

Federal Update

For the San Diego County Water Authority
Board of Directors

July 25, 2018

Congressional Schedule

The House recesses at the end of this week until after Labor Day and is scheduled to be out for much of October for campaigning. The Senate is scheduled to be in session most of August and has more working days planned in October, but time is growing short to complete legislation for the year. A lame duck session is planned late this year when the highest priority bills will either be finalized or postponed into 2019 and a new session of Congress.

Congress Working to Restore ‘Regular Order’ to Spending

A ‘Continuing Resolution’ (CR) to fund all or some federal spending after the start of the new fiscal year on October 1 will be needed, but Congress is making better progress on appropriations than it has in years. Both chambers have passed three-bill “minibus” packages that include funds for water projects, veterans, and military construction. Negotiations have paused while both chambers try to agree on a top-line spending total for the three; however, it is possible the package could be cleared for the White House before October.

House Passes Interior Appropriations Bill with Controversial Riders

On a nearly party-line vote, the House passed an FY2019 spending bill for the Department of the Interior and the EPA. The bill includes higher funding for the State Revolving Funds that support water infrastructure funding and an increase to the WIFIA loan program, but most attention has been on riders related to California water.

One rider, included by Subcommittee Chairman Ken Calvert (R-Riverside), would block judicial review of the WaterFix program by both federal and state courts. The rider rests on questionable constitutional footing, but it sets up a major issue for conference with the Senate. A second rider offered by Rep. Jeff Denham and passed by voice vote attempts to block the state’s plan to

restrict water allocations. The Senate is not expected to accept this amendment, but Denham stated that he expects to use it for leverage over water decisions in the state.

The WIFIA program is slated to receive a large increase in lending authority in FY2019, following a large increase in FY2018. The announcement that the joint power's authority behind the WaterFix project intends to seek a \$1.6 billion loan from the program has created concern that – if granted – it would squeeze out applications by others in California. Nothing in the program precludes other loans in the state, but the sheer size and complexity of such a loan could be problematic for other applicants.

Discussions Regarding WIFIA Funding for Carlsbad Intake

Officials from the Water Authority and Poseidon Water met with members of the EPA's WIFIA Office in Washington, DC last week to discuss a possible loan to support construction of a new intake for the Lewis Carlsbad Desalination Facility. Letters of Interest for the current round of loans are due on or before July 31, 2018. Participants discussed the role of the facility in the region's water diversification plan and the scope of work related to the new intake. The EPA team discussed how the WIFIA program could benefit the project and merits of applying this year or waiting for a future round.

July 25, 2018

Attention: Imported Water Committee

Metropolitan Water District Delegates' Report. (Discussion)

Purpose

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 July 2018. The MWD committees and Board met on July 9 and 10, 2018, and meet next on August 20 and 21 with additional committee meetings on July 24.

Discussion

The Water Authority Delegates (Delegates) supported 11 of the 12 action items approved by the MWD Board at its July 2018 meeting. Actions of interest to the Water Authority taken by the MWD Board were:

- Rescinding the Board's April 2018 California WaterFix (WaterFix) action and reauthorizing, among other things, MWD's financial support of 64.6 percent of the full twin tunnel project;
- Authorizing an increase in maximum amount payable under contract for legal services with Miller Barondess, LLP, by \$250,000 to an amount not to exceed \$350,000;
- Expressing support for the Water Supply and Water Quality Act of 2018 (Meral Water Bond Initiative or Proposition 3);
- Authorizing amendments to Palo Verde Valley farming leases with four lessees;¹ and
- Authorizing payments of up to \$4.48 million for MWD's participation in the State Water Contractors, Inc., and the State Water Project Contractors Authority for fiscal year 2019.

Although supportive of rescinding the Board's April 2018 WaterFix action, since Chairman Record (Eastern) only permitted a vote on staff's recommendation – again prohibiting any substitute motions, motions to defer the vote, and amendments to the motion – the Delegates opposed staff's recommendation to reauthorize MWD's increased participation in WaterFix for several reasons. First, the action would obligate MWD to fund the Central Valley Project's unsubscribed share, increasing MWD's financial obligation by \$5.6 billion to \$10.8 billion (in 2017 dollars), thus more than doubling WaterFix costs to MWD's ratepayers. Also, the State Water Resources Control Board recently released Bay-Delta Water Quality Control Plan updates, and these updates' impact on WaterFix's projected supply benefit have yet to be analyzed. And lastly, the Water Authority's ratepayers may pay a disproportionate share of the project costs depending on how MWD recovers project costs through its rates and charges.² The Los Angeles, Santa Monica, and San Fernando

¹ In June 2018, MWD reported these leases include water use targets to promote water use efficiency and if these targets are not met, the lessees' rents increase. However, MWD reported some difficulties in accurately measuring water use on these properties and therefore would seek authorization to implement "a different rent structure."

² For more information on WaterFix's impact on the Water Authority's ratepayers see memo "Update on California WaterFix" in the April 12, 2018 Board Packet found here: <https://www.sdcwa.org/meetings-and-documents>.

delegations also opposed staff's recommendation. The revote passed by 59.57 percent. Attachment 1 summarizes the Board's discussion of MWD's WaterFix participation.

Prior to the Board's action on WaterFix, the Legal and Claims Committee (L&C Committee) considered increasing the amount authorized for legal services for a notice of Brown Act violation that MWD received in connection with its April 2018 WaterFix vote. This notice also included a California Public Records Act (PRA) request.³ Director Paskett (Los Angeles) requested that MWD provide her fellow Board members with a packet of excerpts from MWD's PRA response that she compiled.⁴ She expressed concern that these documents revealed some Board members' actions may have violated the Brown Act and called for further review of these actions. Attachment 2 summarizes the L&C Committee's subsequent discussion. Ultimately, the Board authorized an increase in the amount under contract for legal services with Miller Barondess, LLP.⁵ In response to Director Steiner, General Counsel Scully clarified that these funds can only be used for legal services related to the notice of Brown Act violation.⁶

During the Communications and Legislation Committee, Dr. Jerry Meral encouraged the Board to support his bond during the committee's public comment. After voting to support the bond, the committee received a presentation on Section 437, California Water Infrastructure, of the FY19 Interior and Environment Appropriations bill introduced by Representative Ken Calvert (R - CA), also called the "Calvert Rider." Attachment 3 summarizes MWD's discussion of the Calvert Rider.

In closed session, the L&C Committee, without the Delegates in attendance, heard a report on the rate litigation. Phillip Hawkins was inducted to the Board, replacing William Gedney as one of Central Basin's two MWD representatives. Attachment 4 is a copy of MWD's July 2018 committee and Board meeting agendas and summary report.

In his April 10, 2018 letter, General Manager Kightlinger stated that through State Water Project Contract Amendment negotiations, the Department of Water Resources and the contractors have reached an Agreement in Principle, which include that "WaterFix costs will be billed as a stand-alone charge." Kightlinger wrote that MWD will be undertaking a "public process" with its Board to determine how MWD will allocate WaterFix to its rates, noting that for calendar years 2019 and 2020 rates and charges, MWD "allocated these costs to transportation."

<https://mwdprograms.sdcwa.org/wp-content/uploads/2018-07-10-MWD-response-ltr-to-WA-re-WaterFix.pdf>

³ Food and Water Watch and First Amendment Coalition May 7, 2018 letter found here:

<https://mwdprograms.sdcwa.org/wp-content/uploads/2018-05-07-FWW-FAC-ltr-re-Brown-Act-Violation.pdf>

MWD's response and first production dated May 31, 2018 found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-05-31-MWD-response-FWW-FAC-re-CPRA-request-Brown-Act-Violation.pdf>

MWD's second production found here:

http://www.mwdh2o.com/DocSvcsPubs/WaterFix/responses_to_public_records_act_request-second_production.html

MWD's third production found here:

http://www.mwdh2o.com/DocSvcsPubs/WaterFix/responses_to_public_records_act_request-third_production.html

⁴ Paskett's subset of responsive documents found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-07-10-Paskett-PRA-handout.pdf>

⁵ Director Ramos (Burbank) abstained on this item.

⁶ MWD also has contract with Miller Barondess, LLP., for legal services related to the rate litigation for an amount not-to-exceed \$600,000.

Imported Water Committee

July 25, 2018

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Reviewed by: *Communications and Legislation Committee* by Elsa Saxod
Conservation and Local Resources Committee by Fern Steiner
Engineering and Operations Committee by Fern Steiner
Legal and Claims Committee by Fern Steiner
Real Property & Asset Management by the Delegates
Water Planning and Stewardship Committee by Fern Steiner

Attachments:

- Attachment 1 – Discussion Summary of MWD’s Participation in California WaterFix.
- Attachment 2 – Discussion Summary of Notice of Brown Act Violation and Public Records Act Response
- Attachment 3 – Discussion Summary of the Calvert Rider
- Attachment 4 – MWD’s committee and Board meeting agendas and Board summary, dated July 9 and 10, 2018.

Discussion Summary of MWD's Participation in California WaterFix

In response to a notice of Brown Act violation¹ related to its April 2018 California WaterFix (WaterFix) vote, at the MWD Board's July meeting, staff recommended that the Board rescind its April 2018 WaterFix action and reauthorize an increase in MWD's project share from 25.9 percent, or \$4.3 billion,² to 64.6 percent, or \$10.8 billion.² Prior to considering staff's recommendation, the Board received 57 public comments related to WaterFix. One of the public comments was made by Director Dake (Los Angeles) who wished to address his "fellow Board members" before Chairman Record (Eastern) "decided" the "rules of debate" on the item. Noting that MWD does not follow Robert's Rules of Order, Dake urged the other MWD Board members to "support" Record should he decide that "substitute motions, motions to table, and amendments" are "in order."

Following public comment, Record reordered the agenda so that the Board's first order of business would be staff's recommendation related to WaterFix. Record laid out the "ground rules" for the item. Saying he "respect[ed]" those directors that shared their thoughts on the process to consider the item, Record nonetheless exercised "Chairman's Rule" and announced that only an "up or down" vote on staff's recommendation would be considered, and "no substitute motions, no amendments to motions, no motions to table or delay the vote" would be allowed. Even though Record was prepared to open Board discussion on the item, General Manager Kightlinger recommended the Board receive a presentation on the item. Following the presentation, Board Secretary Blois (Calleguas) moved staff's recommendation, which was seconded by Director Morris (San Marino). Then Board discussion on the item began.

Director Steiner noted that historically, on average, Bay-Delta exports have been divided about 55 percent/45 percent between the State Water Project (SWP) and Central Valley Project (CVP), respectively, and that in a letter, the Bureau of Reclamation (Bureau) "essentially said" the CVP contractors would continue to receive their respective CVP allocations even if they did not participate in WaterFix.³ She asked how Delta exports would be divided among the two projects with WaterFix implementation. Assuming Steiner was referring to the 3,000 cubic-feet-per-second (cfs) of unsubscribed CVP capacity in the project, Kightlinger responded that Santa Clara Valley Water District expressed its "intention and desire to acquire 200 cfs," leaving 2,800 cfs of capacity, which "does not necessarily translate into CVP water." "Should the CVP wish to use that capacity," Kightlinger said CVP contractors would "be required to contract or enter into an arrangement with Metropolitan" and "if they chose not to," then "all the water that they would receive would be delivered through the southern pumps out there, and would be restricted and they would receive less than they otherwise would have if they had used the facility." Steiner re-asked her question: how exports would be divided between the CVP and State Water Project (SWP) with WaterFix in place. Failing to provide a clear response (and contradicting the Bureau's letter), Kightlinger said that the water "moved from the southern pumps would be more heavily restricted than the water through the new facility" and "those restrictions would be applying more heavily to CVP water."

¹ Food and Water Watch and First Amendment Coalition's May 7, 2018 letter found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-05-07-FWW-FAC-ltr-re-Brown-Act-Violation.pdf>

² In 2017 dollars

³ Bureau's September 15, 2017 letter found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2017-09-15-BOR-ltr-re-CVP-and-WaterFix.pdf>

Concluding her questions, Steiner outlined three main reasons why the Delegates could not support “doubling our cost and our responsibility on this project” and the “additional burden on our ratepayers.” First, she pointed out that MWD’s own report indicated that it will not be able to recover the full costs of funding the CVP’s share. Additionally, on July 6, the State Water Resources Control Board (State Board) released two Bay-Delta Water Quality Control Plan (Bay-Delta Plan) updates for the Lower San Joaquin River and the Sacramento River that called for more Bay-Delta outflow. (The impacts of these updates have yet to be incorporated into the analysis of WaterFix’s supply benefits.) Steiner surmised these updates may impact the project’s “viability.” Lastly, Steiner articulated the Water Authority’s concern that its ratepayers may pay a disproportionate share of project costs depending on how MWD recovers the costs through its rates and charges.⁴ Without clarity on how MWD will apply WaterFix’s costs to its supply and transportation rates, the Delegates could not support the action. Noting that earlier that day MWD had sent a letter to the Water Authority regarding WaterFix’s “cost allocation within Metropolitan,”⁵ Kightlinger responded that MWD received “confirmation from Department of Water Resources that they are going to place the entire California WaterFix cost as a separate stand-alone charge within the statement of charges and not make an allocation between supply and transportation.” Thus, it will “be incumbent upon Metropolitan to determine what’s the appropriate split.” Kightlinger added MWD will start “a process” that will include “working with the member agencies, working with the Board” to get “input” on how MWD will allocate WaterFix costs to its rates and charges. Although appreciative of Kightlinger’s response, Steiner said it didn’t address her “core issue” since it remains unclear how WaterFix’s costs will be applied to MWD’s rates and charges.

Director Gold (Los Angeles) noted in its April 2018 WaterFix board memo, MWD staff recommended participating in the single tunnel, staged approach. Noting that he had come a long way and was ready to consider a single tunnel project, Gold expressed frustration that Board members were “not allowed to discuss this approach at the Board, let alone vote on staff’s recommendation.” He then questioned why staff’s current recommendation has changed. Gold said that he saw California Public Records Act (PRA) responses that “demonstrated how this lack of transparency was exploited by some directors,” specifically highlighting efforts to work with Congressman Calvert on his rider to exempt WaterFix from judicial review.⁶ Also reflecting on the

⁴ For more information on WaterFix’s impact on the Water Authority’s ratepayers see memo “Update on California WaterFix” in the April 12, 2018 Board Packet found here: <https://www.sdcwa.org/meetings-and-documents>.

⁵ MWD’s July 10, 2018 letter found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-07-10-MWD-response-ltr-to-WA-re-WaterFix.pdf>

⁶ MWD provided responses to two PRAs, one from Food and Water Watch (FWW) and the First Amendment Coalition (FAC) related to MWD’s April 2018 WaterFix vote and another from Restore the Delta related to the Calvert Rider.

MWD’s response and first production to the FWW and FAC PRA found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-05-31-MWD-response-FWW-FAC-re-CPRA-request-Brown-Act-Violation.pdf>

MWD’s second production to the FWW and FAC PRA found here: http://www.mwdh2o.com/DocSvcsPubs/WaterFix/responses_to_public_records_act_request-second_production.html

MWD’s third production to the FWW and FAC PRA found here: http://www.mwdh2o.com/DocSvcsPubs/WaterFix/responses_to_public_records_act_request-third_production.html

State Board's Bay-Delta Plan updates, Gold said the Board's WaterFix vote was "premature" since there is no "substantial analysis" of how the updates may impact the project. He said the absence of this analysis "highlights" the concern of a "lack of nexus between MWD ratepayers funding and the cost-of-service to" MWD's customers and reminded the Board that its own staff "made it clear that the second tunnel will not provide MWD customers with additional water supply." Gold added that MWD never provided "legal analysis" of how MWD funding the second tunnel complied with Propositions 218 and 26 and opposed WaterFix.

Conversely, Director McKenney (Municipal Water District of Orange County) said there was no "substantive information" to cause him to change from his support position for WaterFix. Reacting to Steiner's comments, McKenney said he "take[s] issue" with characterizing MWD "as paying the CVP's share of the project" and that he views MWD as considering "to spend money in our own interest to achieve the benefits we believe Metropolitan will received from having a full, two-tunnel project" and that if CVP contractors want to use the project later they will have to pay for it.

Stating that she considers "the vote today as much as a vote on process as it is on the substance of the WaterFix," Director Paskett (Los Angeles) expressed disappointment that MWD is "governed by a set of rules that gives broad discretion and authority to one person," MWD's Chairman. Because of these rules, Paskett said at its April 2018 meeting the Board was "not allowed to consider anything other than what a small number of Board members just prior to the April [2018] vote wanted us to consider" and that is not "a democratic process." Paskett expressed "hope" that based on this experience, the MWD Board and Executive Committee will "support" the consideration of implementing Robert's Rules of Order for its Board meetings. Turning to the re-vote, Paskett said it intends "to cure what could potentially be a pretty severe Brown Act violation by" some of MWD's Board members. Paskett referenced a packet⁷ she put together of some of MWD's responses to the May 7 PRA request. She said the documents in the packet "clearly" point out "those two to three Board members, who very aggressively attempted to work outside of the public forum and try to affect an outcome" for the April 2018 WaterFix vote "using successive meetings either through direct communication or intermediaries or emails or texts." Paskett requested MWD examine these directors' "actions" and that they "be evaluated by a third party." From the PRA responses, Paskett said it was evident that "a handful of our Board members were much more well-informed on what was going to happen" and that the outcome of the April 2018's vote "was preordained."

Echoing Steiner and Gold, Paskett said MWD "cannot just move forward blindly" and needs to conduct analysis of how the Bay-Delta Plan updates will impact WaterFix to ensure the project doesn't become a "stranded asset." Agreeing with a beneficiary pays approach called for in a letter MWD received from Department of Water Resources Director Nemeth,⁸ Paskett said she did not believe picking up the CVP's unsubscribed portion reflects this approach. Paskett described MWD's financing of the CVP's unsubscribed portion as being "like we're paying for infrastructure

See Restore the Delta's July 2, 2018 blog post for links to the responsive documents:

<http://www.restorethedelta.org/2018/07/02/metropolitan-water-district-feigns-legislative-distance-over-calvert-rider-public-record-act-documents-reveal-complicit-action-including-other-ca-water-districts-agencies/>

⁷ Paskett's subset of responsive documents found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-07-10-Paskett-PRA-handout.pdf>

⁸ DWR Director Nemeth's July 9, 2018 letter found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-07-09-DWR-director-ltr-re-WaterFix-beneficiary-pays.pdf>

that's going to serve other service territories and have it rest on the financial back of our customers without any guarantee that we can recover" MWD's investment, adding that she could not see the connection to MWD's "cost-of-service principles." Wrapping up her comments, Paskett urged "reform" of MWD's process and "accountability for the Brown Act violations."

Expressing opposition to staff's recommendation, Director Abdo (Santa Monica) said "it was hard for me to learn about this Brown Act violation" and that she "was not lobbied one way or the other." Noting Burbank's dependence on imported water despite its investments in groundwater, recycled water, and conservation, Director Ramos (Burbank) said imported water "is the most cost-effective source of water" for her city and indicated support for staff's recommendation. Turing to "the issue of process," Ramos said some of her communications "were called out" and explained that she gets most of her information from caucus meetings with other member agencies, which are within the "parameters of the Brown Act." Ramos added that she "did not receive a call from the Governor, [but] others in my city may have." Director Ballin (San Fernando) thanked Paskett for her packet and said "that every vote going forward is going to concern" her. Agreeing with Paskett that there is a "critical process problem" and questioned "how do we trust the information provided to us," Ballin said she has "always struggled with" Chairman's rules, which are "too flexible." Ballin pondered if the Executive Committee would permit an agenda item to consider an alternative to Chairman's rules and opposed staff's recommendation.

On a different note, Director Vasquez-Wilson (Central Basin) said her agency has "carefully vetted" the project and made efforts to "educate" residents on WaterFix. Vasquez-Wilson stated she was offended by one of the text messages released in the PRA responses that suggested she would support the twin tunnel project "because of a selfie I may had taken with the Governor." Expressing support for staff's recommendation, Vasquez-Wilson also said she has "also been a very strong advocate for providing resources to our disadvantaged communities" and will continue to work to cleanup water supplies. Director Kurtz (Pasadena) noted that she was also "called out" in the PRA responses and stated that she believed her text messages seeking clarification on what had occurred in a meeting she joined late was not a Brown Act violation. Kurtz said the Pasadena City Council spent time discussing the project, including if its original WaterFix support resolution "covered the additional costs of taking on a larger percentage" of the project. After determining that MWD staff's recommendation fit within its resolution's "parameters," the Pasadena City Council "instructed" Kurtz to support the recommendation. Also responding to the PRA documents, Director Cordero (Long Beach) said she "did not respond" to a text message received from a former MWD Board member related to the April 2018 WaterFix vote and that a "commitment" was not made following a phone call she had before the April vote. Encouraging others "not to paint with a broad brush," Cordero said, "there's some obvious things that may need to be looked at," but it's her experience that her fellow Board members "look at the issues before them" and do what's in the best "interest of the people they represent." Cordero expressed support for staff's recommendation.

Wrapping up the discussion, Record acknowledged Paskett's process request and said it will be discussed at MWD's Executive Committee. Record defended MWD's Board process, saying its "very robust" committee system allows everyone to be heard. Record said the PRA responses have been "enlightening," revealing "a lot of discussion that goes on behind the scenes," which "maybe doesn't violate anything." Expressing support for staff's recommendation, Record said

he didn't view MWD's participation in WaterFix "as carrying" the CVP or Central Valley agriculture⁹ and the \$5 per month, "while a lot of money for some people," is "pretty cheap insurance for reliable water supply."

Ultimately, with 59.57 percent support,¹⁰ the MWD Board approved staff's recommendation, authorizing MWD to fund the CVP's unsubscribed share of the twin tunnel project along with MWD's SWP project share for a total financial commit of \$10.8 billion (in 2017 dollars).¹¹ Following the vote, Record announced the reappointments of Directors Blois and Atwater (Foothill) to the Delta Conveyance Design and Construction Authority (DCA) and appointed himself to the Delta Conveyance Finance Authority (Finance Authority).¹²

⁹ In an April 28, 2018 opinion piece to the Orange County Register, Record stated "A partial solution would have left our sister project in the Delta, the federal Central Valley Project, behind. The prospect of operating a modernized State Water Project in the northern Delta and an outdated Central Valley Project in the southern Delta is simply unworkable." Complete article found here: <https://www.ocregister.com/2018/04/28/why-metropolitan-water-district-of-southern-california-invested-in-the-delta-tunnels/>

¹⁰ The Los Angeles, San Diego, San Fernando, and Santa Monica Delegates opposed the action while the Compton and Glendale delegations were absent.

¹¹ For a complete description of the MWD Board's action see the "Metropolitan Water District Program Report" in the Water Authority's July 2018 Board Packet found here: <http://www.sdcwa.org/meetings-and-documents>

¹² After MWD's Board meeting, on July 19, the DCA and Finance Authority held Board meetings. The Finance Authority elected officers and approved a professional service agreement "for a non-to-exceed amount of \$75,000 to retrain the services of Brian Thomas as Interim Executive Director." Thomas has previously served as MWD's Assistant General Manager/Chief Financial Officer.

Discussion Summary of Notice of Brown Act Violation and Public Records Act Response

During MWD's July 2018 Legal and Claims Committee (L&C Committee), General Counsel Scully provided a brief report on the current amount of funds available in MWD's contract with outside counsel for legal services related to the notice of Brown Act violation MWD received on May 7 in connection to its April 2018 California WaterFix vote. Although MWD concluded that there was no Brown Act violation and Scully expressed confidence that the July 2018 re-vote would be "clean," out of "an abundance of caution" she requested \$250,000 in additional funding for MWD's contract with Miller Barondess, LLP., (increasing the amount under contract to \$350,000), so MWD is "prepared" if litigation occurs.

Responding to Director Steiner, Scully confirmed that this item only authorizes the use of funds for legal services related to the May 7 notice of Brown Act violation.¹ Switching gears, Director Paskett (Los Angeles) turned to MWD's response to the notice and accompanying California Public Records Act (PRA) request.² After reviewing the documents provided in the PRA responses and discussing the matter with the Los Angeles City Attorney, she expressed her view that there are "two cures, one is for the act itself and one is for the actors." Stating the re-vote is "probably an appropriate remedy for the Board item itself," Paskett suggested the "actions of our colleagues to try to affect the vote and communicate outside of the Board process" and the "actual violation itself" need to be addressed. She added that the Brown Act is about "transparency" and "an open and fair dialogue, especially when we have Chairman's rules that, at the discretion of the Chairman, can limit the process to what we actually vote on – whether it's a phased project, or one tunnel, or two – and can limit to whether we can make motions and limit actually what occurs." Paskett submitted select documents from the PRA responses into the record, which she said show "actual evidence" that some directors had violated the Brown Act.³ Noting that Scully's job is to "defend" MWD rather than police it, Paskett requested "an independent party that has jurisdiction of the enforcement over Brown Act violations" provide "proper evaluation" of those directors' actions. Without this evaluation, Paskett said she was concerned that "this type of behavior will continue," thus preventing MWD from having "a full and fair discussion of the items on their merits," especially considering that the MWD Board operates under "Chairman's rules." Paskett requested MWD engage "outside assistance" to examine the "misdemeanor conduct and come back and present to us an outcome to remedy this" the conduct.

Chairman Record (Eastern) started to "correct a few things," but L&C Committee Chair Quiñonez (Los Angeles) interrupted him to allow Scully to respond to Paskett. Scully said that "there is a

¹ MWD also has contract with Miller Barondess, LLP. for legal services related to the rate litigation for an amount not-to-exceed \$600,000.

² Food and Water Watch and First Amendment Coalition May 7, 2018 letter found here:

<https://mwdprograms.sdcwa.org/wp-content/uploads/2018-05-07-FWW-FAC-ltr-re-Brown-Act-Violation.pdf>

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³ Paskett's subset of responsive documents found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-07-10-Paskett-PRA-handout.pdf>

process if there's an issue in terms of whether a member of this Board has violated ethics." She explained that first the Ethics Office investigates and under its supervision engages an outside investigator. If the Ethics Office concludes there was a violation then it "can make the referral to an outside agency." Using a past director's California Fair Political Practices Commission (FPPC) violation as a reference, Scully said after the Ethics Office determines a violation occurred but before turning to an "outside criminal enforcement agency," a sub-committee of MWD's Audit and Ethics Committee reviews the case and makes a recommendation to the Executive Committee. Then "the Executive Committee determines what the appropriate action is," which Scully said is limited to things such as notifying the Director's appointing agency and removing the director from committees. (See Attachment A for the portion of MWD's Administrative Code that discusses enforcement of ethics violations.) Stating the issues Paskett raised are "significant" and done "in good faith," Quiñonez said the documents "speak for themselves" as to the "potential" that "inappropriate communications [occurred] that would justify an investigation." Quiñonez asked if Scully thought the Ethics Office could carry out a "neutral, independent investigation," to which Scully indicated she did.

Responding to Paskett, Record said he had already told Paskett that "this is not over yet" and that as Chairman he did not have "the authority to take action against a Board member." Reflecting on Paskett's earlier comments on the Board's efforts to "reform" the Ethics Office, Record pointed out that others "worked really hard to try to get the Ethics Office in a better place" and accommodated Paskett by hiring a consultant she recommended after expressing concerns with the firm initially selected. Record said not to "confuse" his prohibition of substitute motions during the April 2018 WaterFix vote with not allowing the Board to vote on another option, stating that the Board did not consider a second option because it passed the first option considered. Regarding Chairman's rules, Record said the Board can "look at changing those rules in the future." Record suggested that "the best thing to do" if Paskett "has an issue with the behavior of directors" is for her to file a complaint with the Ethics Office, which will cause "an independent person" to do an investigation. If Paskett did not like that process' "outcome," Record said she could "litigate." Calling this PRA "very interesting," Record said a lot of things have "come to light" that "may not be illegal but certainly are questionable" and should be looked at, offering the example of "a special interest, who is litigating Metropolitan can provide questions for directors to ask in open session."

Steiner sought clarification on the paths MWD may take to respond to Paskett's request for an investigation. Interrupting Steiner, Scully said, "since we're talking about the Brown Act," the item on today's agenda is for "more money for a lawyer" and suggested that any action outside the funding authorization would need to be agendaized for a future meeting. Steiner indicated that it was her understanding that Paskett was requesting a future agenda item.

In response to Paskett, Scully said that if MWD were to investigate individual directors' behavior the Ethics Office would select the outside counsel, which could be the same attorney MWD is already using for the notice of Brown Act violation. Quiñonez said he felt Paskett's request should be accommodated as a future agenda item and asked that "the committee hear additional reports in open and/or closed session as recommended at" its "next meeting to consider the specifics raised by" Paskett.

Director Peterson (Las Virgenes) stated he “love[d] the sacrosanctity of the city of Los Angeles” and that “issue is the Brown Act and this Board in general.” Calling the issues surrounding the April 2018 WaterFix vote “BS,” Peterson said he had brought potential Brown Act violations to the attention of Scully and Kightlinger (when Kightlinger served as MWD’s General Counsel). Specifically, Peterson suggested that during past Board meetings directors from the Los Angeles, San Diego, and Municipal Water District of Orange County delegations had met on the sidelines and engaged in “serial meetings.”

Lastly, Paskett made a request for another future agenda item to consider “more formal” rules for how the Board votes and to “reevaluate the existing process rules.” Specifically, she requested Scully provide information on Robert’s Rules of Order, indicating she would support MWD following them. “For clarity,” Kightlinger said that these two “future agenda items will get referenced to the Executive Committee that will then determine if they should be added to the agenda” and if they are added to the agenda then the Executive Committee will determine the appropriate committee for the items to be assigned to.

Ultimately, the Board authorized an increase in maximum amount payable under contract for legal services with Miller Barondess, LLP, by \$250,000 to an amount not to exceed \$350,000. Director Ramos (Burbank) abstained on this item.

Article 4

ENFORCEMENT

Sec.

7140. Violation of Ethics Provisions

§ 7140. Violation of Ethics Provisions

(a) When the Ethics Officer concludes, with the advice of General Counsel, that a preponderance of evidence exists that indicates that a member of the Board is in non-compliance with state law, the matter will be referred to the Fair Political Practices Commission, Attorney General, or District Attorney, as applicable, with notice of the referral provided to the Audit and Ethics Committee, director and the appointing member agency at the time of the referral. When the Ethics Officer concludes, after investigation, with the advice of General Counsel, that a preponderance of evidence exists that indicates that a member of the Board is in non-compliance with the ethics provisions contained in the Administrative Code, the matter will be referred to a designated subcommittee of the Audit and Ethics Committee, with prompt notice to the Board member. A director shall not participate in the selection of, or as a member of this designated subcommittee with regard to any matters in which the director is a subject of the investigation. This subcommittee shall make a recommendation to the Executive Committee for appropriate action, which can include, but is not limited to: (1) find that the complaint was unsubstantiated or substantiated; (2) public or private censure by the Executive Committee with or without a copy of the letter to the appointing agency; (3) temporary or permanent removal of the Board member from one or more Board committees; (4) request to the appointing agency for replacement of the Board member; or (5) any other sanction determined by the Executive Committee to be appropriate and reasonable based upon the nature of the violation. All sanctions are subject to review of General Counsel for legal compliance. The Chair will be responsible for carrying out the determination of the Executive Committee. For the purposes of this section, “preponderance of evidence” means that the evidence indicates it is more likely than not that a violation has occurred.

(b) The Ethics Officer, prior to making findings on the investigation of a complaint, shall notify the Director, officer, or employee of the investigation and provide him or her with an opportunity to submit any material he or she would like the Ethics Officer to review and to meet with the Ethics Officer.

(c) Any Director, including one who has brought a concern to the Ethics Office, who is dissatisfied with a determination by the Ethics Officer that no violation or non-compliance occurred, may appeal to the Executive Committee for further review.

(d) Violations of the ethics provisions contained in the Administrative Code by officers or employees will be handled through existing disciplinary procedures. Findings from the Ethics Officer will be referred to the appropriate Department Head for further action. An officer or employee who is subject to a finding of non-compliance with the ethics provisions contained in the Administrative Code may challenge such determination pursuant to Section 6218(b) and (c) of the Administrative Code or the applicable memorandum of understanding.

(e) The Ethics Officer shall review and summarize all ethics complaints in a monthly report to the Board of Directors. The General Counsel shall receive a copy of all findings, reports and actions concerning complaints.

M.I. 41598 - October 10, 1995; Section renumbered and amended by M.I. 43915 - March 14, 2000; paragraphs (a), (b), and (c) added and paragraph (d) amended by M. I. 45990 – November 9, 2004; former Sec. 7315 renumbered 7140 and amended by M. I. 46109 – February 8, 2005; paragraph (d) amended by M. I. 47286 - November 20, 2007; paragraphs (a-d) amended by M.I. 47889 - May 12, 2009; paragraph (a) amended, new paragraph (b) added, former paragraph (b) deleted, paragraph (c) and (d) amended, paragraph (e) added by M.I. 48081 – November 10, 2009; amended paragraph (a) by M.I. 49648 - January 14, 2014.

[§ 7141 Inquiry and Review Committee, Repealed by M. I. 48081 – November 10, 2009.]

Discussion Summary of the Calvert Rider

At its July 2018 Communications and Legislation Committee (C&L Committee) meeting, MWD received a presentation on Section 437, California Water Infrastructure, of the FY19 Interior and Environment Appropriations bill introduced by Representative Ken Calvert (R - CA), also referred to as the “Calvert Rider.” Staff reported that this rider would exempt California WaterFix from federal and state judicial review but did not opine on the rider’s legality.

Following staff’s presentation, Director Gold (Los Angeles) reiterated his comments from the June C&L Committee meeting, stating that he believed MWD should oppose the Calvert Rider since it is inconsistent with MWD’s adopted federal policy principles. Gold said that this rider remains “extraordinary” and it “seems completely inappropriate for the federal government to tell us what we can do in the state of California.” He pointed out that both California’s senators and Los Angeles’ Mayor have opposed the rider.¹ Referencing documents released in response to a California Public Records Act (PRA),² Gold indicated that “unfortunately, some interesting discussions” about the Calvert Rider were revealed. C&L Committee Chair Kurtz (Pasadena) responded that MWD finds itself in “a quandary” since some federal representatives from MWD’s service area are “pushing the Calvert Rider while others “aren’t” and that she believed staff’s recommendation would be for MWD to not get involved in this issue. Noting that Gold had requested staff present on the Calvert Rider as an information item rather than an “action item,” General Manager Kightlinger repeated his previous comments that MWD should remain “neutral” on the Calvert Rider. Kightlinger said that Calvert has “been a good supporter of water in general” and that it was his opinion that Calvert is “trying to be very helpful here” but there are “good arguments on both sides.”

Addressing Gold’s mention of the PRA response, Kightlinger suggested the “communications were all about WIFIA [Water Infrastructure Finance and Innovation Act] and financing” and “had nothing to do with the Calvert Rider.” Gold responded that he was not referring to anything said by Kightlinger, but rather by one of MWD’s directors. He said what is “extraordinary” about the Calvert Rider is it goes beyond seeking “a very focused” waiver of judicial review under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA), expanding the waiver “to all state and federal review” such as those under the Clean Water Act and Endangered Species Act. Gold requested that MWD agendaize the Calvert Rider as an action item at its next meeting, saying MWD “staying on the outside watching this go on just doesn’t make sense.”

Director Blois (Calleguas) agreed with Kightlinger that MWD should not take a position on the rider but disagreed with Gold’s characterization of the Calvert Rider as “a blanket exclusion of all lawsuits.” He added that the environmental groups and nongovernmental organization have “had their chance” to participate in the CEQA/NEPA process, suggested that these groups “should have

¹ After MWD’s meetings, California Natural Resources Agency Secretary Laird sent a letter to congress expressing Governor Brown Administration’s opposition to riders that “preclude judicial review for the California WaterFix and other water operations.” Laird’s July 17, 2018 letter found here: <https://mwdprograms.sdcwa.org/wp-content/uploads/2018-07-17-CNRA-Sec-ltr-re-judicial-review-of-WaterFix.pdf>

² See Restore the Delta’s July 2, 2018 blog post for links to the responsive documents: <http://www.restorethedelta.org/2018/07/02/metropolitan-water-district-feigns-legislative-distance-over-calvert-rider-public-record-act-documents-reveal-complicit-action-including-other-ca-water-districts-agencies/>

participated in the 10 to 12 to 15 years that we'd been debating this whole project," and implied that without the rider these groups would "get to sue us all over again." Agreeing with Gold that MWD should take a position, Director Abdo (Santa Monica) said "it looks like none of us care" about the rider since MWD is not "on the record." Kurtz said she would talk to staff and Chairman Record (Eastern) about getting an action item on the August Board agenda, also noting that outside from information items, individual committees and committee chairs do not decide what is placed on MWD's agenda, which is "ultimately" determined by the Executive Committee. Adding to Kurtz's comments, Director Peterson (Las Virgenes) suggested that Gold sits on the Executive Committee and when this information item was added to the July C&L Committee agenda in June, Gold "did not object to it being an information item."³ Peterson also indicated his support for the rider, saying that "some people" sue to "stop progress, to stop whatever they want to stop" and in this case, they "are suing us because they don't want us to take their water."

³ Gold is not a member of MWD's Executive Committee.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the Board of Directors

NOTICE OF CANCELLED MEETING

FINANCE AND INSURANCE COMMITTEE MEETING July 9, 2018 – CANCELLED

Notice is hereby given that the regularly scheduled meeting of the Finance and Insurance Committee on Monday, July 9, 2018 at 9:30 a.m., at Metropolitan's Union Station Headquarters' Building has been cancelled. The next Finance and Insurance Committee meeting is adjourned to Monday, August 20, 2018.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

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
R. Lefevre
J. Morris
F. Steiner
C. Treviño
H. Williams
J. Zurita

Engineering and Operations Committee

Meeting with Board of Directors*

July 9, 2018

9:30 a.m. – Room 2-456

July 9, 2018 Meeting Schedule		
9:30 a.m.	E&O	Rm. 2-456
10:30 a.m.	WP&S	Rm. 2-145
12:00 p.m.	C&L	Rm. 2-456
1:00 p.m.	CL&R	Rm. 2-145

MWD Headquarters Building

700 N. Alameda Street

Los Angeles, CA 90012

* 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 June 11, 2018**
3. **CONSENT CALENDAR ITEMS — ACTION**
 - 7-1 Adopt CEQA determination and appropriate \$800,000; and authorize installation of internal seals within the San Diego Pipeline No. 1 (Appropriation No. 15503).

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is statutorily and categorically exempt; and

- a. **Appropriate \$800,000; and**
- b. **Authorize installation of internal seals in San Diego Pipeline No. 1.**

4. OTHER BOARD ITEMS — ACTION

- 8-1** Adopt CEQA determination and appropriate \$2.3 million; and authorize: (1) final design to replace the domestic water treatment systems at the Colorado River Aqueduct pumping plants; and (2) final design to replace the roadway pavement at the pumping plant villages (Appropriation No. 15483).

Recommendation:

Option #1:

Adopt the CEQA determination that Projects No. 1 and No. 2 were previously determined to be categorically exempt, and that no further environmental analysis or documentation is required; and

- a. **Appropriate \$2.3 million;**
- b. **Authorize final design to replace the domestic water treatment systems at the CRA pumping plants; and**
- c. **Authorize final design to replace roadway pavement in the pumping plant villages.**

- 8-2** Adopt CEQA determination and appropriate \$3.06 million; and authorize: (1) design and construction of dewatering and monitoring upgrades for Palos Verdes Reservoir; and (2) design of a drainage system for the reservoir site (Appropriation No. 15417).

Recommendation:

Option #1:

Review and consider the information contained in Addendum No. 3 to the MND for the project, adopt Addendum No. 3; and

- a. **Appropriate \$3.06 million;**
- b. **Authorize design and construction of dewatering and monitoring upgrades at Palos Verdes Reservoir; and**
- c. **Authorize design of a drainage system for the reservoir site.**

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Algae Management Program Update

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: 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.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

WP&S Committee

G. Gray, Chair
R. Atwater, Vice Chair
J. Abdo
L. Ackerman
M. Camacho
D. De Jesus
L. Dick
K. Lewinger
J. Morris
L. Paskett
G. Peterson
B. Pressman
J. Quiñonez
F. Steiner

Water Planning and Stewardship Committee

Meeting with Board of Directors*

July 9, 2018

10:30 a.m. –Room 2-145

July 9, 2018 Meeting Schedule		
9:30 a.m.	E&O	Rm. 2-456
10:30 a.m.	WP&S	Rm. 2-145
12:00 p.m.	C&L	Rm. 2-456
1:00 p.m.	CL&R	Rm. 2-145

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

* 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))**

2. **Approval of the Minutes of the Water Planning and Stewardship Committee held June 11, 2018**

3. **CONSENT CALENDAR ITEMS — ACTION**

None

4. OTHER BOARD ITEMS — ACTION

- 8-4** Adopt CEQA determination and authorize payments of up to \$4.48 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority FY 2018/19. **(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 \$3.63 million to the State Water Contractors; and**
- b. Authorize the General Manager to make payment up to \$0.85 million to the State Water Project Contractors Authority.**

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

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**

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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

Revision No. 1

C&L Committee

C. Kurtz, Chair
G. Gray, Vice Chair
J. Abdo
L. Ackerman
S. Ballin
B. Barbre
M. Camacho
D. Galleano
M. Gold
R. Lefevre
K. Lewinger
J. Morris
J. Murray, Jr.
G. Peterson
E. Saxod
L. Vasquez Wilson

**Communications and
Legislation Committee**

Meeting with Board of Directors*

July 9, 2018

12:00 p.m. -- Room 2-456

July 9, 2018 Meeting Schedule		
9:30 a.m.	E&O	Rm. 2-456
10:30 a.m.	WP&S	Rm. 2-145
12:00 p.m.	C&L	Rm. 2-456
1:00 p.m.	CL&R	Rm. 2-145

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

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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 June 11, 2018**

3. **CONSENT CALENDAR ITEMS — ACTION**

None

4. **OTHER BOARD ITEMS — ACTION**

8-3 Adopt CEQA determination and express support for the Water Supply and Water Quality Act of 2018

July 9, 2018

Added**Recommendation:****Option #1:**

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

Authorize the General Manager to express Metropolitan's support for the Water Supply and Water Quality Act of 2018

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Report on Section 437, California Water Infrastructure, of the FY19 Interior and Environment Appropriations bill introduced by Representative Ken Calvert (R - CA)
- b. Report on activities from Washington, D.C.
- c. Report on activities from Sacramento

7. MANAGEMENT REPORT

- a. External Affairs Management report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS**10. ADJOURNMENT**

July 9, 2018

NOTE: 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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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

C&LR Committee

M. Gold, Chair
J. Abdo, V. Chair
L. Ackerman
S. Blois
G. Gray
M. Hogan
C. Kurtz
R. Lefevre
L. McKenney
B. Pressman
F. Steiner
L. Vasquez Wilson

Conservation and Local Resources Committee

Meeting with Board of
Directors*

July 9, 2018

1:00 p.m. – Room 2-145

July 9, 2018 Meeting Schedule		
9:30 a.m.	E&O	Rm. 2-456
10:30 a.m.	WP&S	Rm. 2-145
12:00 p.m.	C&L	Rm. 2-456
1:00 p.m.	CL&R	Rm. 2-145

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

* 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.

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 June 12, 2018**

3. **CHAIRMAN'S REPORT**

4. **COMMITTEE ITEMS**
 - a. 2018 Innovative Conservation Program Selections
 - b. Conservation update

5. FOLLOW-UP ITEMS

None

6. FUTURE AGENDA ITEMS

7. ADJOURNMENT

NOTE: 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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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

Revision No. 1

L&C Committee

J. Quiñonez, Chair
L. McKenney, V. Chair
R. Atwater
M. Camacho
G. Cordero
L. Dick
J. Murray, Jr.
L. Paskett
Z. Sinanyan
F. Steiner

Legal and Claims Committee

Meeting with Board of Directors*

July 10, 2018

9:00 a.m. -- Room 2-145

July 10, 2018 Meeting Schedule		
9:00 a.m.	L&C	Rm. 2-145
10:00 a.m.	RP&AM	Rm. 2-456
12:00 p.m.	Board Meeting	Boardroom

MWD Headquarters Building

• 700 N. Alameda Street •

Los Angeles, CA 90012

* 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 meeting held June 12, 2018**
3. **MANAGEMENT REPORT**
 - a. General Counsel's report of monthly activities
4. **CONSENT CALENDAR ITEMS — ACTION**

None

July 10, 2018

5. OTHER BOARD ITEMS — ACTION

- 8-7** Report on May 7, 2018 Notice of Brown Act Violation, adopt CEQA determination and authorize an increase in maximum amount payable under contract for legal services with Miller Barondess, LLP by \$250,000 to an amount not to exceed \$350,000.

[Conference with legal counsel –significant exposure to litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2) and 54956.9(e)(3)]

Recommendation:

Option #1:

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

Authorize an increase in the maximum amount payable under the contract with Miller Barondess, LLP by \$250,000 to an amount not to exceed \$350,000.

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

- Added**
- a. General Counsel's Business Plan for fiscal year 2018/19
 - b. Report on existing litigation regarding Metropolitan Water District of Southern California v. Desert Milling, Inc., John Frederick Benson, et al., Case No. BC687102 (LASC, Central District, filed December 15, 2017)
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]
 - c. 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; 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; the petition for extraordinary writ in the second 2016 action, Court of Appeal for the First Appellate District Case No. A154325; and Los Angeles County Superior Court Case No. BS173868.
[Conference with legal counsel – existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

July 10, 2018

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: 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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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

Revision No. 2

RP&AM Committee

M. Camacho, Chair
C. Treviño, Vice Chair
P. Beard
G. Dake
L. Dick
M. Hogan
G. Peterson
M. Ramos

**Real Property and Asset
Management Committee**

Meeting with Board of Directors*

July 10, 2018

10:00 a.m. -- Room 2-456

July 10, 2018 Meeting Schedule		
9:00 a.m.	L&C	Rm. 2-145
10:00 a.m.	RP&AM	Rm. 2-456
12:00 p.m.	Board Meeting	Boardroom

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 Adjourned Real Property and Asset Management Committee held June 26, 2018**
3. **CONSENT CALENDAR ITEMS — ACTION**
 - 7-2 Adopt CEQA determination and authorize granting a lease to the Western Center Community Foundation, a California Nonprofit Public Benefit Corporation doing business as Western Science Center for the construction, operation, and maintenance of a new sign on Metropolitan fee-owned property near Diamond Valley Lake in the city of Hemet within the county of Riverside.

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt; and

Authorize granting a lease to the Western Science Center for construction, operation, and maintenance of a new double-faced illuminated sign at the southwest corner of Domenigoni Parkway and Searl Parkway in the city of Hemet.

4. OTHER BOARD ITEMS – ACTION

- 8-5** Adopt CEQA determination and authorize amendments to Palo Verde Valley farming leases in the Counties of Riverside and Imperial for Cox and Wegis Land Company, LLC, Joseph Albert Deconinck, Hayday Farms Venture, LLC, and River Valley Ranches. (RP&AM)
[Conference with real property negotiators; agency negotiators: Karen Donovan and Kevin Donhoff; negotiating parties: Cox and Wegis Land Company, LLC, Joseph Albert Deconinck, Hayday Farms Venture, LLC, and River Valley Ranches; for approximately 18,000 acres of land in the Palo Verde Valley area of California, both north and south of Interstate 10 near Blythe, California (see posted vicinity map), also known as Riverside County Assessor Parcel Nos. 878-081-001, 878-081-002, 878-081-004, 878-081-005, 878-081-006, 878-081-012, 878-082-001, 878-082-007, 878-111-004, 878-111-016, 878-111-017, 878-112-014, 878-112-015, 878-120-013, 878-120-015, 878-130-010, 878-130-011, 878-161-014, 878-161-015, 878-162-002, 878-162-003, 878-191-004, 878-192-001, 878-192-002, 878-192-003, 878-192-004, 878-193-004, 878-193-007, 878-193-011, 878-193-012, 878-193-013, 878-193-014, 878-201-001, 878-220-005, 878-220-014, 878-220-015, 878-220-016, 878-230-001, 878-230-006, 878-230-007, 878-230-008, 878-230-009, 878-230-010, 878-240-021, 879-210-026, 879-240-007, 879-240-029, 879-240-032, 879-240-033, 879-261-004, 879-262-005, 879-262-011, 879-262-014, 879-262-015, 866-130-001, 866-130-002, 866-130-003, 866-130-004, 866-210-006, 866-210-010, 866-240-004, 866-240-009, 866-250-008, 866-250-009, 866-250-011, 869-130-001, 869-270-006, 869-270-010, 869-291-002, 869-291-003, 869-291-005, 869-291-009, 869-292-001, 869-292-002, 869-292-003, 872-080-006, 872-080-007, 872-080-008, 872-090-005, 872-090-006, 872-090-007, 872-090-008, 872-100-001, 872-340-014, 872-340-018, 872-352-003, 872-352-010, 872-352-017, 872-360-001, 872-360-003, 872-370-002, 872-370-008, 872-370-013, 872-370-014, 872-370-016, 872-370-018, 875-021-001, 875-021-002, 875-021-006, 875-021-007, 875-021-008, 875-021-013, 875-021-014, 875-022-003, 875-022-004, 875-022-005, 875-022-006, 875-022-012, 875-030-002, 875-030-014, 875-030-027, 875-030-028, 875-040-006, 875-071-001, 875-071-002, 875-071-003, 875-071-004, 875-071-005, 875-071-006, 875-071-007, 875-071-012, 875-071-013, 875-071-014, 875-071-015, 875-131-005, 875-131-006, 875-131-009, 875-131-010, 875-171-001, 875-171-002, 875-250-010, 878-040-008, 878-050-003, 878-050-004, 878-050-005, 878-050-006, 878-050-010, 878-050-011, 878-050-012, 878-050-013, 878-060-002, 878-070-001, 878-092-003, 878-092-016, 878-092-017, 878-092-018, 878-101-004, 878-101-005, 878-151-004, 878-151-005, 878-152-003, 878-152-031, 878-202-003, 878-202-005, 878-240-009, 878-240-010, 878-240-011, 878-240-012, 821-100-018, 821-100-019, 821-150-018, 821-160-012, 821-160-013, 824-200-048, 863-140-002, 863-150-001, 863-170-005, 863-170-006, 863-180-003, 863-180-004, 863-180-005, 863-220-005, 866-040-004, 866-040-005, 866-040-007, 866-040-008, 866-080-001, 866-080-002, 866-080-003, 866-080-005, 866-080-012, 866-090-002, 866-090-009, 866-090-010, 866-090-013, 866-090-014, 872-150-005, 872-160-006, 872-160-007, 872-160-008, 872-160-009, 872-180-006, 872-180-009, 878-020-004, 878-020-005, 878-020-008, 878-030-009, 878-030-016, 878-091-001, 878-091-005, 878-091-006, 833-210-006, 833-210-012, 833-260-001, 833-260-003, 833-260-004, 833-260-005, 833-270-003, 833-270-004, 833-270-005, and Imperial County Assessor Parcel Nos. 006-090-003, 006-220-034, 006-220-010, 006-220-013, 006-220-058, 006-220-021, 006-220-022, 006-210-029, 006-210-009, 006-210-021, 006-220-019, 006-090-009, 006-090-010, 006-090-008, 006-090-013, 006-120-089, 006-090-012, 006-090-011, 006-220-057, 006-090-029, and 006-150-065; under negotiation: price and terms of payment; to be heard in closed session pursuant to Gov. Code Section 54956.8]

Revised

Recommendation:

Option #1:

Adopt the CEQA determination that the action is not defined as a project and not subject to CEQA, and is exempt from CEQA, and authorize amendments to Palo Verde Valley farming leases in the Counties of Riverside and Imperial for Cox and Wegis Land Company, LLC, Joseph Albert Deconinck, Hayday Farms Venture, LLC, and River Valley Ranches

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORT

- a. Real Property Management Manager's Report

8. FOLLOW-UP ITEMS

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: 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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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

Revision No 2

Board Meeting

July 10, 2018

12:00 p.m. – Boardroom

Telephone Participation

Harvard Kennedy School, Executive Education
79 JFK Street, Mailbox 73
Cambridge, MA 02138

July 10, 2018 Meeting Schedule		
9:00 a.m.	L&C	Rm. 2-145
10:00 a.m.	RP&AM	Rm. 2-456
12:00 p.m.	Board Meeting	Boardroom

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

1. Call to Order

- (a) Invocation: James Vanden Akker, Real Estate Representative II,
Real Property Group
- (b) Pledge of Allegiance: Director Glen Peterson,
Las Virgenes Municipal Water District

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 June 12, 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 June
- C. Approve committee assignments
- D. Chairman's Monthly Activity Report

- E. Adopt motion to adjourn to a Special Board Meeting to be held jointly with the Finance and Insurance Committee on August 20, 2018 to establish tax rate; and adjourn the Regular August Board Meeting to August 21, 2018. (Committees to meet on August 20 and 21, 2018)
- F. Induction of new Director Phillip D. Hawkins from Central Basin Municipal Water District
 - (a) Receive credentials
 - (b) Report on credentials by General Counsel
 - (c) File credentials
 - (d) Administer Oath of Office
 - (e) File Oath
- G. Approve Commendatory Resolution for Director William C. Gedney representing Central Basin Municipal Water District

6. DEPARTMENT HEADS' REPORTS

- A. General Manager's summary of activities for the month of June
- B. General Counsel's summary of activities for the month of June
- C. General Auditor's summary of activities for the month of June
- D. Interim Ethics Officer's summary of activities for the month of June

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1 Adopt CEQA determination and appropriate \$800,000; and authorize installation of internal seals within the San Diego Pipeline No. 1 (Appropriation No. 15503). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is statutorily and categorically exempt; and

- a. **Appropriate \$800,000; and**
- b. **Authorize installation of internal seals in San Diego Pipeline No. 1.**

- 7-2** Adopt CEQA determination and authorize granting a lease to the Western Center Community Foundation, a California Nonprofit Public Benefit Corporation doing business as Western Science Center for the construction, operation, and maintenance of a new sign on Metropolitan fee-owned property near Diamond Valley Lake in the city of Hemet within the county of Riverside. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt; and

Authorize granting a lease to the Western Science Center for construction, operation, and maintenance of a new double-faced illuminated sign at the southwest corner of Domenigoni Parkway and Searl Parkway in the city of Hemet.

END OF CONSENT CALENDAR

8. OTHER BOARD ITEMS — ACTION

- 8-1** Adopt CEQA determination and appropriate \$2.3 million; and authorize: (1) final design to replace the domestic water treatment systems at the Colorado River Aqueduct pumping plants; and (2) final design to replace the roadway pavement at the pumping plant villages (Appropriation No. 15483). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that Projects No. 1 and No. 2 were previously determined to be categorically exempt, and that no further environmental analysis or documentation is required; and

- a. Appropriate \$2.3 million;**
- b. Authorize final design to replace the domestic water treatment systems at the CRA pumping plants; and**
- c. Authorize final design to replace roadway pavement in the pumping plant villages.**

- 8-2** Adopt CEQA determination and appropriate \$3.06 million; and authorize: (1) design and construction of dewatering and monitoring upgrades for Palos Verdes Reservoir; and (2) design of a drainage system for the reservoir site (Appropriation No. 15417). (E&O)

Recommendation:

Option #1:

Review and consider the information contained in Addendum No. 3 to the MND for the project, adopt Addendum No. 3; and

- a. Appropriate \$3.06 million;**
- b. Authorize design and construction of dewatering and monitoring upgrades at Palos Verdes Reservoir; and**
- c. Authorize design of a drainage system for the reservoir site.**

- 8-3** Adopt CEQA determination and express support for the Water Supply and Water Quality Act of 2018. (C&L)

Recommendation:

Option #1:

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

Authorize the General Manager to express Metropolitan's support for the Water Supply and Water Quality Act of 2018

- 8-4** Adopt CEQA determination and authorize payments of up to \$4.48 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2018/19. (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 \$3.63 million to the State Water Contractors; and**
- b. Authorize the General Manager to make payment up to \$0.85 million to the State Water Project Contractors Authority.**

- 8-5** Adopt CEQA determination and authorize amendments to Palo Verde Valley farming leases in the Counties of Riverside and Imperial for Cox and Wegis Land Company, LLC, Joseph Albert Deconinck, Hayday Farms Venture, LLC, and River Valley Ranches. (RP&AM)
- [Conference with real property negotiators; agency negotiators: Karen Donovan and Kevin Donhoff; negotiating parties: Cox and Wegis Land Company, LLC, Joseph Albert Deconinck, Hayday Farms Venture, LLC, and River Valley Ranches; for approximately 18,000 acres of land in the Palo Verde Valley area of California, both north and south of Interstate 10 near Blythe, California (see posted vicinity map), also known as Riverside County Assessor Parcel Nos. 878-081-001, 878-081-002, 878-081-004, 878-081-005, 878-081-006, 878-081-012, 878-082-001, 878-082-007, 878-111-004, 878-111-016, 878-111-017, 878-112-014, 878-112-015, 878-120-013, 878-120-015, 878-130-010, 878-130-011, 878-161-014, 878-161-015, 878-162-002, 878-162-003, 878-191-004, 878-192-001, 878-192-002, 878-192-003, 878-192-004, 878-193-004, 878-193-007, 878-193-011, 878-193-012, 878-193-013, 878-193-014, 878-201-001, 878-220-005, 878-220-014, 878-220-015, 878-220-016, 878-230-001, 878-230-006, 878-230-007, 878-230-008, 878-230-009, 878-230-010, 878-240-021, 879-210-026, 879-240-007, 879-240-029, 879-240-032, 879-240-033, 879-261-004, 879-262-005, 879-262-011, 879-262-014, 879-262-015, 866-130-001, 866-130-002, 866-130-003, 866-130-004, 866-210-006, 866-210-010, 866-240-004, 866-240-009, 866-250-008, 866-250-009, 866-250-011, 869-130-001, 869-270-006, 869-270-010, 869-291-002, 869-291-003, 869-291-005, 869-291-009, 869-292-001, 869-292-002, 869-292-003, 872-080-006, 872-080-007, 872-080-008, 872-090-005, 872-090-006, 872-090-007, 872-090-008, 872-100-001, 872-340-014, 872-340-018, 872-352-003, 872-352-010, 872-352-017, 872-360-001, 872-360-003, 872-370-002, 872-370-008, 872-370-013, 872-370-014, 872-370-016, 872-370-018, 875-021-001, 875-021-002, 875-021-006, 875-021-007, 875-021-008, 875-021-013, 875-021-014, 875-022-003, 875-022-004, 875-022-005, 875-022-006, 875-022-012, 875-030-012, 875-030-014, 875-030-027, 875-030-028, 875-040-006, 875-071-001, 875-071-002, 875-071-003, 875-071-004, 875-071-005, 875-071-006, 875-071-007, 875-071-012, 875-071-013, 875-071-014, 875-071-015, 875-131-005, 875-131-006, 875-131-009, 875-131-010, 875-171-001, 875-171-002, 875-250-010, 878-040-008, 878-050-003, 878-050-004, 878-050-005, 878-050-006, 878-050-010, 878-050-011, 878-050-012, 878-050-013, 878-060-002, 878-070-001, 878-092-003, 878-092-016, 878-092-017, 878-092-018, 878-101-004, 878-101-005, 878-151-004, 878-151-005, 878-152-003, 878-152-031, 878-202-003, 878-202-005, 878-240-009, 878-240-010, 878-240-011, 878-240-012, 821-100-018, 821-100-019, 821-150-018, 821-160-012, 821-160-013, 824-200-048, 863-140-002, 863-150-001, 863-170-005, 863-170-006, 863-180-003, 863-180-004, 863-180-005, 863-220-005, 866-040-004, 866-040-005, 866-040-007, 866-040-008, 866-080-001, 866-080-002, 866-080-003, 866-080-005, 866-080-012, 866-090-002, 866-090-009, 866-090-010, 866-090-013, 866-090-014, 872-150-005, 872-160-006, 872-160-007, 872-160-008, 872-160-009, 872-180-006, 872-180-009, 878-020-004, 878-020-005, 878-020-008, 878-030-009, 878-030-016, 878-091-001, 878-091-005, 878-091-006, 833-210-006, 833-210-012, 833-260-001, 833-260-003, 833-260-004, 833-260-005, 833-270-003, 833-270-004, 833-270-005, and Imperial County Assessor Parcel Nos. 006-090-003, 006-220-034, 006-220-010, 006-220-013, 006-220-058, 006-220-021, 006-220-022, 006-210-029, 006-210-009, 006-210-021, 006-220-019, 006-090-009, 006-090-010, 006-090-008, 006-090-013, 006-120-089, 006-090-012, 006-090-011, 006-220-057, 006-090-029, and 006-150-065; under negotiation: price and terms of payment; to be heard in closed session pursuant to Gov. Code Section 54956.8]**

Revised**Recommendation:****Option #1:**

Adopt the CEQA determination that the action is not defined as a project and not subject to CEQA, and is exempt from CEQA, and authorize amendments to Palo Verde Valley farming leases in the Counties of Riverside and Imperial for Cox and Wegis Land Company, LLC, Joseph Albert Deconinck, Hayday Farms Venture, LLC, and River Valley Ranches

- 8-6** Adopt CEQA determinations and rescind Board action taken on April 10, 2018 approving Board Item 8-7, (which authorized Metropolitan to, among other things, fund up to 64.6% of the total project costs of California WaterFix); authorize Metropolitan to provide additional financial support of California WaterFix sufficient to fully fund the unsubscribed share of the project up to 64.6% of total project costs; authorize General Manager to execute certain agreements and agreement amendments related to financing, pre-construction and construction activities for California WaterFix; authorize funding of up to \$86 million for further contributions for study, review, planning, engineering, design, and other preconstruction capital costs subject to certain conditions; and authorize General Manager to negotiate draft terms and conditions for one or more multi-year transfers of State Water Project water supplies subject to Board approval.
- (More detailed information about California WaterFix is available at <http://www.mwdh2o.com/DocSvcPubs/WaterFix/> and <https://www.californiawaterfix.com/>.)*

Recommendation:**Option #1:**

Adopt CEQA determinations that (1) rescinding the Board action taken on April 10, 2018 approving Board Item 8-7 is statutorily exempt from CEQA; (2) no further CEQA action is required to proceed with full implementation of California WaterFix, alter the governance structure of the Design-Construction and Financing JPAs, adopt revised and additional financing resolutions, or provide gap funding of pre-construction activities; and (3) authorizing the General Manager to negotiate one or more multi-year water transfers is not defined as a project under CEQA; and:

- **Rescind the Board action taken on April 10, 2018 approving Board Item 8-7 (which authorized Metropolitan to, among other things, fund up to 64.6% of the total project costs of California WaterFix);**
- **Adopt Resolutions authorizing the General Manager to participate, support and fund additional financing and funding arrangements for California WaterFix up to 64.6% of total project costs;**
- **Amend the General Manager's existing authorization to execute Joint Powers Agreements forming the Construction and Financing JPAs to allow for governance structures commensurate with member participation;**
- **Authorize funding of up to \$86 million for further contributions for study, review, planning, engineering, design, and other preconstruction capital costs for the California WaterFix subject to a reimbursement agreement with DWR acceptable to the General Manager and General Counsel that provides for repayment upon DWR's first bond issuance; and**
- **Authorize the General Manager to negotiate draft terms and conditions for one or more multi-year transfers of SWP water supplies subject to Board approval**

- 8-7** Report on May 7, 2018 Notice of Brown Act Violation, adopt CEQA determination and authorize an increase in maximum amount payable under contract for legal services with Miller Barondess, LLP by \$250,000 to an amount not to exceed \$350,000. (L&C)
[Conference with legal counsel –significant exposure to litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2) and 54956.9(e)(3)]

Recommendation:**Option #1:**

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

Authorize an increase in the maximum amount payable under the contract with Miller Barondess, LLP by \$250,000 to an amount not to exceed \$350,000.

9. BOARD INFORMATION ITEMS

9-1 Update on Conservation Program

10. FOLLOW-UP ITEMS**11. FUTURE AGENDA ITEMS****12. ADJOURNMENT**

NOTE: 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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**Summary Report for
The Metropolitan Water District of Southern California
Board Meeting
July 10, 2018**

COMMITTEE ASSIGNMENTS

Director Phillip D. Hawkins was appointed to the Engineering and Operations Committee, Real Property and Asset Management Committee, and the Legal and Claims Committee. **(Agenda Item 5C)**

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated \$2.3 million; authorized final design to replace the domestic water treatment systems at the CRA pumping plants; and authorized final design to replace roadway pavement in the pumping plant villages. (Appropriation No. 15483) **(Agenda Item 8-1)**

Reviewed and considered the information contained in Addendum No. 3 of the Board letter to the MND for the project, adopted Addendum No. 3; and appropriated \$3.06 million; authorized design and construction of dewatering and monitoring upgrades at Palos Verdes Reservoir; and authorized design of a drainage system for the reservoir site. (Appropriation No. 15417) **(Agenda Item 8-2)**

COMMUNICATIONS AND LEGISLATION COMMITTEE

Authorized the General Manager to express Metropolitan's support for the Water Supply and Water Quality Act of 2018. **(Agenda Item 8-3)**

WATER PLANNING AND STEWARDSHIP COMMITTEE

Authorized the General Manager to make payment of \$3.63 million to the State Water Contractors; and authorized the General Manager to make payment up to \$0.85 million to the State Water Project Contractors Authority. **(Agenda Item 8-4)**

REAL PROPERTY AND ASSET MANAGEMENT COMMITTEE

Authorized amendments to Palo Verde Valley farming leases in the Counties of Riverside and Imperial for Cox and Wegis Land Company, LLC, Joseph Albert Deconinck, Hayday Farms Venture, LLC, and River Valley Ranches. **(Agenda Item 8-5; heard in closed session)**

BOARD

Adopted CEQA determinations that (1) rescinding the Board action taken on April 10, 2018 approving Board Item 8-7 is statutorily exempt from CEQA; (2) no further CEQA action is required to proceed with full implementation of California WaterFix, alter the governance structure of the Design-Construction and Financing JPAs, adopt revised and additional financing resolutions, or provide gap funding of pre-construction activities; and (3) authorizing the General Manager to negotiate one or more multi-year water transfers is not defined as a project under CEQA; and:

- Rescinded the Board action taken on April 10, 2018 approving Board Item 8-7 (which authorized Metropolitan to, among other things, fund up to 64.6% of the total project costs of California WaterFix);
- Adopted Resolutions authorizing the General Manager to participate, support and fund additional financing and funding arrangements for California WaterFix up to 64.6% of total project costs;
- Amended the General Manager's existing authorization to execute Joint Powers Agreements forming the Construction and Financing JPAs to allow for governance structures commensurate with member participation;
- Authorized funding of up to \$86 million for further contributions for study, review, planning, engineering, design, and other preconstruction capital costs for the California WaterFix subject to a reimbursement agreement with DWR acceptable to the General Manager and General Counsel that provides for repayment upon DWR's first bond issuance; and
- Authorized the General Manager to negotiate draft terms and conditions for one or more multi-year transfers of SWP water supplies subject to Board approval. **(Agenda Item 8-6)**

LEGAL AND CLAIMS COMMITTEE

Authorized an increase in maximum amount payable under contract with Miller Barondess, LLP by \$250,000 to an amount not to exceed \$350,000. **(Agenda Item 8-7; heard in closed session)**

CONSENT CALENDAR

In other actions, the Board:

Appropriated \$800,000; and authorized installation of internal seals in San Diego Pipeline No. 1. (Appropriation No. 15503) **(Agenda Item 7-1)**

Authorized granting a lease to the Western Science Center for construction, operation, and maintenance of a new double-faced illuminated sign at the southwest corner of Domenigoni Parkway and Searl Parkway in the city of Hemet. **(Agenda Item 7-2)**

OTHER MATTERS

The Board:

Adopted motion to adjourn to a Special Board Meeting to be held jointly with the Finance and Insurance Committee on August 20, 2018 to establish tax rate; and adjourned the Regular August Board Meeting to August 21, 2018. (Committees to meet on August 20 and 21, 2018)
(Agenda Item 5E)

Inducted new Director Phillip D. Hawkins representing Central Basin Municipal Water District.
(Agenda Item 5F)

Approved Commendatory Resolution for Director William C. Gedney representing Central Basin Municipal Water District. **(Agenda Item 5G)**

THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.

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