; a coastal aqueduct beginning on the San Joaquin Valley-Southern California aqueduct in the vicinity of Avenal, Kings County, and extending to a terminal at the Santa Maria River;

3. Master levees, control structures, channel improvements, and appurtenant facilities in the Sacramento-San Joaquin Delta for water conservation, water supply in the Delta, transfer of water across the Delta, flood and salinity control, and related functions.


5. Facilities for the generation and transmission of electrical energy.

Mark Hattam
(6) Provision for water development facilities for local areas as provided in Chapter 5 (commencing at Section 12880) of Part 6 of Division 6 of the Water Code as the same may now or hereafter be amended.

(7) Including for the foregoing (1 through 5) the relocation of utilities and highways and acquisition of all lands, rights of way, easements, machinery, equipment, apparatus, and all appurtenances necessary or convenient therefor.

History

Added Stats 1959 ch 1762 § 1, effective November 8, 1960.

Annotations

Commentary

Legislative Counsel's Opinions:
State water resources development. 1963 AJ 1523.

Notes to Decisions

1. Generally

That Water Resources Development Bond Act lists Oroville dam as one of "State Water Facilities" enumerated in that act does not mean that Oroville dam is no longer authorized by Central Valley Project Act (Wat C §§ 11100 et seq.), which empowers Department of Water Resources to construct and operate various water facilities, including the Oroville dam; Water Resources Development Bond Act expressly continues, rather than precludes, operation of Central Valley Project Act, and nothing in former act shows that facility authorized as part of Central Valley Project is no longer to be so regarded where it is also enumerated as one of "State Water Facilities." Warne v. Harkness (Cal. Dec. 12, 1963), 60 Cal. 2d 579, 35 Cal. Rptr. 601, 387 P.2d 377, 1963 Cal. LEXIS 264.

Research References & Practice Aids

Cross References:
Inapplicability to timberland preserve zone: Gov C § 51153.

Treatises:
Cal. Legal Forms, (Matthew Bender) § 28D.15[3][a].

State Notes

Research References & Practice Aids

Mark Hattam
Hierarchy Notes:

*Cal Wat Code Div. 6*

*Cal Wat Code Div. 6, Pt. 6*

*Cal Wat Code Div. 6, Pt. 6, Ch. 8*

Deering's California Codes Annotated
Copyright © 2018 Matthew Bender & Company, Inc.
a member of the LexisNexis Group. All rights reserved.

---

End of Document
Amendment 5 to Metropolitan’s contract requires that additional costs for modifications to the Santa Ana Pipeline (required for enlargement of Lake Perris) will be allocated to Metropolitan and returned to the State through payments of the Transportation Charge. The additional costs to be repaid through Metropolitan’s capital cost component for the aqueduct reach from Devil Canyon Powerplant to Barton Road total about $6.7 million (see Bulletin 132-72, page 98).

Table B-10 presents the actual and projected annual capital costs of each aqueduct reach that will eventually be returned to the State, with interest, through contractors’ payments of the capital cost component of the Transportation Charge and payment of debt service under the Devil Canyon-Castaic contracts.
At its June 2018 Water Planning and Stewardship Committee meeting, the MWD Board received a report on the proposed State Water Project (SWP) Contract Extension Amendment. Following staff’s presentation, the Board discussed the SWP contract extension.

Director Steiner noted that four SWP contractors did not sign the 2014 Agreement in Principle (AIP) and asked if all SWP contractors need to sign the AIP to move the contract extension process forward. Staff reported that the process can move forward so long as a threshold of contractors (24 contractors representing 3.9 million acre-feet of Table A Entitlement) sign the AIP. Staff added that two of those unsigned contractors’ issue relates to paying for California WaterFix (WaterFix), which is “being addressed in another forum.” In response to Steiner, staff said “it’s possible” that these four contractors could each have different contract extensions.

Replying to Steiner’s question if the State Water Resources Development System Finance (SWRDS) Finance Advisory Committee established through the SWP contract extension process is “separate and apart with a different purpose” from the SWP Financing Joint Powers Authority, staff said it was and described the SWRDS finance advisory committee as “a change in culture.” Later, in response to Director Peterson (Las Virgenes), staff said the committee’s voting structure is unweighted, so each member gets one vote.

Switching gears, Director Lewinger expressed the Water Authority’s concerns that SWP contract “WaterFix negotiations are not proceeding based on current State Water Project contract definitions of what is a supply and what is transportation.” Lewinger asked if MWD staff thought “these definitions should not be followed and applied to WaterFix” or if another agency is “driving these discussions.” Saying “those discussions really have not begun in earnest,” Kightlinger replied that no one is driving them and they will likely begin “in the relatively near future.” Lewinger pointed out that the recent proposed language related to WaterFix he has seen does not follow the existing definitions. Kightlinger said he was “not sure which language” Lewinger was referring to. Later that day, Water Authority Chair Muir sent a letter to DWR Director Nemeth – with copies sent to the MWD Board and Kightlinger – describing the Water Authority’s concern (Attachment A). Muir’s letter included a copy of the SWP Contractors’ proposed draft terms that would change facilities like WaterFix from being treated solely as conservation (supply) facilities, as has been done since the current contract was established, to a standalone category that redefines the facilities to be water supply and/or transportation, opening the door for interpretation down the line.

---

1 For a summary of this report see the “Metropolitan Water District Program Report” in the Water Authority’s June 2018 Board Packet found here: https://www.sdcwa.org/meetings-and-documents
2 These four contractors are the county of Butte and the flood control and water conservation districts for Plumas, San Luis Obispo, and Santa Barbara counties.
3 There are two separate processes being carried out. One focuses on extending the SWP contract and the other on amending the SWP contract to incorporate WaterFix costs and water management actions.
4 The Department of Water Resources (DWR) and SWP contractors, or Public Water Agencies (PWAs), are in the process of negotiating Agreement in Principle related to the amendment to incorporate WaterFix into the SWP contract.
5 For negotiations related to how WaterFix will be incorporated in the SWP contract, DWR and PWAs use “talking points.” Recent talking points, which are publicly available, include a statement that “[t]he purpose of the CWF Facilities is water conservation and/or transportation” under the “statement of principles.”
Discussion Summary of Conservation in Disadvantaged Communities and Local Resources Program

During its June 2018 Conservation and Local Resources Committee (C&LR Committee), the MWD Board received presentations on conservation in disadvantaged communities (DAC) and the status of MWD’s Local Resources Program (LRP).¹

Concluding its presentation on conservation in DAC, staff requested input from the C&LR Committee. Noting MWD’s use of low-income census tracks to present the information, Director Hogan asked if this data would be used as a baseline to measure the effectiveness, moving forward, of MWD enhancing DAC participation in its conservation programs. Staff shied away from agreeing to establish a baseline to measure effectiveness, offering that the data presented is “adding to the discussions” of what MWD is aiming to accomplish and “how best to accomplish that.” Hogan encouraged MWD to work with local agencies to identify members of DAC, suggesting census tracks may not be the best method. He noted there are income-qualifying individuals in his local district, which is not a region identified in the census tracks, and offered the Water Authority’s partnership with San Diego Gas & Electric on a direct installation program for income-qualifying individuals as an example of how to successfully reach these individuals. Responding to Director Steiner, staff said MWD’s “next steps” in refining its DAC data include better understanding the breakdown of demographic data, like number of homeowners, renters, and multi-family households. Steiner suggested that this type of data would help MWD better identify which of its conservation programs may best serve these individuals and added that MWD should work with local community organizations to identify income-qualifying individuals and better target outreach efforts. Agreeing with Hogan and Steiner that MWD should focus on individuals, Director McKenney (Municipal Water District of Orange County) encouraged that MWD’s efforts tie-back to conservation benefits but added there are “social justice” issues MWD should consider. He also suggested MWD work closely with local agencies, proposing that MWD could help its local agencies obtain state and federal funding earmarked for DAC and, echoing Hogan, he proposed MWD examine the “water and energy nexus” for program partnerships and funding. Calling McKenney’s comments “excellent,” C&LR Committee Chair Gold (Los Angeles) said he didn’t “want to really weigh in on one side or the other” but for marketing purposes it may be easier for MWD to focus on the community level.

Switching gears, Director Lewinger suggested that MWD first needs to gather data by program and device subsidy to establish if members of DAC are “receiving proportionally less” of MWD’s conservation subsidies than members of non-DAC and then the Board should discuss if MWD should “do something about it.” Staff indicated this data would be helpful and that it could be used to understand why certain programs or device subsidies had better penetration rates in DAC. Later, touching on Lewinger’s comments, Director Murray (Los Angeles) suggested that MWD have a discussion on “equity metrics,” which relates to Los Angeles Water and Power’s initiative that “assesses how well programs, services, and resources are distributed and used throughout the city, both geographically and demographically, to see whether any disparities exist.”

¹ For summaries of these presentations see the “Metropolitan Water District Program Report” in the Water Authority’s June 2018 Board Packet found here: https://www.sdcwa.org/meetings-and-documents
Agreeing that having data is “good,” Director Abdo expressed interest in looking “at how many actual installations of something are happening” and focusing on “how people are being helped, both to conserve water and to reduce their costs.” She also echoed Steiner’s suggestion to work with local community groups, specifically to ensure people feel “safe” to participate in MWD’s programs. Steiner suggested MWD consider funding administrative costs through the Member Agency Administered Program to help cover direct installation programs’ costs. Assistant General manager/Chief Operating Officer Upadhyay responded that this idea was brought up in the member agency workgroup and “was registered with” MWD.

Suggesting MWD is aiming to “capture a market,” Director Cordero (Long Beach) advised MWD to move away from calling these communities “disadvantaged” and instead use the term “low-income.” In response to Cordero, staff said through the member agency workgroup process, MWD will examine what has been limiting these communities’ access to its conservation programs. Wrapping up the discussion, Director Pressman (Beverly Hills) echoed McKenney that MWD’s “goal is conservation,” which it wants “to do it in a socially responsible fashion.” He suggested MWD help local agencies find “ways that they could do better in their programs and let them run with it” since they know their communities best.

Before staff presented on the status of MWD’s LRP, the general managers of Las Virgenes and Eastern municipal water districts expressed support for the LRP. Following staff’s presentation, Chair Record (Eastern) stressed that California WaterFix (WaterFix) “doesn’t solve our needs into the future” and that conservation and local supply development will be how the region meets growth, adding that the LRP is “a really important part of what we do.” Echoing Record, Vice Chair Gray (West Basin) said MWD can do both WaterFix and the LRP. She said the LRP is “important” because “member agencies need to have some certainty that Metropolitan is going to continue” funding local projects, adding that MWD needs to examine the LRP funding “gap” and how it may increase the LRP target.

Turning to the local supply need identified in MWD’s 2015 Integrated Water Resources Plan (IRP), Hogan asked what is the local supply gap and how is MWD approaching maintaining existing local supplies and closing the gap? Upadhyay responded that when MWD updated its IRP it did not update its LRP target to subsidize new local projects and it is now undertaking “an interim step” by updating the LRP target. However, moving forward, the Board may consider updating the LRP target as part of the IRP update, allowing MWD to “reassess” as conditions change. Gold agreed that a “bigger discussion” is being teed-up in the coming months but due to time constraints concluded that day’s conversation.
Finance and Insurance Committee
Meeting with Board of Directors*

June 11, 2018

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

* 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 7, 2018

3. CONSENT CALENDAR ITEMS — ACTION

7-1 Adopt CEQA determination and approve up to $1.176 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program
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 $1.176 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits.

4. OTHER BOARD ITEMS — ACTION

8-1 Adopt CEQA determination and approve Metropolitan's Statement of Investment Policy for fiscal year 2018/19, and delegate authority to the Treasurer to invest Metropolitan’s funds for fiscal year 2018/19

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project; and
a. Approve the Statement of Investment Policy for fiscal year 2018/19 (Attachment 1 of the board letter); and
b. Delegate authority to the Treasurer to invest Metropolitan’s funds for fiscal year 2018/19.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Debt Management Update
b. SB 450 Compliance for Bond Issuances
c. Oral Report on Investment Activities

Date of Notice: May 30, 2018
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.

Date of Notice: May 30, 2018
REVISED AGENDA

Water Planning and Stewardship Committee

Meeting with Board of Directors*

June 11, 2018

10:30 a.m. – Room 2-456

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

* 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 committees 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))
   a. Update on Department of Water Resources issues by Karla Nemeth, Director of California Department of Water Resources

2. Approval of the Minutes of the Water Planning and Stewardship Committee held May 7, 2018

3. CONSENT CALENDAR ITEMS — ACTION

   Moved to Action 7-3

   Adopt CEQA determination and authorize payment of up to $708,800 for support of the Colorado River Board and Colorado River Authority for fiscal year 2018/19
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, Authorize the General Manager to make payment of up to $708,800 for the Colorado River Board/Six Agency Committee and Authority for FY 2018/19.

4. OTHER BOARD ITEMS — ACTION

Moved from Consent 8-4

Adopt CEQA determination and authorize payment of up to $708,800 for support of the Colorado River Board and Colorado River Authority for fiscal year 2018/19. (WP&S) (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, Authorize the General Manager to make payment of up to $708,800 for the Colorado River Board/Six Agency Committee and Authority for FY 2018/19.

5. BOARD INFORMATION ITEMS

9-2 Information on the proposed State Water Project Contract Extension Amendment

6. COMMITTEE ITEMS

a. Water Surplus and Drought Management Report

7. MANAGEMENT REPORTS

a. Bay-Delta Matters

b. Colorado River Matters

**REVISED:** Date of Notice: June 7, 2018
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.

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.
E&O Committee  
G. Peterson, Chair  
S. Blois, Vice Chair  
B. Barbre  
P. Beard  
M. Camacho  
G. Dake  
D. De Jesus  
L. Dick  
S. Faessel  
D. Galleano  
W. Gedney  
R. Lefevre  
J. Morris  
F. Steiner  
C. Treviño  
H. Williams  
J. Zurita

REVISED AGENDA

Engineering and Operations Committee  
Meeting with Board of Directors*

June 11, 2018

12:00 p.m. – Room 2-145

---

Monday, June 11, 2018  
Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Committee</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:30 a.m.</td>
<td>F&amp;I</td>
<td>Rm. 2-145</td>
</tr>
<tr>
<td>10:30 a.m.</td>
<td>WP&amp;S</td>
<td>Rm. 2-456</td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>E&amp;O</td>
<td>Rm. 2-145</td>
</tr>
<tr>
<td>1:30 p.m.</td>
<td>C&amp;L</td>
<td>Rm. 2-456</td>
</tr>
</tbody>
</table>

* 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 7, 2018**

3. **CONSENT CALENDAR ITEMS — ACTION**  
None
4. OTHER BOARD ITEMS — ACTION

8-2 Adopt CEQA determination and appropriate $7.7 million; and award $5,553,669 contract to Henkels & McCoy, Inc. to replace the 2.4 kV power line at Intake Pumping Plant (Appropriation No. 15438)

Recommendation:

Option #1:
Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and that no further environmental analysis or documentation is required, and
a. Appropriate $7.7 million;
b. Award $5,553,669 million contract to Henkels & McCoy, Inc. to replace the 2.4 kV power line at Intake Pumping Plant.

8-3 Adopt CEQA determination and appropriate $10 million; and authorize capital program for projects costing less than $400,000 for fiscal years 2018/19 and 2019/20 (Appropriation No. 15504)

Recommendation:

Option #1:
Adopt the CEQA determination that the proposed actions are not defined as a project or are categorically exempt from CEQA, and
a. Appropriate $10 million;
b. Authorize the General Manager to initiate capital projects costing less than $400,000 and perform all required work including the preparation of necessary environmental documentation; and
c. Designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation that may be required for such projects.

5. BOARD INFORMATION ITEMS

None
6. COMMITTEE ITEMS

   a. Update on Constituents of Emerging Concern
   b. Update on Regional Recycled Water Program
   c. Opportunities to Improve the Management of Metropolitan’s CIP
   d. Update on Perris Valley Pipeline
   e. Capital Investment Plan Quarterly Report for Period Ending March 2018
   f. Security Quarterly Update

 Withdrawn

   e. Assessment of Metropolitan’s Capital Program/Project Approval Practices

 Added

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

REVISED: Date of Notice: June 4, 2018
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.

REVISED: Date of Notice: June 4, 2018
Communications and Legislation Committee
Meeting with Board of Directors*

June 11, 2018

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

Attachment 4, Page 11 of 26

Date of Notice:  May 29, 2018
5. **BOARD INFORMATION ITEMS**

None

6. **COMMITTEE ITEMS**

a. Report on activities from Washington, D.C.
b. Report on activities from Sacramento
c. Update on 2018 Water Conservation Advertising and Outreach Campaign

7. **MANAGEMENT REPORT**

a. External Affairs Management 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.
REVISED AGENDA

Legal and Claims Committee
Meeting with Board of Directors*

June 12, 2018
9:00 a.m. -- Room 2-145

* The Metropolitan Water District’s Legal and Claims 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 Legal and Claims 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 Legal and Claims Committee will not vote on matters before the Legal and Claims 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 Legal and Claims Committee meetings held April 10, 2018 and May 8, 2018

3. MANAGEMENT REPORT
   a. General Counsel’s report of monthly activities

4. CONSENT CALENDAR ITEMS — ACTION
   None
5. OTHER BOARD ITEMS — ACTION

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

Revised

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, CPF-16-515282, CPF-16-515391 and CGC-17-563350; and the appeal of the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case Nos. A146901 and A148266 and California Supreme Court Case No. S243500; and the petition for extraordinary writ in the second 2016 action, Court of Appeal for the First Appellate District Case No. A154325. [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
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.
Conservation and Local Resources Committee

Meeting with Board of Directors*

June 12, 2018
10:00 a.m. – Room 2-456

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

2. Approval of the Minutes of the meeting of the Conservation and Local Resources Committee held May 8, 2018

3. CHAIRMAN’S REPORT

4. COMMITTEE ITEMS
   a. Conservation Update
   b. Conservation in Disadvantaged Communities (DAC) Discussion
   c. Update on status of Local Resources Program

* The Metropolitan Water District's Conservation and Local Resources 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 Conservation and Local Resources 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 Conservation and Local Resources Committee will not vote on matters before the Conservation and Local Resources Committee.
5. FOLLOW-UP ITEMS

None

6. FUTURE AGENDA ITEMS

7. 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.
**Organization, Personnel and Technology Committee**

Meeting with Board of Directors*

**June 12, 2018**

**11:00 a.m. -- Room 2-145**

---

<table>
<thead>
<tr>
<th>June 12, 2018</th>
<th>Meeting Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 a.m.</td>
<td>L&amp;C Rm. 2-145</td>
</tr>
<tr>
<td>10:00 a.m.</td>
<td>C&amp;LR Rm. 2-456</td>
</tr>
<tr>
<td>11:00 a.m.</td>
<td>OP&amp;T Rm. 2-145</td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>Board Mtg Boardroom</td>
</tr>
</tbody>
</table>

---

* 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 8, 2018**

3. **CONSENT CALENDAR ITEMS – ACTION**

   7-2 Adopt CEQA determination and appropriate $450,000 for the Water Ordering and Energy Scheduling System (Approp. 15501)

---

Date of Notice: May 29, 2018
Recommendation:

Option #1:

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

a. Appropriate $450,000; and

b. Replace the Energy Management System with the Water Ordering and Energy Scheduling System, incorporating additional scheduling and reporting functionality.

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS


7. MANAGEMENT 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.
REVISED AGENDA

Board Meeting

June 12, 2018

12:00 p.m. – Boardroom

<table>
<thead>
<tr>
<th>MWD Headquarters Building</th>
<th>700 N. Alameda Street</th>
<th>Los Angeles, CA 90012</th>
</tr>
</thead>
</table>

1. Call to Order
   (a) Invocation: Arman Motavvef, Assistant Engineer, Engineering Services
   (b) Pledge of Allegiance: Director John W. Murray, Jr., City of Los Angeles

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 8, 2018
      (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 2018
   C. Approve committee assignments
   D. Chairman’s Monthly Activity Report
6. DEPARTMENT HEADS' REPORTS

A. General Manager's summary of activities for the month of May 2018

B. General Counsel’s summary of activities for the month of May 2018

C. General Auditor’s summary of activities for the month of May 2018

D. Interim Ethics Officer’s summary of activities for the month of May 2018

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Adopt CEQA determination and approve up to $1.176 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 $1.176 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits.

7-2 Adopt CEQA determination and appropriate $450,000 for the Water Ordering and Energy Scheduling System (Appropriation No. 15501.) (OP&T)

Recommendation:

Option #1:

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

a. Appropriate $450,000; and

b. Replace the Energy Management System with the Water Ordering and Energy Scheduling System, incorporating additional scheduling and reporting functionality.
7-3  Adopt CEQA determination and authorize payment of up to $708,800 for support of the Colorado River Board and Colorado River Authority for fiscal year 2018/19. (WP&S)

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,

Authorize the General Manager to make payment of up to $708,800 for the Colorado River Board/Six Agency Committee and Authority for FY 2018/19.

END OF CONSENT CALENDAR

8. OTHER BOARD ITEMS — ACTION

8-1  Adopt CEQA determination and approve Metropolitan's Statement of Investment Policy for fiscal year 2018/19, and delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2018/19. (F&I)

Recommendation:

Option #1:

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

a. Approve the Statement of Investment Policy for fiscal year 2018/19 (Attachment 1 of the board letter); and

b. Delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2018/19.

8-2  Adopt CEQA determination and appropriate $7.7 million; and award $5,553,669 contract to Henkels & McCoy, Inc. to replace the 2.4 kV power line at Intake Pumping Plant (Appropriation No. 15438.) (E&O)
Recommendation:

**Option #1:**

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and that no further environmental analysis or documentation is required, and

a. Appropriate $7.7 million;

b. Award $5,553,669 million contract to Henkels & McCoy, Inc. to replace the 2.4 kV power line at Intake Pumping Plant.

8-3

Adopt CEQA determination and appropriate $10 million; and authorize capital program for projects costing less than $400,000 for fiscal years 2018/19 and 2019/20 (Appropriation No. 15504.) (E&O)

Recommendation:

**Option #1:**

Adopt the CEQA determination that the proposed actions are not defined as a project or are categorically exempt from CEQA, and

a. Appropriate $10 million;

b. Authorize the General Manager to initiate capital projects costing less than $400,000 and perform all required work including the preparation of necessary environmental documentation; and

c. Designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation that may be required for such projects.

Moved from Consent 8-4

Adopt CEQA determination and authorize payment of up to $708,800 for support of the Colorado River Board and Colorado River Authority for fiscal year 2018/19. (WP&S) *(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,

Authorize the General Manager to make payment of up to $708,800 for the Colorado River Board/Six Agency Committee and Authority for FY 2018/19.
BOARD INFORMATION ITEMS

9-1 Update on Conservation Program

9-2 Information on the proposed State Water Project Contract Extension Amendment (WP&S)

10. FOLLOW-UP ITEMS

11. FUTURE AGENDA ITEMS

12. 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.

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.
For the first time in many years, Congress is making good progress on appropriations bills for FY2019. The House passed a “minibus” combining the Energy & Water, Military Construction-Veterans, and Legislative Branch spending bills early in the month by a vote of 235-179. The Senate later passed its version of the same minibus 86-5. Most of the remaining bills will be voted out of committee before the July 4th recess or in early July.

While spending bills have been advancing steadily, a Continuing Resolution (CR) is still expected to keep all or most of the federal government operating after the start of the new fiscal year on October 1. Serious partisan disagreement regarding immigration and other domestic programs pose a significant challenge to finalizing FY2019 funding. The campaigns for mid-term elections and the congressional balance of power add to the uncertainty for later this year.

Following is a summary of the major water-related accounts in the Energy & Water and Interior-Environment spending bills:

### U.S. Bureau of Reclamation
**Major Discretionary Accounts**

<table>
<thead>
<tr>
<th>Account</th>
<th>FY18 Omnibus</th>
<th>FY19 Request</th>
<th>Budget Request</th>
<th>FY19 House</th>
<th>FY19 Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title XVI WIIN §4009(c)</td>
<td>$54.4 million</td>
<td>$3 million</td>
<td>$65 million</td>
<td>$54,406 million</td>
<td></td>
</tr>
<tr>
<td>WIIN §4009(a) Desalination</td>
<td>$12 million</td>
<td>$1.7 million (total R&amp;D request)</td>
<td>$12 million</td>
<td>$12 million</td>
<td></td>
</tr>
<tr>
<td>WIIN §4007 Water Storage</td>
<td>$134 million</td>
<td>$0</td>
<td>$134 million</td>
<td>$134 million</td>
<td></td>
</tr>
<tr>
<td>WaterSMART Grants</td>
<td>$34 million</td>
<td>$10 million</td>
<td>$34 million</td>
<td>$34 million</td>
<td></td>
</tr>
<tr>
<td>CalFed</td>
<td>$37 million</td>
<td>$35 million</td>
<td>$35 million</td>
<td>$35 million</td>
<td></td>
</tr>
<tr>
<td>Salton Sea</td>
<td>$300,000 + $1.5 million workplan</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$300,000</td>
<td></td>
</tr>
</tbody>
</table>
Major EPA Water-Related Accounts

Committee-Approved Bills

<table>
<thead>
<tr>
<th>Account</th>
<th>FY2018</th>
<th>FY2019 Request*</th>
<th>FY19 House</th>
<th>FY19 Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Water SRF</td>
<td>1.694 billion</td>
<td>1.394 billion*</td>
<td>1.6 billion</td>
<td>1.694 billion</td>
</tr>
<tr>
<td>Safe Drinking</td>
<td>1.163 billion</td>
<td>863 million*</td>
<td>1.0 billion</td>
<td>1.164 billion</td>
</tr>
<tr>
<td>Water SRF</td>
<td>$63 million</td>
<td>$20 million</td>
<td>$75 million</td>
<td>$63 million</td>
</tr>
</tbody>
</table>

*The White House requested an additional $397 million total for the two SRF accounts to reflect new spending included in the budget agreement.

The pending House Interior-Environment bill includes a controversial provision that would bar judicial oversight at the Federal and State level of the California WaterFix program. While most legal observers doubt the ability of this provision to survive a legal challenge, it could further complicate consideration of the WaterFix plan if this provision makes it into a final bill.

House Passes Water Resources Bill

The House passed the Water Resources Development Act of 2018 (WRDA) by a vote of 408-2. While the bill is narrowly focused on authorizing projects for the U.S. Army Corps of Engineers, it is expected to carry a broader range of water-related provisions later this year, including many for EPA and the Bureau of Reclamation.

The Senate Committee on Environment and Public Works passed its version of the bill, S. 2800 (America’s Water Infrastructure Act of 2018), in May and it may come before the full Senate after the July 4th recess or in early August. The Senate bill, or “AWIA,” also focuses on the Corps, but would also amend and extend the authorization for the Water Infrastructure Finance and Innovation Act (WIFIA) program among other changes affecting EPA.

White House Offers Plan to Restructure Federal Bureaucracy

The Office of Management and Budget released a proposal (“Delivering Government Solutions in the 21st Century”) to meet a directive to “propose a plan to reorganize governmental functions and eliminate unnecessary agencies.” Among the many recommendations, some would affect water, including:

- Moving the Army Corps’ navigation duties to the Department of Transportation and its water infrastructure role (e.g., dams and levees) to the Department of the Interior.
- Reduce the oversight and enforcement role of the Environmental Protection Agency in favor of state authority.
- Merge the National Marine Fisheries Service with the U.S. Fish and Wildlife Service.

While likely to generate discussion about the current roles and structure of federal agencies, Congress has shown little enthusiasm to pursue plans outlined in the proposal.