October 24, 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 October 2018. The MWD committees and Board met on October 8 and 9, 2018, and meet next on November 5 and 6.

Discussion
The Water Authority Delegates (Delegates) supported 15 of 16 action items approved by the MWD Board at its October 2018 meetings. MWD Board actions of interest to the Water Authority were:

- Electing Director Gloria Gray (West Basin) as Board Chairwoman; and
- Adopting an “interim” Local Resources Program (LPR) target of 170,000 acre-feet per year.

Elected chairwoman in the first round of voting, Gray received 59.05 percent of the Board’s support, including support from the Burbank, Compton, Eastern, Foothill, Glendale, Long Beach, Los Angeles, Pasadena, San Fernando, San Marino, Santa Ana, Santa Monica, Torrance, Water Authority, and West Basin delegations and one of Central Basin’s two delegates, Director Wilson-Vasquez. Gray ran against Directors Blois (Calleguas) and Camacho (Inland Empire), who received 31.11 percent and 9.84 percent of the vote, respectively.

In addition to setting an interim LRP target, the Board also initiated discussions on LRP “criteria refinements.” Attachment 1 summarizes the Board’s discussion of LRP related items. The Board also received oral reports on a financial review of fiscal year 2018 and an update on the Lower Colorado River Basin Drought Contingency Plan; the Board’s discussion of these items is summarized in Attachments 2 and 3, respectively. MWD presented more details on its proposed three-pronged approach to increasing conservation in “Disadvantaged Communities” (DAC), which included a regional pilot program to offer a flat subsidy of $250 per toilet for pre-1994 multi-family homes (intended to serve as a proxy for DAC). Board action on the program is expected in December 2018.

In closed session, the Legal & Claims (L&C) Committee, without the Delegates in attendance, heard a report on the rate litigation. Additionally, the L&C Committee received a presentation on the potential impact of a new maximum contaminant level for 1,2,3-Trichloropropane (TCP) on MWD’s Banking Programs in the Central Valley. Staff reported that MWD is “experiencing TCP issues” with its Arvin-Edison storage program, where MWD currently has about 153,000 acre-feet of water stored. MWD extracts the stored water either via direct pump-back or exchange. Due to potential litigation concerns, the Committee heard the remaining presentation in closed session. Also in closed session, the MWD Board discussed department head evaluations. Following its discussion and an oral report on department head 2018 salary survey,
the Board considered compensation recommendations for its three direct reports: General Manager, General Counsel, and General Auditor (also serving as “acting” Ethics Officer). Following two failed votes to provide the General Manager with a merit increase in addition to a 3 percent cost of living adjustment (COLA), the Board approved a straight 3 percent COLA. A fourth vote, to give the General Manager a non-PERSable bonus, failed. The General Counsel received a 3 percent COLA and 3 percent merit increase while the General Auditor received a 3 percent COLA and 2 percent non-PERSable bonus, in recognition of his dual role. Director Smith abstained from the compensation actions. Attachment 4 is a copy of MWD’s October 2018 committee and Board meeting agendas.

Prepared by: Liz Mendelson-Goossens, Senior Water Resources Specialist
Reviewed by: Communications and Legislation Committee by Jerry Butkiewicz
Conservation and Local Resources Committee by Fern Steiner and Michael Hogan
Engineering and Operations Committee by Fern Steiner and Tim Smith
Finance and Insurance Committee by Tim Smith
Legal and Claims Committee by Fern Steiner and Tim Smith
Water Planning and Stewardship Committee by Fern Steiner and Jerry Butkiewicz

Attachments:
Attachment 1 – Discussion Summary of Local Resources Program
Attachment 2 – Discussion Summary of Fiscal Year 2018 Financial Review
Attachment 3 – Discussion Summary of Lower Colorado River Basin Drought Contingency Plan
Attachment 4 – MWD’s committee and Board meeting agendas dated October 8 and 9, 2018
Discussion Summary of Local Resources Program

At its October 2018 Water Planning and Stewardship (WP&S) Committee meeting, MWD discussed staff’s recommendation to adopt an “interim” Local Resources Program (LRP) target of 170,000 acre-feet per year (AFY). In response to feedback, this month’s recommended target was increased by 20,000 AFY from the one presented last month to the Conservation and Local Resources (C&LR) Committee. MWD anticipates that increasing the LRP target to 170,000 AFY may result in annual LRP expenditures reaching $75 million over the next 10 years, in contrast, MWD’s current 10-year rate forecast assumes annual LRP expenditures of $45 million. Staff said MWD will “revisit” and may adjust the target during its 2020 Integrated Water Resources Plan (IRP) update.

Following staff’s presentation, Director Abdo (Santa Monica) reiterated her doubt that the proposed target demonstrates that “there’s enough money to start planning [a local supply project] now.” General Manager Kightlinger assured that the proposed target sent “a very positive signal.” Abdo agreed it was a “step in the right direction” but she was “not sure it’s enough.” Director Dake (Los Angeles) encouraged staff to present the range of possible financial impacts of adjusting the target, including the low end of what MWD could be obligated to pay. Ultimately, the Board approved the 170,000 AFY interim target.

During the October 2018 C&LR Committee, staff provided a presentation to set the stage for Board discussion on how MWD could increase local supply production using the adopted 2017 LRP policy principles to “guide” MWD’s role in the ensuring the local resource targets established in the 2015 IRP for local supply production (and conservation) are met. Staff’s presentation focused on areas of LRP criteria refinements as well as other ways MWD may promote local supply development. Staff sought Board direction on the types of studies MWD should undertake “to support analysis of local project benefits” and suggested MWD could “begin development of a potential stormwater pilot” (to evaluate if and how stormwater local projects may be incorporated into the LRP).

Following staff’s presentation, Director Dake (Los Angeles) suggested MWD explore changes in “the amount or structure of the [LRP] incentive” that would stimulate local supply. C&LR Committee Chair Gold (Los Angeles) pointed out that currently the LRP does not provide “incentives” for local projects that produce water costing less than MWD water and asked if Dake thought MWD should discuss this approach. Dake answered affirmatively. Later, Director McKenney (Municipal Water District of Orange County) voiced “concern” with funding projects that produce water costing less that MWD water.

Switching gears, Director Paskett (Los Angeles) expressed frustration with MWD’s focus on performing additional studies rather than taking steps to get local projects implemented. Paskett suggested that MWD’s efforts to “double down” and “do” California WaterFix would offer little room left for local supply development if avoiding stranded assets is included in the revised LRP criteria. The discussion began to move on, but Paskett said she was expecting staff to respond. Although General Manager Kightlinger indicated he thought she made “a statement not a question,” Assistant General Manager/Chief Operating Officer Upadhyay replied that “the first

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1 The “remaining” balance of the LRP target established by the Board in 2007 was 68,000 AFY.
“The first piece of this puzzle” is to increase the LRP’s target, allowing staff to bring forward more LRP agreements for Board consideration. “The second piece,” based on Board feedback, is to discuss the LRP’s criteria. Upadhyay noted that some of the Board’s input suggested that large local supply projects in certain areas might strand assets and staff’s presentation was “recharacterizing” this feedback and “teeing” it up for discussion. Paskett reflected that not all Board members have that perspective and suggested that in the future staff “incorporate L.A.’s position.” Later, McKenney reacted to Paskett’s comments related to WaterFix, calling her suggestion that MWD cannot pursue WaterFix and invest in local supply development “a red herring,” since MWD’s 2015 IRP calls for MWD to do both.2

In response to Director Hogan, Kightlinger said the discussion aims to allow MWD to consider factors like how much funding it will provide to a project and the types of benefits a project offers, including providing “multiple delivery points to member agencies.” Noting that some agencies are “more exposed than others in terms of delivery points,” Kightlinger suggested building local project in those areas “may serve a dual purpose,” including offering system capacity redundancy and potentially avoiding costs of building additional delivery connections. In areas less reliant on MWD, Kightlinger said MWD may wish to consider if those areas “have some redundancy and emergency capacity.”

Suggesting that there may be differences in the ability for smaller and larger member agencies to implement local projects, Director Kurtz (Pasadena) said MWD’s “leadership” is important in addition to its funding. She suggested the potential Regional Recycled Water Program “would not have been undertaken by an individual agency, that [it] took Met stepping up.” Agreeing with Kurtz, Kightlinger added MWD can also help with smaller projects that involve multiple agencies. Paskett also agreed with Kurtz, stating that she would “like to see, in addition to the financing, more leadership on these projects” from MWD and said that MWD’s past Assistant General Manager/Chief Operating Officer, Debra Man, had been more “aggressive” in “looking at” larger projects that involved multiple agencies.

As the discussion wrapped-up Gold added that the “ecosystem services” provided by a project should also be considered as LRP criteria. Gold also noted that there has been no discussion on how criteria should be weighted. McKenney added that “regional equity” should be considered and that MWD may need to “reevaluate how we use our treated water surcharge to recover costs,” stating “there’s an equity issue” as system redundancy is built and that how MWD “look[s] at stranded assets” will impact how it pays for assets.

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2 The 2015 IRP is based on MWD’s WaterFix participation level at about 26 percent; however, in July 2018 the Board authorized participating at 64.6 percent – more than double its originally envisioned commitment.
Discussion Summary of Fiscal Year 2018 Financial Review

At MWD’s October 2018 Finance and Insurance (F&I) Committee meeting, Controller Robertson presented an oral review of Fiscal Year 2018’s financials. She reported that revenues were underbudget by $63 million mainly due to lower water sale revenues, which were underbudget by $90 million. The water revenue shortfall was partially offset by MWD collecting $30 million and $2 million more-than-budgeted in tax revenues and power revenues, respectively. Interest and “other” revenues were under budget by $4 million and $1 million, respectively.

Expenditures totaled about $1.5 billion, or $153 million less than budgeted. The largest contributor to this variance was State Water Contract expenses coming in under budget by $72 million, which Robertson said was “primarily due to unbudgeted refunds and prior year credits.” Demand Management expenses were about $26 million less than budget because of “lower conservation activity for turf removal and underperformance of recycled projects” participating in the Local Resources Program. Due to “lower water diversions” to MWD’s service area, Colorado River Aqueduct power costs were $25 million underbudget. MWD did not “store or exchange water as budgeted” resulting in supply program expenses being underbudget by $23 million. MWD’s Pay-As-You-Go (PAYGo) expenditures, or cash-funding of capital expenses, was under budget by $22 million due to “timing” and availability of bond funds for capital spending.” These expenses coming in under budget were partially offset by departmental operations and maintenance costs exceeding budget by $11 million “primarily due to higher labor costs resulting from the MOU negotiations” and debt service expenditures exceeding budget by $3 million.

Overall, MWD closed fiscal year with about $90 million more in net revenues than it planned, and ultimately increased its unrestricted reserves by about $73 million to an end-of-fiscal year balance of $474 million. Robertson did not report why unrestricted reserves increased by less than the amount of net revenues. The unrestricted reserve balance does not include money “set aside” related to the Water Authority’s rate litigation, which totaled $55 million.

Additionally, Robertson reported that at the end of fiscal year 2018, the remaining balance in the Water Management Fund (WMF), about $83 million, was transferred to the Water Stewardship Fund (WSF), bringing the WSF end-of-fiscal year balance to about $105 million. MWD’s Water Treatment Surcharge Fund decreased by $6 million, ending Fiscal Year 2018 with a balance of $2 million.

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1 Such as income from leases.
2 Due to timing, Fiscal Year 2017’s PAYGo expenditures were over budget by about $12 million.
3 MWD’s adopted biennial budget for fiscal years 2017 and 2018 planned for unrestricted reserves to total $383 million at the end of fiscal year 2018 and planned to withdraw about $13 million from reserves rather than add to them.
4 MWD’s adopted fiscal year 2018 budget planned for required reserves to increase by $25.4 million, so an increase in required reserves may partially or in whole explain this difference.
5 Part of the Board’s action when it adopted the biennial budget for fiscal years 2019 and 2020 was to transfer any remaining balance in the WMF at the end of fiscal year 2018 to the WSF to fund the Conservation Credits Program.
6 MWD’s adopted fiscal year 2018 budget planned to withdraw $3.2 million from the Water Treatment Surcharge Fund. The higher withdrawal from WTSF was attributed to lower treated water sales.
Robertson’s report also reviewed balance sheet trends including MWD’s pension and other post-employment benefits (OPEB) funded ratios, which were about 75.5 percent and 51 percent as of June 30, 2018. Following her presentation, Director Smith suggested MWD consider “paying extra money” into its pension fund to reduce the “7 percent loan” CalPERS is charging to generate savings over the long-term. Interim Assistant General Manager/Chief Financial Officer Skillman alluded to the Board’s past action to place additional money in its OPEB Fund, calling that a “good decision,” but noted that adding additional money to the fund is “all about having the cash to do that and balancing competing objectives.” Skillman said that at the November 2018 F&I Committee meeting MWD’s external OPEB account manager will address Smith’s additional question about when MWD expects to fully fund its OPEB liability.
Discussion Summary of Lower Colorado River Basin Drought Contingency Plan

At MWD’s October 2018 Water Planning and Stewardship Committee meeting, staff provided an update on the negotiations of the Lower Colorado River Basin Drought Contingency Plan (DCP). Staff reported that the DCP would permit delivery of Intentionally Created Surplus water (ICS) at lower Lake Mead elevations than currently allowed under the 2007 Interim Guidelines (1,075 feet), among other things, and in exchange would require Colorado River contractors to provide “contributions” to keep Lake Mead’s level “above critical elevations.”¹ Describing how DCP would work in California, staff said Imperial Irrigation District (IID) would “make 60 percent of California’s DCP contribution up to the first 250,000 acre-feet,” MWD would “make 25 percent of California’s required DCP contribution,” as well as “IID’s share above 250,000 acre-feet,” and Coachella Valley Water District (CVWD) and Palo Verde Irrigation District (PVID) would be responsible for 7 percent and 8 percent, respectively, of the state’s contribution.² Staff reported that IID plans to meet its contribution requirements using the water it has “stored with Metropolitan and in Lake Mead”³ and through “existing conservation programs within IID.” To meet their contributions, CVWD would use the water it exchanges with MWD and PVID would use its fallowing program with MWD.⁴

Following staff’s report, General Manager Kightlinger said that although MWD has “reached agreement with our California counterparts on how we would be making contributions and moving forward,” However, Kightlinger said Arizona continues to have “a lot” of discussions and it is uncertain if DCP will be “finalized.” Therefore, MWD plans to bring the inter-California agreements to the Board as an information item in November with potential Board action scheduled for December. If Arizona reaches agreement, Kightlinger said “all the seven states would be acting in this timeframe.” Once all seven states have acted then congressional ratification would be sought.

In response to Director Abdo (Santa Monica), Kightlinger suggested that lowering its demands offers MWD “flexibility,” so, depending on hydrology, it may be able to store more water in Lake Mead. Kightlinger confirmed Abdo’s understanding that conserving more water in MWD’s service area makes more Colorado River water available for “the places that need it.”⁵

Responding to Director Hogan, Kightlinger clarified that the 100,000 acre-feet of system water the Secretary of the Interior would create annually under DCP⁶ would not “belong to any one

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¹ As of October 15, 2018, Lake Mead’s elevation was 1,079.
² In November 2016, MWD staff reported that since PVID’s Colorado River water right is “not quantified,” so to meet its contribution, PVID would fallow land and the amount of land fallowed would be “based on how much water the fallowing program saves in a year and figure out per acre, how many acres would need to be fallowed in order to generate enough water to cover PVID’s contribution.
³ Under the California Extraordinary Conservation ICS agreement and as of June 12, 2018, IID has 132,000 acre-feet stored in MWD’s system, which MWD is obligated to “payback” at IID’s request except when MWD has implemented its Water Supply Allocation Plan.
⁴ For more information on DCP see the “Colorado River issues update - Part 3” memo found in the Water Authority’s October 25, 2018 Board Packet starting on page 115 here: https://www.sdcwa.org/meetings-and-documents
⁵ It is expected that MWD will take all its Priority 4 Colorado River and water it stores in Lake Mead will be limited to only ICS-qualified water.
⁶ MWD staff reported this water would be “subject to funding, availability, and other conditions.”
state” but would “create system efficiency.” Kightlinger also clarified that MWD would have access to its ICS water down to Lake Mead elevations of 1,045 feet. Hogan noted that in the past, IID raised the issue of how the DCP would impact the Salton Sea. Kightlinger said IID’s DCP contribution is capped at 250,000 acre-feet to match the amount of water IID has already conserved,7 which “does not have Salton Sea impacts, it’s already covered,” but added that IID is “responsible for all the environmental impacts associated with generation of that 250,000 [acre-feet].”

Replying to Director Lefevre (Torrance), Kightlinger said there is some “risk to” MWD such as making DCP contributions while it has limited State Water Project supplies. To mitigate this risk, Kightlinger said Southern Nevada Water Authority (SNWA) has agreed to act as a “backstop” for MWD; however, MWD would be required to “pay back” SNWA later.

Steiner expressed her understanding that most of California’s DCP contributions appear to be met by MWD. Kightlinger said MWD contributes more when “we cover for the IID amount.”8 In response to Steiner’s point that PVID’s contribution is made via its fallowing program with MWD, Kightlinger said MWD would make a higher fallowing call9 and “this DCP contribution water keeps Metropolitan’s name on it and can be withdrawn as the system recovers.” Wrapping up her comments, Steiner indicated that the Water Authority is trying to “be a partner” in DCP by establishing an ICS account so it could make its Quantification Settlement Agreement (QSA) water available for potential storage in Lake Mead. Later, Director Butkiewicz asked “what objection” MWD staff has to the Water Authority establishing an ICS and storing its QSA water in Lake Mead. Kightlinger said it is “a zero-sum game,” since any Water Authority QSA water stored in Lake Mead would result in the Water Authority purchasing an equivalent amount of water from MWD. Butkiewicz sought clarification on if Kightlinger’s response meant MWD staff would support or oppose the Water Authority having an ICS account. Stating that MWD “can certainly work with San Diego and have discussions,” Kightlinger reiterated that storing the Water Authority’s QSA water in Lake Mead does not “result in new water.” Butkiewicz conveyed the Water Authority’s interest in having those discussions.

Switching gears, Director Peterson (Las Virgenes) highlighted a “pretty troubling” video recently released by IID that expressed its position that it should be able to store its unused apportionment “if it doesn’t roll to Met” and asked how that position was playing out in the current DCP discussions. Stating that MWD did not “agree with many of the comments made in that video,” Kightlinger said “they aren’t reflected in these agreements” and if IID tried “to implement or act on those, we would oppose [them].”

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7 This conserved water is stored in Lake Mead and MWD’s system.
8 MWD would cover IID’s DCP contribution above 250,000 acre-feet.
9 Later, in response to Director Peterson (Las Virgenes), Kightlinger said MWD can make a 95 percent fallowing call “for a number of years” without completing new California Environmental Quality Act (CEQA) documentation and PVID is open to discussions on increasing the number of 100 percent fallowing calls MWD can make, which would require new CEQA documentation.
Finance and Insurance Committee

Meeting with Board of Directors*

October 8, 2018
9:30 a.m. -- Room 2-145

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

* 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 September 10, 2018

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   8-1 Adopt CEQA determination and approve amendments to the Metropolitan Water District Administrative Code Section 5109 to provide capital financing flexibility

Date of Notice: September 26, 2018
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 amendments to the Administrative Code set forth in Attachment 2 of the board letter to reflect the changes recommended by this letter.

5. BOARD INFORMATION ITEMS

9-2 Compliance with Fund Requirements and Bond Indenture Provisions

6. COMMITTEE ITEMS

a. Quarterly Financial Report
b. Year End Financial Review
c. External Investment Manager Presentations:
   - Reams Asset Management
   - Hillswick Asset Management
   - Meketa Investment Group
d. Investment Activities for September 2018

7. MANAGEMENT REPORT

a. Chief Financial Officer'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.
**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
- P. Hawkins
- R. Lefevre
- J. Morris
- T. Smith
- F. Steiner
- C. Treviño
- H. Williams
- J. Zurita

**Engineering and Operations Committee**

Meeting with Board of Directors*

**October 8, 2018**

11:00 a.m. – Room 2-456

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

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

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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. **Update on the Collaboration between Metropolitan and the Arizona Electric Power Cooperative:** Patrick Ledger, CEO, Arizona Electric Power Cooperative

3. **Approval of the Minutes of the meeting of the Engineering and Operations Committee held September 10, 2018**
4. CONSENT CALENDAR ITEMS — ACTION

7-1 Adopt CEQA determination and authorize: (1) preparation of a Climate Action Plan; and (2) agreement with Rincon Consultants, Inc., in an amount not to exceed $815,000, to assist staff with preparation of the CAP and CEQA documentation

Recommendation:

Option #1:

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

a. Authorize preparation of a Climate Action Plan; and
b. Authorize agreement with Rincon Consultants, Inc.

7-2 Adopt CEQA determination and appropriate $1.15 million; and authorize: (1) design to upgrade audiovisual systems at Metropolitan’s Headquarters Building; and (2) increase of $610,000 to agreement with IBI Group, for a new not-to-exceed total of $1.5 million for design services (Appropriation No. 15487)

Recommendation:

Option #1:

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

a. Appropriate $1.15 million;
b. Authorize design to upgrade the audiovisual systems in the board and committee rooms at Metropolitan’s Headquarters Building; and
c. Authorize increase of $610,000 to an agreement with IBI Group, for a new not-to-exceed total of $1.5 million, for specialized design services.

7-3 Adopt CEQA determination and appropriate $1.5 million; and authorize design of three distribution system rehabilitation projects (Appropriation No. 15503)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
a. Appropriate $1.5 million;
b. Authorize design to replace sodium hypochlorite tanks at Lake Mathews;
c. Authorize preliminary design to rehabilitate the interconnection between the Sepulveda Feeder and the West Basin Feeder; and
d. Authorize design of electrical upgrades at the interconnection between the Sepulveda Feeder and the East Valley Feeder.

Adopt CEQA determination and appropriate $200,000; and authorize preliminary design to improve hazardous waste storage at the La Verne site (Appropriation No. 15505)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
a. Appropriate $200,000; and
b. Authorize preliminary design to improve hazardous waste storage at the La Verne site.
5. OTHER BOARD ITEMS — ACTION

8-2 Adopt CEQA determination and (1) appropriate a total of $290 million for projects identified in the Capital Investment Plan (CIP) for Fiscal Years (FYs) 2018/19 and 2019/20; (2) authorize the General Manager to initiate or proceed with work on all capital projects identified in the CIP for FYs 2018/19 and 2019/20 subject to any limits on the General Manager’s authority and CEQA requirements; and (3) amend the Administrative Code to (a) allow for a biennial appropriation of the total amount of planned CIP expenditures following the approval of the biennial budget and authorize work on all capital projects identified in the CIP subject to the requirements of CEQA and limits on the General Manager’s authority; and (b) delegate responsibility to the General Manager to determine whether a project is exempt from CEQA (Appropriation No. 15509)

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as projects and are not subject to CEQA, or are expressly authorized under CEQA, and

a. Appropriately a total of $290 million for projects identified in the Capital Investment Plan (CIP) for Fiscal Years (FYs) 2018/19 and 2019/20;

b. Authorize the General Manager to initiate or proceed with work on all capital projects identified in the CIP for FYs 2018/19 and 2019/20 subject to any limits on the General Manager’s authority and CEQA requirements; and

c. Amend the Administrative Code to (a) allow for an appropriation of planned CIP expenditures following the approval of the biennial budget and authorize work on all capital projects identified in the CIP subject to the requirements of CEQA and limits on the General Manager’s authority; and (b) delegate responsibility to the General Manager to determine whether a project is exempt from CEQA.
8-3

Adopt CEQA determination and appropriate $56.4 million; award $38,539,196 contract to Environmental Construction, Inc. for rehabilitation of the west treatment basins and filter building at the Robert B. Diemer Water Treatment Plant; award $3,532,700 contract to Flowserve Corporation to refurbish filter valve actuators; and authorize: (1) construction of water sampling system improvements at the Diemer plant; and (2) increase of $300,000 to agreement with Ninyo & Moore, for a new not-to-exceed total of $736,000, to provide environmental support (Appropriations Nos. 15380 and 15436)

Recommendation:

Option #1:

Adopt the CEQA determinations that the proposed actions are categorically exempt from CEQA, and

a. Appropriate $56.4 million;

b. Award $38,539,196 contract to Environmental Construction, Inc. to rehabilitate the west treatment basins and filter building at the Diemer plant;

c. Award $3,532,700 contract to Flowserve Corporation to refurbish filter valve actuators;

d. Authorize construction of water sampling system improvements at the Diemer plant; and

e. Authorize increase of $300,000 to an agreement with Ninyo & Moore, for a new not-to-exceed total of $736,000, to provide environmental support.

8-4

Adopt CEQA determination and appropriate $6.5 million; and award $4,674,444 contract to Bosco Constructors, Inc. to replace concrete panels at Iron Mountain Reservoir and along the Colorado River Aqueduct (Appropriation No. 15483)

Recommendation:

Option #1:

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

a. Appropriate $6.5 million; and

b. Award $4,674,444 million contract to Bosco Constructors, Inc. to replace concrete panels along the Colorado River Aqueduct and at Iron Mountain Reservoir.
6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Update on Metropolitan’s Headquarters Improvements Project

b. Security Quarterly Update

[Conference with Interim Metropolitan Security Manager Tomer Benito and Jacob Margolis, Cyber Security Unit Manager of Information Technology, or designated agents on threats to public services or facilities; to be heard in closed session pursuant to Gov. Code Section 54957(a).]

8. MANAGEMENT REPORTS

a. Water System Operations Manager’s report

b. Engineering Services Manager’s report

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

11. 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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Date of Notice: September 28, 2018
Water Planning and Stewardship Committee

Meeting with Board of Directors*

October 8, 2018
12:30 p.m. – Room 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 September 10, 2018

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   8-5 Adopt CEQA determination and approve an interim Local Resources Program target
Added

Recommendation:

Option #1:

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

Approve an interim Local Resources Program target yield of 170,000 AFY of new water.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Update on Proposed Lower Colorado River Basin Drought Contingency Plan

b. Update on Regional Groundwater Conditions

7. MANAGEMENT REPORTS

a. Bay-Delta Matters

b. Colorado River Matters

c. Water Resource Management Manager's report

8. FOLLOW-UP ITEMS

None
9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: 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.
Communications and Legislation Committee

Meeting with Board of Directors*

October 8, 2018
2:00 p.m. -- Room 2-456

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

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

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

2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held September 10, 2018

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

None

Date of Notice: September 26, 2018
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

   a. Update on 2018 Conservation Campaign
   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

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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Date of Notice: September 26, 2018
**Legal and Claims Committee**

Meeting with Board of Directors*

**October 9, 2018**

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

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*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 September 11, 2018**

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

4. **CONSENT CALENDAR ITEMS — ACTION**

   None
5. OTHER BOARD ITEMS — ACTION

**Revised**

**8-6** Adopt CEQA determination and report on existing litigation: *The Metropolitan Water District of Southern California v. Desert Milling, Inc., John Frederick Benson, et al.,* LASC Case No. BC687102; and authorize increase of maximum amount payable under contract with Ryan & Associates for legal services by $100,000 to an amount not to exceed $200,000; a maximum amount payable of $200,000 for existing General Counsel contract with Ryan Associates to provide legal advice and representation in the termination of the Desert Milling, Inc., agricultural lease in the Palo Verde Valley and collection of amounts due to Metropolitan in the *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)]

**Added**

**Recommendation:**

**Option #1:**

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

Authorize the General Counsel to increase the amount payable under its agreement with Ryan & Associates by $100,000 to an amount not to exceed $200,000

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Report on potential impact of new maximum contaminant level for 1,2,3-trichloropropane on SWP groundwater banking programs.

[Conference with legal counsel—potential litigation; may be heard in closed session pursuant to Gov. Code Section 54956.9(d)(4)]
b. 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 2010 and 2012 actions, Court of Appeal for the First Appellate District Case No. A155310; the petition for extraordinary writ in the second 2016 action, Court of Appeal for the First Appellate District Case No. A154325 and California Supreme Court Case No. S251025; 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)]

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Date of Notice: October 2, 2018
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*

October 9, 2018
10:00 a.m. – Room 2-456

October 9, 2018

Meeting Schedule

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<thead>
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<tbody>
<tr>
<td>9:00 a.m.</td>
<td>L&amp;C Rm. 2-145</td>
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<tr>
<td>10:00 a.m.</td>
<td>C&amp;LR Rm. 2-456</td>
<td></td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>Board Meeting</td>
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* 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 September 11, 2018

3. CHAIRMAN’S REPORT

4. COMMITTEE ITEMS
   a. Conservation Update
   b. Conservation in Disadvantage Communities
   c. Update on Local Resources Program Criteria
   d. Implementation of Water Conservation and Drought Planning Legislation

Date of Notice: September 26, 2018
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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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.
Board Meeting
October 9, 2018
12:00 p.m. – Boardroom

Telephone Participation:
Sheraton Miramar Hotel & Convention Center
Avenida La Marina 15
Vina Del Mar
ValParaiso, Chile
Phone: +52 32 238 8600

October 9, 2018
Meeting Schedule

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<tr>
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</table>

1. Call to Order

    (a) Invocation: Emerson Lego, Senior Environmental Specialist, Water System Operations

    (b) Pledge of Allegiance: Director Fern Steiner, San Diego County Water Authority

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 September 11, 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 September 2018

    C. Approve committee assignments

    D. Chairman’s Monthly Activity Report

Date of Notice: October 2, 2018
E. Report from Executive Committee on nominations for Board Chairman

F. Nomination and Election for Board Chairman for two-year term effective January 1, 2019

6. DEPARTMENT HEADS’ REPORTS

A. General Manager’s summary of activities for the month of September 2018

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Adopt CEQA determination and authorize: (1) preparation of a Climate Action Plan; and (2) agreement with Rincon Consultants, Inc., in an amount not to exceed $815,000, to assist staff with preparation of the CAP and CEQA documentation. (E&O)

Recommendation:

Option #1:

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

a. Authorize preparation of a Climate Action Plan; and

b. Authorize agreement with Rincon Consultants, Inc.
7-2 Adopt CEQA determination and appropriate $1.15 million; and authorize: (1) design to upgrade audiovisual systems at Metropolitan's Headquarters Building; and (2) increase of $610,000 to agreement with IBI Group, for a new not-to-exceed total of $1.5 million for design services (Appropriation No. 15487). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $1.15 million;

b. Authorize design to upgrade the audiovisual systems in the board and committee rooms at Metropolitan's Headquarters Building; and

c. Authorize increase of $610,000 to an agreement with IBI Group, for a new not-to-exceed total of $1.5 million, for specialized design services.

7-3 Adopt CEQA determination and appropriate $1.5 million; and authorize design of three distribution system rehabilitation projects (Appropriation No. 15503). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $1.5 million;

b. Authorize design to replace sodium hypochlorite tanks at Lake Mathews;

c. Authorize preliminary design to rehabilitate the interconnection between the Sepulveda Feeder and the West Basin Feeder; and

d. Authorize design of electrical upgrades at the interconnection between the Sepulveda Feeder and the East Valley Feeder.

7-4 Adopt CEQA determination and appropriate $200,000; and authorize preliminary design to improve hazardous waste storage at the La Verne site (Appropriation No. 15505). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
a. Appropriate $200,000; and
b. Authorize preliminary design to improve hazardous waste storage at the La Verne site.

END OF CONSENT CALENDAR

8. OTHER BOARD ITEMS — ACTION

8-1 Adopt CEQA determination and approve amendments to the Metropolitan Water District Administrative Code Section 5109 to provide capital financing flexibility. (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 amendments to the Administrative Code set forth in Attachment 2 of the board letter to reflect the changes recommended by this letter.

8-2 Adopt CEQA determination and (1) appropriate a total of $290 million for projects identified in the Capital Investment Plan (CIP) for Fiscal Years (FYs) 2018/19 and 2019/20; (2) authorize the General Manager to initiate or proceed with work on all capital projects identified in the CIP for FYs 2018/19 and 2019/20 subject to any limits on the General Manager’s authority and CEQA requirements; and (3) amend the Administrative Code to (a) allow for a biennial appropriation of the total amount of planned CIP expenditures following the approval of the biennial budget and authorize work on all capital projects identified in the CIP subject to the requirements of CEQA and limits on the General Manager’s authority; and (b) delegate responsibility to the General Manager to determine whether a project is exempt from CEQA (Appropriation No. 15509). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as projects and are not subject to CEQA, or are expressly authorized under CEQA, and

a. Appropriate a total of $290 million for projects identified in the Capital Investment Plan (CIP) for Fiscal Years (FYs) 2018/19 and 2019/20;

b. Authorize the General Manager to initiate or proceed with work on all capital projects identified in the CIP for FYs 2018/19 and 2019/20 subject to any limits on the General Manager’s authority and CEQA requirements; and

c. Amend the Administrative Code to (a) allow for an appropriation of planned CIP expenditures following the approval of the biennial budget and authorize work on all capital projects identified in the CIP subject to the requirements of CEQA and limits on the General Manager’s authority; and (b) delegate responsibility to the General Manager to determine whether a project is exempt from CEQA.

8-3 Adopt CEQA determination and appropriate $56.4 million; award $38,539,196 contract to Environmental Construction, Inc. for rehabilitation of the west treatment basins and filter building at the Robert B. Diemer Water Treatment Plant; award $3,532,700 contract to Flowserve Corporation to refurbish filter valve actuators; and authorize: (1) construction of water sampling system improvements at the Diemer plant; and (2) increase of $300,000 to agreement with Ninyo & Moore, for a new not-to-exceed total of $736,000, to provide environmental support (Appropriations Nos. 15380 and 15436). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determinations that the proposed actions are categorically exempt from CEQA, and

a. Appropriate $56.4 million; and
b. Award $38,539,196 contract to Environmental Construction, Inc. to rehabilitate the west treatment basins and filter building at the Diemer plant;
c. Award $3,532,700 contract to Flowserve Corporation to refurbish filter valve actuators;
d. Authorize construction of water sampling system improvements at the Diemer plant; and
e. Authorize increase of $300,000 to an agreement with Ninyo & Moore, for a new not-to-exceed total of $736,000, to provide environmental support.

8-4 Adopt CEQA determination and appropriate $6.5 million; and award $4,674,444 contract to Bosco Constructors, Inc. to replace concrete panels at Iron Mountain Reservoir and along the Colorado River Aqueduct (Appropriation No. 15483). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $6.5 million; and
b. Award $4,674,444 million contract to Bosco Constructors, Inc. to replace concrete panels along the Colorado River Aqueduct and at Iron Mountain Reservoir.

8-5 Adopt CEQA determination and approve an interim Local Resources Program target. (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 Approve an interim Local Resources Program target yield of 170,000 AFY of new water.
Adopt CEQA determination and report on existing litigation: *The Metropolitan Water District of Southern California v. Desert Milling, Inc., John Frederick Benson, et al.*, LASC Case No. BC687102; and authorize increase of maximum amount payable under contract with Ryan & Associates for legal services by $100,000 to an amount not to exceed $200,000; a maximum amount payable of $200,000 for existing General Counsel contract with Ryan Associates to provide legal advice and representation in the termination of the Desert Milling, Inc. agricultural lease in the Palo Verde Valley and collection of amounts due to Metropolitan in the *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). *(L&C)*

[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

**Added Recommendation:**

**Option #1:**

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

Authorize the General Counsel to increase the amount payable under its agreement with Ryan & Associates by $100,000 to an amount not to exceed $200,000

9. **BOARD INFORMATION ITEMS**

9-1 Update on Conservation Program

9-2 Compliance with Fund Requirements and Bond Indenture Provisions. *(F&I)*

10. **OTHER MATTERS**

10-1 Department Head Performance Evaluations

[Public Employees' performance evaluations; General Manager, General Counsel, and General Auditor; to be heard in closed session pursuant to Gov. Code 54957(b).]
10-2 Report on Department Head 2018 Salary Survey
10-3 Discuss and Approve Compensation Recommendations for General Manager, General Counsel, and General Auditor

11. FOLLOW-UP ITEMS

12. FUTURE AGENDA ITEMS

13. 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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COMMITTEE ASSIGNMENTS

None. (Agenda Item 5C)

FINANCE AND INSURANCE COMMITTEE

Approved amendments to the Administrative Code set forth in Attachment 2 of the board letter to reflect the changes recommended by the letter. (Agenda Item 8-1)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated a total of $290 million for projects identified in the Capital Investment Plan (CIP) for Fiscal Years (FYs) 2018/19 and 2019/20; authorized the General Manager to initiate or proceed with work on all capital projects identified in the CIP for FYs 2018/19 and 2019/20 subject to any limits on the General Manager’s authority and CEQA requirements; and amended the Administrative Code to (a) allow for an appropriation of planned CIP expenditures following the adoption of the biennial budget, require review of the proposed CIP by the Engineering and Operations Committee prior to the adoption of the biennial budget and appropriation of planned CIP expenditures, and authorize work on all capital projects identified in the CIP subject to the requirements of CEQA and limits on the General Manager’s authority; and delegated responsibility to the General Manager to determine whether a project is exempt from CEQA. (Appropriation No. 15509) (Agenda Item 8-2)

Appropriated $56.4 million; awarded $38,539,196 contract to Environmental Construction, Inc. to rehabilitate the west treatment basins and filter building at the Diemer plant; awarded $3,532,700 contract to Flowserve Corporation to refurbish filter valve actuators; authorized construction of water sampling system improvements at the Diemer plant; authorized increase of $300,000 to an agreement with Ninyo & Moore, for a new not-to-exceed total of $736,000, to provide environmental support. (Appropriations Nos. 15380 and 15436) (Agenda Item 8-3)

Appropriated $6.5 million; and awarded $4,674,444 million contract to Bosco Constructors, Inc. to replace concrete panels along the Colorado River Aqueduct and at Iron Mountain Reservoir. (Appropriation No. 15483) (Agenda Item 8-4)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Approved an interim Local Resources Program target yield of 170,000 AFY of new water. (Agenda Item 8-5)
LEGAL AND CLAIMS COMMITTEE

Authorized the General Counsel to increase the amount payable under its agreement with Ryan & Associates by $100,000 to an amount not to exceed $200,000. (Agenda Item 8-6)

CONSENT CALENDAR

In other actions, the Board:

- Authorized preparation of a Climate Action Plan; and authorized agreement with Rincon Consultants, Inc. (Agenda Item 7-1)
- Appropriated $1.15 million; authorized design to upgrade the audiovisual systems in the board and committee rooms at Metropolitan’s Headquarters Building; and authorized increase of $610,000 to an agreement with IBI Group, for a new not-to-exceed total of $1.5 million, for specialized design services. (Agenda Item 7-2)
- Appropriated $1.5 million; authorized design to replace sodium hypochlorite tanks at Lake Mathews; authorized preliminary design to rehabilitate the interconnection between the Sepulveda Feeder and the West Basin Feeder; and authorized design of electrical upgrades at the interconnection between the Sepulveda Feeder and the East Valley Feeder. (Appropriation No. 15503) (Agenda Item 7-3)
- Appropriated $200,000; and authorized preliminary design to improve hazardous waste storage at the La Verne site. (Appropriation No. 15505) (Agenda Item 7-4)

OTHER MATTERS

The Board:

- Reported from Executive Committee on nominations for Board Chairman. (Agenda Item 5E)
- Director Gloria Gray was elected Board Chair for two-year term effective January 1, 2019. (Agenda Item 5F)
- Discussed Department Head Performance Evaluations. (Agenda Item 10-1)
- Reported on Department Head 2018 Salary Survey. (Agenda Item 10-2)
- Discussed and approved Compensation Recommendations for General Manager, General Counsel, and General Auditor. (Agenda Item 10-3)
THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.

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

All current month materials, before they are moved to the Board Letter Archive, are available on the public website here: http://mwdh2o.com/WhoWeAre/archived-board-meetings
Update on FY2019 Appropriations Bills

In late September, Congress passed, and the President signed into law, the first “minibus” spending package that included the FY2019 Energy and Water Appropriations bill, the Military Construction and Veterans Affairs bill, and the Legislative Branch Appropriations bill. With the early passage of the Energy and Water Appropriations bill, it is expected that Notices of Funding Opportunity will be released earlier than in years past for programs like WaterSMART and Title XVI at the Bureau of Reclamation.

Additionally, a second “minibus” package was signed into law which contained the Labor, Health and Human Services Appropriations bill and the Defense Appropriations bill. The funding package also contains a Continuing Resolution (CR) that would allow the remaining federal agencies to remain open and funded until December 7th.

This is the first time since FY2000 that we have seen five appropriations bills signed into law prior to the start of the new fiscal year. The remaining seven appropriations bills (Agriculture; Commerce, Justice Science; Financial Services; Homeland Security; Interior and the Environment; State/Foreign Ops; Transportation, Housing, and Urban Development) will need to be passed by Congress and signed into law prior to December 7th. Should that not occur, Congress will need to pass another CR to keep these federal agencies funded.

President Signs Memorandum on Western Water

Late last week, President Trump issued an executive memorandum on western water. The memorandum directs the Department of the Interior and the Department of Commerce to work together to expedite environmental reviews and streamline regulations regarding major water projects in the West, specifically the Central Valley Protect, the California State Water Project, the Klamath Irrigation Project, and the Columbia River Basin system. The memorandum also calls for adopting better technology to forecast water availability and allows for local input on hydroelectric projects. Interior Secretary Zinke has ordered the Bureau of Reclamation to work with other agencies in Interior to develop an initial plan of
action to maximize water deliveries and streamline federal environmental reviews. Five Members of the California Congressional delegation (House Majority Leader McCarthy, Reps. Valadao, Nunes, Denham, and McClintock) all attended the signing of the memorandum in Arizona on Friday.

### Repeal of 2015 Waters of the United States Rule Delayed

Last week, the Office of Management and Budget released its fall regulatory agenda, which stated that the Environmental Protection Agency is now planning to finalize its repeal of the 2015 Waters of the United States (WOTUS) rule in March of 2019, rather than in November as was previously planned. In August, the U.S. District Court of the District of South Carolina issued a decision to vacate and nationally enjoin the EPA and the Corps’ final rule that added an applicability date to the Clean Water Rule issued in 2015. The 2015 Rule is now in effect in 26 states, including California. Additionally, the EPA acting administrator Andrew Wheeler has indicated that the EPA will be releasing a draft version of a replacement to the 2015 WOTUS rule in the coming days.

### Water Resources Development Act Signed into Law

On Monday, the President signed into law the Water Resources Development Act of 2018 (WRDA). The legislation, which overwhelmingly passed both the House and the Senate, provided policy guidance and project authorizations for the Corps, as well as incorporating several other bills regarding the drinking water state revolving fund and the Water Infrastructure Finance and Innovation Act. The WRDA bill also includes several provisions regarding hydropower including incentives for investment in existing hydropower facilities, streamlining the licensing process for proposed projects at existing non-powered dams and closed-loop pump storage, and improvements to permits and constructions timelines at the Federal Energy Regulatory Commission.

### Interior Issues Policy on Promoting Open Science

The Department of the Interior (DOI) Deputy Secretary David Bernhardt signed a new policy entitled “Promoting Open Science.” The new policy is aimed at increasing transparency and accountability “to ensure that the Department bases its decisions on the best available science and provide the American people with enough information to thoughtfully and substantially evaluate the data, methodology, and analysis used by the Department to inform its decisions.” The policy makes it clear that DOI can only use scientific studies or findings whose underlying data is publicly available and reproducible, which will result in less research and data that DOI and its agencies can use. This policy will apply to all agencies housed within DOI including the U.S. Fish and Wildlife Service and the Bureau of Reclamation.
Earlier this year, the Environmental Protection Agency announced a similar policy, but did so in the form of a proposed rule, which meant it had to go through a formal rulemaking process and include a period for public comment. At this time, DOI has just issued a policy which does not allow for an opportunity for public comment.

**Progress on Colorado River Basin Drought Contingency Plans**

The Bureau of Reclamation has released the Upper and Lower Basin Drought Contingency Plans for public review. In December of 2017, Reclamation Commissioner Brenda Burman called on the seven Colorado River Basin States and water entitlement holders in the Lower Colorado Basin to develop Drought Contingency Plans (DCPs) in response to ongoing historic droughts in the Basin. Since that time, all seven of the Colorado River Basin States have been working to come up with an agreement for both the Upper and Lower Basins.

The Lower Basin DCP would require Arizona, California, and Nevada to contribute additional water to Lake Mead storage and create additional flexibility to incentivize additional voluntary conservation of water to be stored in Lake Mead. The Plans will now need to be approved by all seven states, as well as Congress. There is a Colorado River Water Users Association meeting in December, which is most likely the target date for all seven states agreeing to the plans.