President Releases FY20 Budget Proposal

On Monday March 11th, President Trump released his $4.7 billion FY20 budget proposal, which calls for a $54 billion (or 9%) cut in non-defense discretionary spending. Below is the budget information for the Bureau of Reclamation and the Environmental Protection Agency:

**BUREAU OF RECLAMATION**

Overall agency budget: $1.1 billion (decrease of $471 million from FY19 enacted level)

<table>
<thead>
<tr>
<th>Program</th>
<th>FY19 Enacted Level</th>
<th>FY20 President’s Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Related Resources</td>
<td>1.413 billion</td>
<td>$962 million</td>
</tr>
<tr>
<td>WaterSMART Program</td>
<td>$113.246 million</td>
<td>$19.9 million</td>
</tr>
<tr>
<td>Title XVI</td>
<td>$58.617 million</td>
<td>$3 million</td>
</tr>
<tr>
<td>Drought Response</td>
<td>$9 million</td>
<td>$2.9 million</td>
</tr>
<tr>
<td>WaterSMART Grants</td>
<td>$34 million</td>
<td>$10 million</td>
</tr>
</tbody>
</table>

**Legislative Proposal**

Title Transfer: The Administration proposes legislation to better facilitate title transfer of Reclamation facilities to non-Federal entities when the transfers are beneficial to all parties. This proposal will allow local water managers to make their own decisions to improve water management at the local level, while allowing Reclamation to focus management efforts on projects with a greater Federal nexus.

**ENVIRONMENTAL PROTECTION AGENCY**

Overall agency budget: $6.068 billion (decrease of $2.732 billion from FY19 enacted level)

<table>
<thead>
<tr>
<th>Program</th>
<th>FY19 Enacted Level</th>
<th>FY20 President’s Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Water State Revolving Fund</td>
<td>$1.7 billion</td>
<td>$1.12 billion</td>
</tr>
<tr>
<td>Drinking Water State Revolving Fund</td>
<td>$1.2 billion</td>
<td>$863 million</td>
</tr>
<tr>
<td>Water Infrastructure Finance and Innovation Act (WIFIA)</td>
<td>$68 million</td>
<td>$25 million</td>
</tr>
</tbody>
</table>
New Programs/Initiatives

Healthy Schools Grant Program ($50 million): Funding would be available to identify and help prevent, reduce and resolve environmental hazards and reduce childhood lead exposure, reduce asthma triggers, promote integrated pest management, and reduce or eliminate childhood exposure to one or more toxics in schools across all environmental media.

America’s Water Infrastructure Act of 2018 ($83 million): President Trump signed the AWIA legislation on October 23, 2018. AWIA strengthens EPA’s ability to invest in water infrastructure in communities in every state. The Budget includes five new programs to support the AWIA legislation including:

- Drinking Fountain Lead Testing ($5 million)
- Drinking Water Infrastructure Resilience ($2 million)
- Sewer Overflow Control Grants ($61.45 million)
- Technical Assistance for Treatment Works ($7.5 million)
- Water Infrastructure and Workforce Investment ($300,000)

Proposed Eliminations

- Infrastructure Assistance for the US-Mexico border
- Safe Water for Small/Disadvantaged Communities
- Water SENSE

The release of the President’s budget proposal kicks off the annual appropriations season. Over the coming weeks, House and Senate committee will hold hearings with cabinet secretaries and federal agency officials to discuss their FY20 budget proposals. Once that has concluded, Congress will begin work on the FY20 appropriations bills.

Legislation Introduced to Reauthorize Clean Water State Revolving Fund

Chairman of the House Transportation and Infrastructure Committee Peter DeFazio (D-OR), Chairman of the Water Resources and Environment Subcommittee Grace Napolitano (D-CA), Representatives Don Young (R-AK) and John Katko (R-NY) introduced the “Water Quality Protection and Job Creation Act of 2019” (HR 1497). The legislation would reauthorize several Clean Water Act grants programs, including the Clean Water State Revolving Fund, as well as increase the authorized funding levels for the programs by roughly $23.5 billion. Below is a breakdown of the proposed $23.5 billion in additional authorized funding included in the bill:

- $20 billion over five years for the Clean Water State Revolving Fund
- $900 million for grants to municipalities to capture, treat, or reuse combined and sanitary sewer overflow or stormwater
- $1.5 billion over five years for grants to State water pollution control agencies to implement State water pollution controls
• $600 million over five years for Clean Water pilot programs
• $375 million in grants over five years for alternative water source projects under section 220 of the Clean Water Act, including projects that reuse wastewater or stormwater to augment existing sources of water

Federal Agency Nominations Update

The Senate confirmed Andrew Wheeler to be the Administrator of the Environmental Protection Agency (EPA) by a vote of 52-47. Prior to being nominated by the President, Wheeler had been serving as the acting EPA Administrator after the former EPA Administrator Scott Pruitt left the agency.

Additionally, President Trump nominated David Bernhardt to be the Secretary of the Department of the Interior (DOI). Like Wheeler, Bernhardt has been serving as the acting DOI Secretary after the former Secretary Ryan Zinke left. The Senate Energy and Natural Resources Committee will be holding a nomination hearing for Bernhardt on March 28th.

Congress to Hold Hearing on Colorado River Drought Contingency Plan

This week both the House and the Senate will hold Congressional hearings on the issue of the Colorado River Drought Contingency Plan (DCP). The first hearing will be on Wednesday, March 27th in the Senate Energy and Natural Resources Committee Water and Power Subcommittee. The second hearing will be on Thursday, March 28th in the House Natural Resources Committee Water, Oceans and Wildlife Subcommittee. Bureau of Reclamation Commissioner Brenda Burman will be testifying at both hearing. The Water Authority has prepared comments for the hearing record that have been submitted to both subcommittees.
March 27, 2019

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 March 2019. The MWD committees and Board met on March 11 and 12, 2019, and meet next on April 8 and 9.

Discussion
The Water Authority Delegates (Delegates) supported all eight action items approved by the MWD Board at its March 2019 meeting. MWD Board actions of interest to the Water Authority include:

- Authorizing MWD’s participation in the Drought Contingency Plan (DCP) including assuming responsibility for the DCP contributions of the Imperial Irrigation District (IID) (should IID not participate in the DCP);\(^1\) and
- Expressing support, if amended, to AB 1220 (C. Garcia, D-Bell Gardens): Metropolitan Water Districts.\(^2\)

During public comment period, IID General Manager Martinez addressed the Water Planning and Stewardship (WP&S) Committee. While IID is supportive of the DCP, Martinez expressed IID’s opposition to MWD’s proposed DCP action, calling it “a naked attempt to work around the environmental challenges posed by the Salton Sea.”\(^3\) Following staff’s presentation on the DCP, Director Hogan expressed the Water Authority’s support for the DCP\(^4\) and requested the motion to approve MWD’s expanded participation in the DCP be amended to remove the language stating MWD is participating in the DCP “on behalf of California” and to add that MWD supports “the state of California in seeking congressional approval of the DCP.” After General Manager Kightlinger and legal staff confirmed that Hogan’s modification didn’t change the

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1 Subsequent to MWD’s meetings, on March 19, the Seven Colorado River Basin States signed a letter to Congress transmitting the DCP package and proposing federal legislation needed to implement the DCP. IID’s conditions to join the DCP have yet to be met and therefore, IID is not participating in the DCP. The states’ letter is found starting on page 124 of the Water Authority’s March 2019 Board Packet: [https://www.sdcwa.org/meetings-and-documents](https://www.sdcwa.org/meetings-and-documents)

2 In addition to the current method used to determine the number of representatives a member agency has on the MWD Board (based on assessed valuation), AB 1220 would provide an alternative method based on population. MWD’s amendments, which are supported by the bill’s sponsor (Central Basin) and author would remove the alternative method and set a member agency’s current number of MWD representatives as its “baseline allocation.”


4 Water Authority Chair Madaffer sent a letter to MWD expressing support for the DCP; and because of the Water Authority’s position of possessing qualified Intentionally Created Surplus supplies, he also stated that the Water Authority is looking forward to engaging with MWD and the Bureau of Reclamation to help raise Lake Mead’s elevation. Madaffer’s letter is found here: [https://mwddprograms.sdcwa.org/wp-content/uploads/2019-03-10-WA-Chair-ltr-to-MWD-Chair-re-DCP.pdf](https://mwddprograms.sdcwa.org/wp-content/uploads/2019-03-10-WA-Chair-ltr-to-MWD-Chair-re-DCP.pdf)
underlying action, the maker of the motion, Director Dick (Municipal Water District of Orange County), agreed to accommodate the change. Director Gold (Los Angeles) asked what MWD could do to assist in securing federal funding for the Salton Sea Management Program. Stating that MWD has communicated its support for this funding to Senator Feinstein, MWD’s House delegation, and the Newsom and Brown administrations, Kightlinger offered to express support “in writing.” Also, Kightlinger said the DCP and Salton Sea Management Program “need to move forward, but they should be on parallel tracks; we shouldn’t hold-up one for the other.”

The MWD Board received two presentations related to MWD’s emergency preparedness efforts: one on MWD’s process to update its emergency storage objective – the amount of water MWD holds in storage in case of an emergency; and the other on staff’s proposal to allow local supplies to be delivered via MWD’s system during an emergency when MWD cannot provide imported water to that area. During the WP&S Committee, the Board discussed MWD’s effort to update its emergency storage objective. Referring to the next steps in updating its emergency storage program, Director Blois (Calleguas) expressed appreciation for MWD’s consideration of “spatial and system flexibility.” Related to MWD’s “coordination” with its member agencies on the local supply production assumptions used to establish the emergency storage objective, Director Hogan noted that MWD and Water Authority staff continue to discuss the Water Authority’s Emergency Storage Program, which has a capacity of 90,000 acre-feet but currently only has about 20,000 acre-feet of water dedicated for emergency use due to the region’s successful development of local supplies and advancements in water use efficiency. Hogan expressed his expectation that “those numbers will be reflected” in next month’s report. Water Resource Management Group Manager Coffey confirmed MWD “is in discussions with Water Authority staff” and at next month’s meeting, staff will present its analysis used to determine the objective. On a different note, Director Ortega (Fullerton) urged MWD to focus on “system resiliency” and expand its discussion to “everything that’s going on in the system not just what’s going to on with our ability to deliver these emergency supplies.” Following staff’s presentation to the Engineering and Operations Committee, Blois, Peterson, and Ortega spoke in favor of allowing member agencies to utilize MWD’s system under emergency conditions. Ortega added that although MWD “cannot take responsibility for everybody,” it can “account for everybody” to ensure the region is “resilient” during an emergency.

The WP&S Committee also received a report on a potential discounted in-lieu delivery program and a presentation on the voluntary settlement agreement to the State Water Resources Control Board’s Bay-Delta Water Quality Control Plan update, which are summarized in Attachment 1. Additionally, the Board received and discussed an update on MWD’s potential Regional Recycled Water Program and two presentations related to MWD’s conservation programs, which are summarized in Attachments 2 and 3, respectively.

The L&C Committee went into closed session, without the Delegates in attendance, to review the settlement proposal received from the Water Authority and hear a report on the rate litigation.

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5 For more information on MWD’s effort to update its emergency storage objection see the memo “Metropolitan Water District’s Evaluation of Regional Storage Portfolio effort” starting on page 190 of the Water Authority December 2018 Board Packet found here: https://www.sdcwa.org/meetings-and-documents
The Board inducted three new members: Gail Goldberg, representing the Water Authority, and Robert Apodaca and Frank Heldman, representing Central Basin (replacing Phillip Hawkins and Leticia Vasquez-Wilson). Although Goldberg has yet to be assigned to committees, in addition to MWD’s Board meeting, she attended the Communications and Legislation, Conservation and Local Resources, Engineering and Operations, and Legal and Claims committee meetings.

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

Attachments:

Attachment 1 – Discussion Summary of In-Lieu Delivery Program and Bay-Delta Water Quality Control Plan Voluntary Settlement Agreement
Attachment 2 – Discussion Summary of Regional Recycled Water Program
Attachment 3 – Discussion Summary of Conservation Program Items
Attachment 4 – MWD’s committee and Board meeting agendas dated March 11 and 12, 2019
Discussion Summary of In-Lieu Delivery Program and Bay-Delta Water Quality Control Plan Voluntary Settlement Agreement

The Water Planning and Stewardship (WP&S) Committee received a report on a “potential credit to exchange in-lieu deliveries to cyclic storage,” which was followed by an update on the voluntary settlement agreement to the State Water Resources Control Board (State Board) update to the Bay-Delta Water Quality Control Plan (Bay-Delta Plan).

Staff reported that the proposed in-lieu “credit” program aims to increase deliveries of treated imported water during surplus conditions. “In-lieu” of member agencies using local supplies, MWD would pre-deliver treated water to the agencies “in addition to their baseline water purchases for the year,” which MWD assumes would keep the equivalent amount of water in storage. MWD reported that it would undertake a “certification and reconciliation process” to ensure there are increased deliveries to member agencies by looking at their “historical baseline operation” and monitoring “groundwater and surface reservoir activities to show that there is decrease in pulling from their local supplies.” At the time of delivery, the agency would receive a credit, or a discount, of up to $225 per acre-foot to cover the difference between MWD’s treatment surcharge and the agency’s “costs” to take MWD’s treated water, such as those for disinfection and pumping, which are usually lower if an agency instead utilized its local supply. Over a five-year term, the agency would purchase the pre-delivered water at the then-untreated full-service rate. Additionally, staff’s proposal would give MWD’s general manager the authority to enter into cyclic agreements and implement the in-lieu credit program based on water supply conditions.1 Following staff’s presentation, the WP&S Committee discussed the proposed program.

Repeating to Director Smith, Water Resources Management Group Manager Coffey confirmed that MWD would utilize this program as part of its “last suite of actions” to manage surplus supplies. Suggesting the program is trying to “maximize” MWD’s treatment plants, Smith questioned why MWD would not offer a “credit” to store untreated water. Coffey responded that this program assumes “all the available options for surface storage” are “utilized” and agencies lack the capacity to take any additional water except via in-lieu treated water deliveries. Noting that the proposed credit is intended to “offset the increased costs” member agencies incur in storing the water,” Assistant General Manager/Chief Operating Officer Upadhyay indicated MWD is open to considering a credit for untreated water for agencies that have surface storage capacity but would need to “see” the increased costs incurred by these agencies for taking the surplus water.

Director McKenney (Municipal Water District of Orange County) turned to program implementation and in response to his questions, Coffey confirmed the in-lieu program, once activated, would be available for a “few months.” Harkening back to the in-lieu credit MWD offered in 2017, General Manager Kightlinger added “a couple member agencies were not able to participate in the program because by the time we got through the Board process the window closed.” Kightlinger said if MWD “institutionaliz[ed]” the program, then MWD could be more

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1 For more information on MWD’s presentation see the memo “Metropolitan Water District Program Report” starting on page 130 of the Water Authority’s March 2019 Board Packet found here: https://www.sdcwa.org/meetings-and-documents
“nimble,” allowing more member agencies to “take advantage” of the program. Director Pressman (Beverly Hills) encouraged MWD to consider a process to allow the Board to stop the program. Later, Director Faessel (Anaheim) highlighted the “timing” issue Kightlinger referred to and noted the 60-day lag time between when the Board authorized the 2017 in-lieu program and when his city started receiving in-lieu treated water deliveries. Echoing Faessel, Director Ackerman (Municipal Water District of Orange County) said she hoped “we don’t get hung up the way we did in this year” and asked for this item to be finalized next month.

Director Dake (Los Angeles) suggested the program should allow for “timely” implementation, but the Board should “set the [program’s] price and terms,” explaining that many member agencies will not be able to participate in, or benefit from the program. Furthermore, Dake said MWD needs to “assure” the treated in-lieu deliveries are over and above participating agencies “normal” MWD purchases. Kightlinger asked if Dake’s recommendation was to have the Board annually approve the price and terms, or approve the price and terms once and tie the price to the Consumer Price Index. Dake explained that the price and terms for each agency would be different since MWD will “subsidize” their respective net costs and described the “cyclic agreement” as a purchase order that describes when agencies will purchase the delivered water.

Focusing on the cost impacts, Director De Jesus (Three Valleys) asked if the program was revenue neutral for MWD. Upadhyay replied that the program allows MWD to “generate revenue on water that otherwise would have been lost.” Related to the “credit,” Upadhyay said MWD would escalate the initial $225 per acre-foot credit over time. Later, in response to Smith, Upadhyay confirmed the “credit” does not consider losses incurred while storing water and Kightlinger said historically that burden was on the member agencies but implied this policy could change.

On a different note, Director Peterson (Las Virgenes) pointed out that not all member agencies have access to untreated MWD water and requested that MWD treat those agencies “equally.” Kightlinger said the “goal is to try and make this [program] as equitable as possible.” Continuing, he encouraged member agencies to provide input on the program as MWD continues to refine it before returning with a recommendation at next month’s WP&S meeting.

Turning to one of the many moving pieces in the Bay-Delta, Bay-Delta Initiatives Manager Arakawa presented on the voluntary settlement agreement to the State Board’s update of the Bay-Delta Plan. In response to the more stringent flow requirements being implemented and considered by the State Board, some state and federal project contractors, some environmental and other nongovernmental organizations, the Bureau of Reclamation, the Department of Water Resources, and other stakeholders have been working on a voluntary settlement agreement as an alternative to the State Board’s current unimpaired flow criteria approach. The agreement, among other proposals, includes flow and non-flow measures and funding to purchase water for environmental purposes.

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2 For more information on the voluntary settlement agreement and other Bay-Delta activities see “Bay-Delta Flows and Update” starting on page 114 of the Water Authority’s March 2019 Board Packet found here: https://www.sdcwa.org/meetings-and-documents
Following Arakawa’s presentation, Director Hogan asked if state or federal funding for the agreement would offset the funding required by water users. Arakawa explained there are “two components of funding: the water user component and the state component;” any federal funding would offset the state’s share or could be used to fund actions beyond what is currently being contemplated.

Turning to how the State Board would measure progress, Director Smith asked about the baseline that the State Board would use to compare water quality metrics. Arakawa replied that the baseline is current conditions, which are impacted by the State Board’s Decision 1641 (D-1641)\(^3\) and the 2008 and 2009 biological opinions. Related to the voluntary settlement agreement, Arakawa said the “only difference in the baseline” is the inclusion of habitat enhancement. Smith asked if there were any changes expected from the updated biological opinions; Arakawa answered affirmatively. Arakawa also clarified that the voluntary agreement is not “set” – the State Board’s process is ongoing, including evaluation of the agreement. Acknowledging that the agreement is not set, Kightlinger added that it will be “possibly completed” in December.\(^4\) Additionally, he clarified that the federal government completed a biological assessment, a part of the biological opinions update process that is also expected to conclude at the end of 2019.

Focusing on the difference between the voluntary settlement agreement and the State Board’s plan, Director Gold (Los Angeles) noted that the State Board regulates water quality and it cannot “order habitat restoration.” However, Gold said staff’s presentation was “missing” a “side-by-side comparison” of the State Board’s plan and the agreement, including the changes in water quality that are expected to be achieved through both, and requested that this comparison be discussed by the Board later. Additionally, Gold requested staff provide more information on the water quality standards each of the two approaches would achieve and the metrics used to ensure these standards are being met. Describing Gold’s request as “a really appropriate question,” Arakawa said that State Board will complete an “assessment” of how the agreement compares with its proposal. Additionally, Arakawa said as the agreement is further developed, how it would be implemented, including the State Board’s responsibilities, would be defined. Arakawa also noted the State Board, through the Bay-Delta Accord, considers how habitat improvements impact Bay-Delta flow requirements.

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\(^3\) A 1999 decision that was updated in 2000 and implemented Bay-Delta flow objectives to meet the 1995 Bay-Delta Plan.

\(^4\) Earlier, Arakawa reported the agreement needs to be “more fully filled in” by June 1 so the State Board “can stay on track with its process and then be in a position to issue a draft substitute environmental document by September.”
Discussion Summary of Regional Recycled Water Program

At its Engineering and Operations Committee, MWD received a presentation on its potential Regional Recycled Water Program (Program) with the Los Angeles County Sanitation Districts (Sanitation Districts). In February 2019, MWD released a Conceptual Planning Studies Report\(^1\) (Report) describing a phased approach to the Program not previously contemplated, with an estimated capital cost of $3.4 billion for the full-scale program (the previous estimate was $2.7 billion). The Program’s updated concept includes the potential for direct potable reuse (DPR) by considering how to deliver product water to one or two of its water treatment plants; however, the updated cost estimates do not consider the facilities and other costs associated with expanding the Program to DPR. Staff’s presentation provided an overview of this phased approach and an update on the construction of the Program’s demonstration plant, which is scheduled to begin operations and testing in May 2019.\(^2\) Following staff’s update, the Board discussed the Program.

Responding to Director Lefevre (Torrance), Engineering Services Group Manager Bednarski said MWD is discussing how the Program would “fit” with the Water Replenishment District’s (WRD) “plans” and when MWD wrote the Report it did not have updated information from WRD. Noting the Program’s connection to WRD is not contemplated until Phase 2, Bednarski said if WRD and other agencies are prepared to receive the Program’s water then the connection could be “moved up to an earlier phase.” Director Williams (West Basin) said the Program and the city of Los Angeles’ plan to recycle all its wastewater “are running us out of business” and asked, “where do we fit in?” Bednarski said “there’s room for all the players at the table.” Noting the importance of coordinating with other agencies, General Manager Kightlinger said MWD does not want “stranded assets or overlapping that isn’t efficient” and described MWD’s “role” as ensuring “all these projects fit together and work for the entire region.”

Turning to the Program’s DPR potential, Director Peterson (Las Virgenes) questioned why MWD would expand the Program to deliver water to its treatment plants, which would increase product water cost by MWD’s treatment surcharge. Peterson implied that instead, MWD should consider the potential for DPR through surface water augmentation. Related to the Program’s treatment train, Peterson asked if MWD or the Sanitation Districts will be responsible for removing nitrogen from the wastewater being recycled. Bednarski replied that MWD, along with its “partners,” will explore at which part of the treatment process it would make sense to remove the nitrogen. He added that MWD studied multiple ways to remove nitrogen including retrofitting portions of the Sanitation Districts’ plant.

Director McKenney (Municipal Water District of Orange County) surmised including DPR in the Program would “drive the regulation-making process and keep it from lagging indefinitely.” McKenney agreed with Peterson’s points about “efficiency,” but suspected that regulators will require DPR water to have “redundancy in treatment.” Additionally, McKenney suggested that

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\(^1\) Executive Summary found here: \[http://mwdh2o.com/DocSvcsPubs/rrwp/assets/3-rrwp_conceptual_planning_studies_report_executive_summary_only_02212019.pdf\]

\(^2\) For more information on MWD staff’s presentation see memo “Metropolitan Water District Program Report” starting on page 130 of the Water Authority’s March 2019 Board Packet found here: \[https://www.sdcwa.org/meetings-and-documents\]
MWD’s “biggest goal” is not efficiency but “resilience,” which he described as “sometimes” meaning “redundancy” and MWD “having the availability of capacity as a redundancy.”

Director Hogan encouraged that MWD’s demonstration plant be utilized to “build-on the DPR.” Noting that there is space at the demonstration plant so MWD can add additional treatment processes to test if needed, Assistant General Manager/Chief Operating Officer Upadhyay said the demonstration plant is set-up to test an unapproved treatment train and facilitate nitrogen management discussions with the Sanitation Districts. Smith clarified, and Upadhyay confirmed, that additional treatment processes needed for DPR, such as ozone and Biological Activated Carbon, while currently not included in the demonstration plant, could be added to it.

Supporting that MWD keep the door open for the Program to include DPR, Director Gold (Los Angeles) focused on the cost increase in the Program’s product water from about $1,600 per acre-foot to more than $1,800 per acre-foot (which does not include the DPR option). Bednarski attributed the cost spike to increasing the Program’s “whole conveyance system to 84 inches from 60 inches,” incorporating current pricing, and considering “a more conservative approach” for tunneling estimates. Although MWD does not have a “specific breakdown” of those costs, Bednarski said that information can be provided.

Moving forward, MWD plans to provide white papers on the Program this spring and hold Board workshops on the Program in the spring and summer of 2019. In fall 2019, the Board will consider an “action to proceed with [the Program’s] environmental process and engineering support.”
Discussion Summary of Conservation Program Items

During the Conservation and Local Resources (C&LR) Committee, MWD received an update on its conservation programs, followed by a presentation on its progress in implementing the findings from a 2016 peer review of its conservation programs. The first presentation provided a brief update on MWD’s efforts to promote conservation in “disadvantaged communities” (DAC)¹ and then focused on the per capita water use of 119 agencies in MWD’s service area from July 2014 to February 2019. Staff also reported MWD is behind in meeting its 2015 Integrated Water Resources Plan (IRP) conservation goal to subsidize 180,000 acre-feet annually of outdoor water conservation by 2040 through programs like its Turf Replacement Program.

Following staff’s presentation, Director McKenney (Municipal Water District of Orange County) expressed interest in seeing how MWD’s sales and rate increases influence local water use. He suggested that as MWD rates continue to increase, agencies “roll off [MWD] and use their local supplies,” subsequently reducing MWD’s sales and “limit[ing] the revenue that we have available to run our conservation program.”

Director Ortega (Fullerton) said he was not “surprise[d]” that MWD is not meeting its IRP target “as fast as” it forecasted since it has made a lot of strides in conservation. Therefore, Ortega questioned MWD’s future approach to achieving conservation savings and suggested that MWD focus on DAC, surmising that those communities did not get “a lot of funding” from past conservation programs and would have the most opportunity to reduce water use. Ortega encouraged MWD to better coordinate with its member agencies and retail water agencies serving DAC and allow DAC to develop programs that would also “tackle their greatest source of waste and water loss within their communities.” Replying that through its DAC Program MWD is “approaching,” if not turning” the “corner” in its efforts to increase conservation in DAC, staff noted that reaching the end users in DAC is “more difficult” since the majority of community members live in rental properties and have lower outdoor water use. Water Resource Management Group Manager Coffey expressed MWD’s interest “in identifying and finding conservation potential in many communities.” Additionally, Coffey said MWD recognizes that local agencies likely have the “best knowledge” on how to reach DAC, and hopes that through its DAC Program, local agencies will provide insight to help MWD develop “sustainable [DAC] programs.” Through its current efforts to promote conservation in DAC, Assistant General Manager/Chief Operating Officer Upadhyay added that MWD removed some of the Member Agency Administered Program’s requirements to allow agencies to use funds for customized and “more creative” programs.

Related to the slide showing MWD service area’s residential per-capita use since 2014, Director Hogan observed that the per capita water use has declined and is holding steady even after a slight rebound following the 2015 mandatory restriction and asked why this result is not reflected in the IRP conservation progress slide.² Staff responded that the estimated water savings plotted

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¹ In December 2018, the Board approved a three-pronged strategy to increase conservation in DAC consisting of: 1) a regional pilot program that offers rebates of $225 for premium high efficiency toilets installed in pre-1994 multi-family housing; 2) expanding MWD’s support and funding for programs serving DACs through its Member Agency Administered Program; and 3) securing grant funding for DAC conservation programs.

² MWD’s 2015 IRP has a conservation target of achieving 180,000 acre-feet of outdoor water conservation by 2040.
on the IRP conservation progress slide only included “active” water savings (meaning devices or turf replacement), and did not factor in the actual per capita reduction data because it may contain behavior changes. Director Hogan expressed interest in getting “a true picture” of the region’s conservation achievements so the two charts would offer an apples-to-apples comparison – if the per capita reduction is sustained, the conservation resulted from the actual reduction should be included in the IRP conservation progress slide. Not responding to Hogan’s question, staff said the “long-term goal” is “to replace those behavioral savings with structural savings” and C&LR Committee Chair Gold (Los Angeles) suggested any rebound in water use from the drought would serve as a proxy for behavioral conservation.

Transitioning to the next item on the agenda, staff presented an update on how MWD is “doing” in implementing the 11 recommendations from the 2016 peer review of its conservation programs. After staff’s presentation, McKenney expressed his understanding that one of the recommendations was for MWD to update its “base conservation rate”3 (rather than use a market-based approach). Staff replied the recommendation was to “look at” the rate, which MWD has been doing “on a program by program basis.” McKenney expressed apprehension that such an approach is moving MWD away from considering the return on investment of its conservation programs. Disagreeing with McKenney, staff said MWD is being “very fiscally responsible” and by not basing subsidies on the conservation base rate, MWD can do programs such as the ones targeting DAC and removing turf. Gold agreed with McKenney and requested MWD evaluate the rate. Adding to staff’s previous comments, Upadhyay said that the peer review concluded that if MWD had used the base conservation rate to set the subsidy in its Turf Replacement Program then MWD “would never get any activity in it;” therefore, MWD moved towards a “market-based approach” that resulted in an initial subsidy of $1 per square-foot and was raised to $2 once MWD saw the “response” to the initial subsidy. Additionally, Upadhyay said the peer review recommendation was to look at the “devices you want to incentivize and what does it take to actually move those devices.” Gold recalled the peer review provided base conservation rates “examples,” many of which were above MWD’s rate. Stating “in some cases” the peer review did not have base conservation rates, Upadhyay said the focus was on the subsidy that will “move” a program.

Ortega requested MWD explore another area: “what it would take to execute” the conservation programs on smaller scale for MWD’s smaller member agencies. Agreeing that member agencies have different “degree[s] of assistance,” Gold noted that staff does an “amazing job” but said MWD needs more conservation staff. Gold requested MWD assess the need for additional conservation staff to implement and evaluate its programs.

Due to time constraints, the committee deferred a presentation on MWD’s “approaches to encourage local resource development.”

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3 In 2005, MWD established a “base conservation rate” of $195 per acre-feet purportedly based on the costs MWD avoids from securing additional supplies from increased conservation. The Board adopted a policy to limit conservation subsidies to the base conservation rate (or half a program or device’s costs). Recently, the Board has authorized subsidies, such as those in its Turf Replacement Program, that exceed this rate.
Finance and Insurance Committee

Meeting with Board of Directors*

March 11, 2019

9:30 a.m. – Room 2-145

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

2. Approval of the Minutes of the meeting of the Finance and Insurance Committee held February 11, 2019

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   None

* 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.
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Investment Activities February 2019

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.

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Water Planning and Stewardship Committee

Meeting with Board of Directors*

March 11, 2019

10:00 a.m. – Room 2-456

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

2. Approval of the Minutes of the Water Planning and Stewardship Committee held February 11, 2019

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

8-1 Authorize participation in the Lower Basin Drought Contingency Plan on behalf of California; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA
5. BOARD INFORMATION ITEMS

   9-2 Information on Exchange Agreements with Desert Water Agency and Coachella Valley Water District

   9-3 Information on potential credit to enhance in-lieu deliveries to cyclic storage under limited conditions

6. COMMITTEE ITEMS

   a. State Water Resources Control Board Bay-Delta Water Quality Control Plan Proposed Voluntary Settlement Agreement

   b. Update on Metropolitan’s Emergency Storage Objective

   c. Update on Water Surplus and Drought Management Plan

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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Date of Notice: March 1, 2019
Engineering and Operations Committee

Meeting with Board of Directors*

March 11, 2019

12:30 p.m. – Room 2-145

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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. **Approval of the Minutes of the meeting of the Engineering and Operations Committee held February 11, 2019**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   None

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5. TRANSACTIONAL ITEMS

None

6. COMMITTEE ITEMS

a. Capital Investment Plan Quarterly Report for period ending December 2018

b. Regional Recycled Water Program Update

c. Deliveries of Water in Metropolitan's System in an Emergency

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

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Date of Notice: March 1, 2019
Communications and Legislation Committee

Meeting with Board of Directors*

March 11, 2019

2:00 p.m. – Room 2-456

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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 February 11, 2019

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   8-2 Express opposition, unless amended, to SB 1 (Atkins, D-San Diego; Portantino, D-La Canada Flintridge; and Stern, D-Agoura Hills): California Environmental, Public Health, and Workers Defense Act of 2019; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
Express support, if amended, to AB 1220 (C. Garcia, D-Bell Gardens): Metropolitan Water Districts; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Express support, if amended, to SB 62 (Dodd, D-Napa): Endangered Species: accidental take associated with routine and ongoing agricultural activities; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Express support to SB 669 (Caballero, D-Salinas): Water Quality: Safe Drinking Water Fund; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

5. BOARD INFORMATION ITEMS
9-4 Report on Safe and Affordable Drinking Water Initiatives

6. COMMITTEE ITEMS
a. Update on proposed new definition of “Waters of the United States”
b. Update on Metropolitan’s 2018/19 Water Conservation Outreach Campaign
c. Report on activities from Washington, D.C.
d. Report on activities from Sacramento

7. MANAGEMENT REPORT
a. External Affairs Management report

8. FOLLOW-UP ITEMS
None
9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Legal and Claims Committee
Meeting with Board of Directors*
March 12, 2019
9:00 a.m. – Room 2-145

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

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

2. Approval of the Minutes of the Legal and Claims Committee meeting held February 12, 2019

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

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

8-3 Report on *Mary Padres v. Metropolitan Water District of Southern California*, Los Angeles Superior Court Case No. BC698748 and authorize an increase in the maximum amount payable under contract with Seyfarth Shaw LLP for legal services by $150,000 to an amount not to exceed $250,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

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

8-4 Authorize settlement of *The Metropolitan Water District of Southern California v. Desert Milling, Inc., John Frederick Benson, et al.*, LASC Case No. BC687102; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

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

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Review Settlement Proposal received from SDCWA and 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, CGC-17-563350, and CPF-18-516389; 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; and 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

[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: March 1, 2019
Conservation and Local Resources Committee

Meeting with Board of Directors*

March 12, 2019

10:30 a.m. – Room 2-456

* 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 January 8, 2019

3. CHAIR’S REPORT

4. COMMITTEE ITEMS
   a. Conservation Update
   b. Progress Report on Findings: 2016 Conservation Program Peer Review
   c. Update on Approaches to Encourage Local Resources Development
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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Regular Board Meeting  
March 12, 2019  
12:00 p.m. – Boardroom

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

1. **Call to Order**
   
   (a) **Invocation:** Michelle Morrison, Environmental Specialist, Environmental Planning
   
   (b) **Pledge of Allegiance:** “Girls Today Women Tomorrow”

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 February 12, 2019  
   (A copy has been mailed to each Director)  
   Any additions, corrections, or omissions

   B. Induction of new Director Robert Apodaca 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
C. Induction of new Director Gail Goldberg from San Diego County Water Authority

(a) Receive credentials
(b) Report on credentials by General Counsel
(c) File credentials
(d) Administer Oath of Office
(e) File Oath

D. Induction of new Director Frank Heldman 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

E. Approve Commendatory Resolutions for Directors Phillip D. Hawkins and Leticia Vasquez Wilson representing Central Basin Municipal Water District; and Fern Steiner representing San Diego County Water Authority

F. Presentation of Commendatory Resolution for Director Michele Martinez representing the City of Santa Ana

G. Presentation of 5-year Service Pin to Director Steve Blois

H. Report on Directors’ events attended at Metropolitan expense for month of February

I. Approve committee assignments

J. Chairwoman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

B. General Counsel's summary of activities for the month of February
C. General Auditor’s summary of activities for the month of February

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

7. CONSENT CALENDAR ITEMS — ACTION

None

8. OTHER BOARD ITEMS — ACTION

8-1 Authorize participation in the Lower Basin Drought Contingency Plan on behalf of California; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA. (WP&S)

8-2 Express opposition, unless amended, to SB 1 (Atkins, D-San Diego; Portantino, D-La Canada Flintridge; and Stern, D-Agoura Hills): California Environmental, Public Health, and Workers Defense Act of 2019; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)

8-3 Report on Mary Padres v. Metropolitan Water District of Southern California, Los Angeles Superior Court Case No. BC698748 and authorize an increase in the maximum amount payable under contract with Seyfarth Shaw LLP for legal services by $150,000 to an amount not to exceed $250,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&C)

[Conference with legal counsel--existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)
Authorize settlement of *The Metropolitan Water District of Southern California v. Desert Milling, Inc., John Frederick Benson, et al.*, LASC Case No. BC687102; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&C)

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

Express support, if amended, to AB 1220 (C. Garcia, D-Bell Gardens): Metropolitan Water Districts; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)

Express support, if amended, to SB 62 (Dodd, D-Napa): Endangered Species: accidental take associated with routine and ongoing agricultural activities; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)

Express support to SB 669 (Caballero, D-Salinas): Water Quality: Safe Drinking Water Fund; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)

**9. BOARD INFORMATION ITEMS**

9-1 Update on Conservation Program

9-2 Information on Exchange Agreements with Desert Water Agency and Coachella Valley Water District. (WP&S)

9-3 Information on potential credit to enhance in-lieu deliveries to cyclic storage under limited conditions. (WP&S)

9-4 Report on Safe and Affordable Drinking Water Initiatives. (C&L)

**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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COMMITTEE ASSIGNMENTS

None. (Agenda Item 5I)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Authorized participation in the Lower Basin Drought Contingency Plan, as set forth in Board Letter 8-1, and support the State of California seeking Congressional approval of the DCP. (Agenda Item 8-1)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Deferred action on SB 1 (Senate President Pro Tem Atkins D-San Diego and Senators Portantino D-La Canada Flintridge and Stern, D-Agoura Hills): California Environmental, Public Health and Workers Defense Act of 2019. (Agenda Item 8-2)

Expressed support, if amended, to AB 1220 (C. Garcia, D-Bell Gardens): Metropolitan Water Districts. (Agenda Item 8-5)

Expressed support, if amended, to SB 62, Endangered Species: accidental take associated with routine and ongoing agricultural activities. (Agenda Item 8-6)

Authorized the General Manager to express support to SB 669 (Caballero). (Agenda Item 8-7)

LEGAL AND CLAIMS COMMITTEE

Authorized an increase in the maximum amount payable under contract with Seyfarth Shaw LLP for legal services by $150,000 to an amount not to exceed $250,000. (Agenda Item 8-3) (no closed session).

Authorized settlement of The Metropolitan Water District of Southern California v. Desert Milling, Inc., John Frederick Benson, et al. (Agenda Item 8-4) (no closed session).

OTHER MATTERS

Formal introduction at the Board meeting deferred for new Director Robert Apodaca representing Central Basin Municipal Water District. (Agenda Item 5B)

Inducted new Director Gail Goldberg representing the San Diego County Water Authority. (Agenda Item 5C)
Inducted new Director Frank Heldman representing Central Basin Municipal Water District. *(Agenda Item 5D)*

Approved Commendatory Resolutions for Phillip D. Hawkins and Leticia Vazquez Wilson representing Central Basin Municipal Water District; and Fern Steiner representing the San Diego County Water Authority. *(Agenda Item 5E)*

Deferred presenting Commendatory Resolution honoring Michele representing the City of Santa Ana. *(Agenda Item 5F) (Deferred)*

Presentation of 5-year Service Pin to Director Steve Blois. *(Agenda Item 5G)*

**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
March 27, 2019

Attention: Imported Water Committee

Drought Contingency Plan Update (Presentation).

Purpose
This report provides an update on the Colorado River Drought Contingency Plan (DCP) efforts.

Executive Summary
- With the March 19 federal deadline to finalize the DCP looming, DCP stakeholders were busy finalizing agreements and obtaining the necessary approvals over the past month.
- California agencies approved the DCP, including support for proposed federal legislation, but did so without IID, which conditioned DCP participation on securing federal funding for the Salton Sea and making specific changes to the proposed federal legislation.
- On March 19, the seven Basin States formally submitted the package of DCP proposed legislation and agreements to Congress requesting immediate implementation of the DCP.
- Also, on March 19, with the DCP package completed by the deadline, the notice in the Federal Register for alternate actions was officially rescinded.

Background
For several years, discussions have been ongoing amongst the seven Basin States on a DCP, an overlay to the 2007 Interim Guidelines to help build elevation in Lake Mead and reduce the chance of a future shortage declaration. The Secretary of Interior (Secretary) through the Bureau of Reclamation (Reclamation) set an original deadline of January 31, 2019, for the Upper and Lower Basin States to finalize their respective DCP components. While the Upper Basin and Nevada completed their approvals and much progress was made, Arizona and California did not secure the required approvals by the January 31 deadline. In response, the Secretary published a notice in the Federal Register soliciting specific recommendations from each of the Basin States on alternative actions to reduce risks to the basin. This notice established a new deadline of March 19 and included additional consequences such that if the DCP was not complete by the deadline, the Secretary would then proceed with alternative actions.

Discussion
Arizona and California have now completed the necessary requirements to finalize the federal DCP package. California completed its suite of DCP agreements and approved the proposed language for the federal legislation required to implement the DCP. For California, DCP stakeholder participation and agreements have been updated to no longer include IID. IID opted not to participate in the DCP at this time based on federal funding not having been secured for the Salton Sea via the 2018 Farm Bill and concerns regarding the proposed federal legislation language. On March 12, MWD approved covering IID’s 250,000 acre-feet share of the DCP, so that the DCP could continue to move forward. Also, on March 12, Coachella Valley Water District (CVWD) approved the new Intentionally Created Surplus (ICS) exhibits and an updated
March 27, 2019
Page 2 of 2

intrastate agreement with MWD. Under the updated agreement, a DCP ICS subaccount with
MWD will be established for CVWD. CVWD also adopted a resolution of support for the
proposed federal legislation with revisions to address concerns over water rights. Arizona also
made progress on the DCP. While it still has intrastate agreements to finalize, Arizona has been
able to move forward with its support for the proposed federal legislation and interstate
agreements.

On March 18, the Colorado River Board of California held a special meeting and approved an
action authorizing its Chair to sign a seven Basin States letter on behalf of California requesting
advancement of proposed federal legislation that included revisions similar to CVWD’s and DCP
agreements to Congress. On March 19, the seven Basin States representatives signed the letter and
submitted the entire DCP package to Congress. Reclamation, in turn, rescinded its notice in the
Federal Register. The Senate Energy and Natural Resources Committee, Subcommittee on Water
and Power, and House of Representatives Committee on Natural Resources, Subcommittee on
Water, Oceans, and Wildlife DCP hearings will take place on March 27 and 28, respectively.

Meanwhile, next steps toward finalization and implementation of the DCP and ongoing activities,
some of which will occur on a parallel path, include:

- Congressional oversight DCP hearings
- Identification of a bill to attach the proposed federal DCP legislation
- Congressional approval of the designated bill and signing by the President into law
- Execution of the DCP agreements by the Secretary and Basin States parties
- A 100-day notice upon finalization of the DCP required per Minute 323 from the United
  States to Mexico for the Binational Water Scarcity Contingency Plan (Mexico’s version of
  the DCP) to go into effect
- Integration of the U.S. DCP and Binational Water Scarcity Contingency Plan into 2020
  Colorado River operations
- Finalization of Arizona’s various intrastate agreements
- IID’s efforts to secure federal funding for the Salton Sea and potential future participation in
  the DCP

While Reclamation’s Colorado River updated hydrology modeling released last week now shows a
reduced probability of shortage for 2020, the DCP will continue toward finalization so that it may
be integrated into 2020 Colorado River operations as planned. A full Colorado River hydrology
update will be provided next month and will also include an update on these DCP efforts.

Prepared by: Kelly Rodgers, Director of the Colorado River Program
Reviewed by: Dan Denham, Assistant General Manager
Approved by: Sandra L. Kerl, Acting General Manager