Congressional Response to COVID-19

Congressional Schedule. The House, which was originally scheduled to be in recess and remain in their districts until April 20th, has announced that it will push back its return date to May 4th. The Senate is also currently in recess until May 4th. Additionally, the Architect of the Capitol announced that it is extending the closure of the Capitol grounds to the public until May 1st.

Members Send Letter to Leadership Asking for Nationwide Moratorium on Utility Shutoffs. A group of Members in both the House and the Senate sent a Dear Colleague letter this week to House and Senate leadership asking for a nationwide moratorium on utility shutoffs. The letter is asking for the moratorium to last for 6 months beyond the end of the national state of emergency. The letter also asks for the federal government to provide support for utilities for operations but with no specifics on the amount.

Temporary Changes to Hearings and Voting Under Consideration. House Leaders continue to discuss recommendations to allow “temporary, low-tech” remote voting. One of the options being discussed is proxy voting which would allow an absent member to designate a colleague to vote on their behalf. Additionally, former Members of Congress have been recruited to test the logistics and pitfalls of holding remote hearings to allow Congress to move forward with their work virtually. In the Senate, the Commerce, Science, and Transportation Committee has held a “paper” hearing where lawmakers and witnesses submit written questions and statements to a website.

Speaker Pelosi Announces the Creation of a New Select Committee on the Coronavirus Crisis. On April 2nd, House Speaker Nancy Pelosi (D-CA) announced the creation of a new Select Committee which will provide bipartisan oversight ensuring that the over $2 trillion that Congress has dedicated to the COVID-19 pandemic, and any future funding, are spent wisely and effectively. The Committee will be chaired by House Majority Whip Jim Clyburn (D-SC).
White House and Federal Agency Actions to COVID-19

White House Extends Social Distancing Guidelines Through the End of April. On March 29th, President Trump announced that the federal government would be extending the social distancing guidelines until at least April 30th. During his announcement, he urged Americans to continue avoiding nonessential travel, going to work, eating at bars and restaurants, and gathering in groups of more than ten people.

White House Issues Guidance for Opening the U.S. Economy. The White House has issued guidance to Governors on how to begin reopening the economy. The guidance suggests a three-phase reopening process once they document a “downward trajectory” in COVID-19 cases. The guidelines recommend that employers develop and implement social distancing practices, temperature checks at workplaces, testing for the virus and increased sanitation and use of disinfection. The guidelines also recommend employers ask “symptomatic” workers to be cleared to return to work by their doctors.

White House Gives Guidance to Federal Agencies about Employees Returning to the office. The White House Office of Management and Budget issued guidelines to federal agencies to begin to plan for employees to return to their offices. The memo provides each agency with the flexibility to create their own plans to reopen which include telework policies. Additionally, the Office of Personnel Management will create and maintain a tracking website to display the operating status of all federal agencies.

White House Forms Congressional Task Force to Advise on Reopening the Economy. The White House has invited a bipartisan group of lawmakers to participate in a task force to help address the question of when and how the country should return to normal amid the COVID-19 pandemic. The following Members have been invited to join the task force.

HOUSE OF REPRESENTATIVES

Rep. Derek Kilmer (D-WA)        Rep. Andy Biggs (R-AZ)
Rep. Stephanie Murphy (D-FL)    Rep. Tom Suozzi (D-NY)

MEMBERS OF THE SENATE

Sen. John Barrasso (R-WY)      Sen. Tammy Duckworth (D-IL)
Sen. Rob Portman (R-OH)        Sen. Dick Durbin (D-IL)
Sen. Joni Ernst (R-IA)         Sen. Dianne Feinstein (D-CA)
Sen. Josh Hawley (R-MO)        Sen. Maggie Assan (D-NH)
CISA Issues Guidance 2.0 on the Essential Critical Infrastructure Workforce During COVID-19 Response. On March 28th, the Cybersecurity and Infrastructure Security Agency (CISA) issued updated guidance to help state and local officials as they work to protect their communities, while ensuring continuity of functions critical to public health and safety, as well as economic and national security. This list is advisory in nature. It is not, nor should it be considered, a federal directive or standard. Additionally, this advisory list is not intended to be the exclusive list of critical infrastructure sectors, workers, and functions that should continue during the COVID-19 response across all jurisdictions. Individual jurisdictions should add or subtract essential workforce categories based on their own requirements and discretion.

EPA Announces Resources for State, Local, and Tribal Governments. The Environmental Protection Agency (EPA) updated its COVID-19 website to include new resources for state, local, and tribal agencies, and intergovernmental associations. The new website includes information on grants, enforcement and compliance programs, water infrastructure, and other tools and will be updated regularly.

FY21 Appropriations Update

To date, neither the House nor the Senate Appropriations Committees have made changes to the Member deadlines for requests; however, Congress has yet to hold any FY21 appropriations hearings or markups. Congressional appropriators have indicated that they expect the FY21 appropriations bills will look similar in size and content to the FY20 appropriations bills. The House is still aiming to pass all its FY21 appropriations bills off the floor by the end of June, if the chamber is able to return to Washington on May 4th. House Majority Leader Steny Hoyer (D-MD) has also stated that the House Appropriations subcommittees have each received their FY21 top-line funding levels for their respective bills. The Senate Appropriations Committee has yet to provide its top-line funding levels to its subcommittees.
Final WOTUS Rule Published in the Federal Register

On April 21st, the final Army Corps of Engineers (Corps) and Environmental Protection Agency (EPA) “Waters of the United States” (WOTUS) rule was published in the federal register. The final rule, which is now called the “Navigable Waters Protection Rule” (NWPR), was originally announced back in February and slated to become effective 60 days after it was formally published in the federal register. The rule will now go into effect on June 22nd. The release of the NWPR completes step 2 of the President’s 2017 Executive Order regarding the withdrawal and replacement of the 2015 Obama WOTUS rule.
April 22, 2020

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report. (Information)¹

Purpose
This report summarizes activities of interest at the Metropolitan Water District (MWD) committee and Board meetings. This report includes MWD Board activities from April 13 and 14, 2020. The MWD Board will meet next on April 28 and May 11 and 12.

Discussion
The Water Authority Delegates (Delegates) supported 3 of the 7 action items approved by the MWD Board at its April 2020 meeting.² MWD Board items of interest to the Water Authority were:

- Approved the fiscal years 2021 and 2022 biennial budget; adopted resolutions fixing and adopting calendar years 2021 and 2022 water rates and charges; adopted the resolution finding that the ad valorem property tax rate limitation of MWD Act Section 124.5 is not “applicable” for fiscal years 2021 and 2022;
- Appropriated $500 million for projects identified in the fiscal years 2021 and 2022 Capital Investment Plan (CIP); and
- Authorized initiation of litigation to challenge the Final Environmental Impact Report, the new California Endangered Species Act incidental take permit for long-term operations of the State Water Project (SWP), and potential other claims against the State.

The Finance and Insurance Committee considered staff’s modified rate options for calendar years 2021 and 2022, following several member and retail agencies’ requests for MWD to reduce its original recommendation as a result of COVID-19 crisis. Staff’s recommended “Option 1,” which would increase MWD’s “overall” rate to 3 percent in calendar year 2021 and 4 percent in calendar year 2022; both reduced from the original recommended 5 percent per year. These “reductions” were achieved by shifting 50,000 acre-feet of untreated water sales to treated sales to reflect anticipated impacts of per-and polyfluoroalkyl substances, or PFAS, on retail agencies, reducing budgeted CIP expenditures by $25 million in fiscal year 2021 (with the biennial CIP appropriation remaining at $500 million, $75 million above the budgeted amount), and reducing Pay-As-You-Go funding to $110 million from $135 million in fiscal year 2021. (During the current biennium, MWD has implemented its CIP based on its $500 million CIP appropriation rather than the CIP’s $400 million budget, resulting in MWD issuing unplanned

¹ This document provides a summary of certain discussions as summarized and understood by Water Authority staff. It is not intended to be any form of official transcript.
² The Delegates recused themselves on an item increasing the maximum amount payable under contract with Hanson Bridgett LLP for legal services by $100,000 to an amount not to exceed $200,000 regarding litigation between Food and Water Watch, Center for Food Safety, and MWD. MWD General Counsel Scully advised the Delegates that they could not be “included in any closed session discussion or vote on the item” since the Water Authority engaged in the case.
Ultimately, the Board approved Option 1 with two amendments:

1. “No later than its September 2020 meeting, the Board will review the budget and rates to consider the impacts resulting from the COVID-19 crisis; and
2. Staff is directed to revisit and consider the following issues for the 2021 and 2022 biennial budget cycle of fiscal years 2020/21 and 2021/22 by August 31, 2020:
   a) Factor for unrealized staffing levels;
   b) Consider revisiting advance recruitment for overlapping staffing positions, as part of succession planning;
   c) Match CIP appropriations to the slowdown in expenditures;
   d) Suspend the director inspection trip program;
   e) Suspend fleet vehicle purchases; and
   f) Plan for strategic use of reserves and financing.”

Before the Board’s approval, 13 people provided public comment urging MWD to consider additional rate relief and to not adopt the modified rate increases. After an unsuccessful attempt to defer the rate adoption to May so further budget and rate cuts may be considered, the Delegates, along with Directors Ramos (Burbank), Ballin (San Fernando), Quinn (Los Angeles), and Repenning (Los Angeles), opposed the rate increases.

The Engineering and Operations Committee received a presentation seeking Board approval to appropriate $500 million for fiscal years 2021 and 2022’s CIP and authorize the General Manager to proceed with all work identified in the CIP. Staff’s recommended CIP appropriation exceeds the CIP budget by $75 million. The Delegates opposed this item since the appropriated amount did not match the budget amount, which could potentially set MWD up to exceed its budget, thus, necessitating the issuance of unplanned debt, use of reserves, or a combination of the two. Attachment 1 summarizes these presentations and the subsequent discussions.

At the March 2020 Board meeting, Kightlinger announced his plan to “step down” at the end of 2020. Subsequently, Chairwoman Gray sent a memo to the Board announcing the establishment of a General Manager Selection Committee (Selection Committee) to “oversee” the General Manager selection process. In the memo, Gray describes she will chair the Selection Committee, which includes six other members of the Executive Committee. The Water Authority is not represented on the Selection Committee. Attachment 2 summarizes the Board’s discussion of the Selection Committee.

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3 The Delegates’ April 9, 2020 letter regarding MWD’s proposed budget and rates is found here: https://mwdprograms.sdcwa.org/wp-content/uploads/2020-04-09-WA-Del-Ltr-re-MWD-8-1-Budget-Rates.pdf


5 Members in addition to Gray are Directors Ackerman (Municipal Water District of Orange County), Atwater (Foothill), Kurtz (Pasadena), Murray (Los Angeles), Ramos (Burbank), and Record (Eastern).
In response to a prior request from Directors Ortega (Fullerton) and Quinn (Los Angeles), at the Legal and Claims (L&C) Committee meeting, Bay-Delta Initiatives Manager Arakawa presented on the State Water Contractors (SWC), its procedures to intervene or initiate litigation, and MWD’s role in that process. In March the SWC intervened in the litigation filed by the State of California against the federal government’s 2019 biological opinions for the coordinated long-term operations of the SWP and Central Valley Project. At the March MWD Board meeting, Director Ortega expressed concern about “inference” in press coverage of the SWC’s petition that MWD supported that action, yet the MWD Board had not acted to engage in this litigation or provided direction to its SWC representatives on the matter.

Following Arakawa’s presentation, Ortega asked how MWD selects its representative on the SWC Board. Arakawa said MWD’s “executive management—both [General Manager] Kightlinger and [Assistant General Manager/Chief Operating Officer] Upadhyay” decide who represents MWD on the SWC Board but did not say who represents MWD, nor did anyone seek clarifications on why this assignment does not warrant Board approval.

The L&C Committee then went into closed session to discuss staff’s recommendation to initiate litigation to challenge the Final Environmental Impact Report, the new California Endangered Species Act incidental take permit for long-term operations of the SWP, and potential other claims against the State. Ultimately, the Board narrowly approved staff’s recommendation, with 52.08 percent support. The Delegates and Director Cordero (Long Beach) abstained on the item while the Los Angeles Delegation (Director Quinn recused herself) along with Directors Abdo (Santa Monica) and Solorio (Santa Ana), opposed the item.

Attachment 3 is a copy of MWD’s April 2020 committee and Board meeting agendas and Board summary.

Prepared by: Megan Couch, Assistant Management Analyst
Reviewed by: Engineering and Operations Committee by Tim Smith
              Finance and Insurance Committee by Gail Goldberg & Tim Smith
              Legal and Claims Committee by Gail Goldberg & Tim Smith

Attachments:
Attachment 1 – Discussion Summary of MWD’s Biennial Budget and Rates
Attachment 2 – Discussion Summary of MWD General Manager Selection Committee
Attachment 3 – MWD’s committee and Board meeting agendas dated April 13 and 14, 2020 and Board summary dated April 14, 2020

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6 More information on the Directors’ request and the 2019 federal biological opinions litigation is found in the MWD Delegates’ Report memo starting on page 6 in the Water Authority’s March 2020 Board supplemental materials found here: https://www.sdcwa.org/meetings-and-documents.

7 For more information on Bay-Delta issues, including this litigation, see the Bay-Delta Update memo starting on page 208 in the Water Authority’s April 2020 Board packet found here: https://www.sdcwa.org/meetings-and-documents.
Discussion Summary of MWD’s Biennial Budget and Rates

During the April 2020 Finance and Insurance (F&I) Committee and Board meetings of the Metropolitan Water District (MWD), the Board adopted resolutions fixing and adopting calendar years 2021 and 2022 water rates and charges; the fiscal years 2021 and 2022 biennial budget, including the associated Capital Investment Plan (CIP), revenue requirements, and 10-year forecast; and a resolution finding that the ad valorem property tax rate limitation of MWD Act Section 124.5 is not “applicable” because it is essential to MWD’s fiscal integrity to collect ad valorem property taxes in excess of the limitation.

During the F&I Committee meeting’s public comment portion, the president of American Federation of State, County and Municipal Employees Local 1902, the labor union representing MWD staff, expressed support for the proposed budget and rates. Prior to staff’s presentation on the item, Kightlinger acknowledged MWD received several comment letters asking for a decrease or deferral of rate increases due to the impacts of COVID-19 and one letter in support of the proposed budget. He said after hearing member and retail agencies’ requests, he directed staff to find ways to lower the rate impacts from the previous February proposal, and that staff’s proposals keep the budget “intact.” He emphasized staff believes MWD needs to adopt a budget and rates this month to “continue to keep Metropolitan strong if we’re going to be in position to help our region, to help our economy, to move projects, and to help our member agencies as they deal with the impacts.”

Chief Financial Officer Kasaine then provided a presentation related to the proposed revised 2021 and 2022 budget, rates, and charges. Initially, staff proposed annual 5 percent “overall” rate increases, a $500 million biennial CIP appropriation funded at 90 percent for a total of $450 million in CIP expenditures, and 60 percent of the CIP, or $135 million annually, to be Pay-As-You-Go (PAYGo) funded. In April, staff presented three budget and rates options. Staff’s recommended Option 1 would shift 50,000 acre-feet of water sales from untreated to treated sales (to consider PFAS regulations), reduce budgeted CIP expenditures by $25 million in fiscal year 2021 (with its appropriation remaining at $250 million, $50 million above budget), and reduce PAYGo funding to $110 million from $135 million in fiscal year 2021. Staff reported these modifications would result in an “overall” rate increase of 3 percent in calendar year 2021 and 4 percent in calendar year 2022. Option 2 would implement the same changes as Option 1 but would delay rate increases for sixth months, resulting in 5 percent “overall” rate increases in July 2021 and again in January 2022, and a $79 million draw on reserves. Option 3 was to take no action in April and have staff return in May or June 2020 with further revisions for the Board’s consideration.

Following the presentation, F&I Committee Chair Quiñonez (Los Angeles) and F&I Committee Vice Chair Record (Eastern) expressed support for Option 1, emphasizing that the Board could reevaluate the budget later when more is known about the impacts of COVID-19 response. Record also said MWD should “moderately” raise rates to avoid larger rate impacts later, noting

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1 This document provides a summary of certain discussions as summarized and understood by Water Authority staff. It is not intended to be any form of official transcript.
2 The 12 letters and emails sent to MWD and MWD’s responses are found here: [http://mwdh2o.com/WhoWeAre/Pages/FY-2020-21-and-2021-22-CY-2021-22.aspx](http://mwdh2o.com/WhoWeAre/Pages/FY-2020-21-and-2021-22-CY-2021-22.aspx)
that there are future capital and demand management programs that will need funding. Director Barbre (Municipal Water District of Orange County (MWDOC)) agreed with Record and added that it is important for MWD to remain financially stable, because that “stabilizes the water market in Southern California.” Director Blois (Calleguas) indicated support for Option 1 and said to maintain stability, MWD must have “slow but steady and predictable” rate increases even though he realizes “this is going to create hardship for a lot of folks in our service area.” Director Dick (MWDOC) agreed, adding MWD’s fiscal integrity “is our primary responsibility.”

Director Faessel (Anaheim) proposed two amendments to Option 1:
1. “No later than August 31, 2020, the Board will review the budget and rates to consider the impacts resulting from the COVID-19 crisis and
2. Staff is directed to revisit and consider the following issues for the biennial budget cycle of fiscal years 2020/21 and 2021/22 by August 31, 2020:
   a) Factor for unrealized staffing levels;
   b) Consider revisiting advance recruitment for overlapping staffing positions, as part of succession planning;
   c) Match CIP appropriations to the slowdown in expenditures;
   d) Suspend the director inspection trip program;
   e) Suspend fleet vehicle purchases; and
   f) Plan for strategic use of reserves and financing.”

Director Ortega (Fullerton) moved adopting Option 1 with Faessel’s amendments (with a second from Faessel). Ortega argued that the motion would provide the Board flexibility to revisit the budget before fall and avoid postponing approval of the budget, which could negatively impact MWD’s credit rating (he did not elaborate on this point). He also said it would allow MWD to monitor its member agencies’ fiscal health, adding member agencies’ inability to pay would also have a negative impact on MWD’s credit rating. Kightlinger commented that “almost all” of MWD’s current expenditures are on “essential” items, and with August only one month into the fiscal year, MWD would have limited information on how the fiscal year is shaping up. (While it would be one month into the fiscal year, August would be about 6 months after the initiation of the stay-at-home orders and other responses to the COVID-19 crisis.)

Director Goldberg appreciated staff’s effort to reduce rate impacts but advocated for further cost reductions (as expressed in the Delegates’ letter). She noted MWD’s “overall” rate increase does not reflect the impact on individual member agency’s MWD costs, and that MWD’s proposed rate increase in 2021 translates to at least twice that for San Diego ratepayers. She asked MWD to consider additional cost cutting measures; for example, MWD could reduce its supply program costs by using water in its record high storage “without any material impact on our operations or service.” Goldberg urged MWD to do “everything we can to be part of the solution.” Ortega said the Board needs to protect MWD’s “financial integrity,” while also considering effects on member agencies, and he believed his motion accomplished both. Director Quinn (Los Angeles) agreed with Ortega and expressed her support for his motion. Director Ramos (Burbank) agreed with Goldberg and asked MWD to delay adopting rates,

noting Burbank has committed to not pass MWD rate increases to its customers to lessen COVID-19 impacts.

Director Smith noted efforts his home agency—the Otay Water District—is taking to reduce rate impacts on its ratepayers and said MWD’s “$3.9 billion budget doesn’t go far enough for our customers.” He asked MWD to identify CIP projects to defer, considering retail agencies’ plan to delay essential projects in response to the pandemic’s financial impacts. Smith questioned how the revised rate increases relate to the proposed budget, specifically noting that although MWD’s treated water sales assumption was increased, treatment costs were not increased (to reflect the additional costs of chemicals and other treatment expenses) and that although the PAYGo funding was reduced there was no significant reduction in the System Access Rate. Staff noted that the System Access Rate was reduced by $1 per acre-foot (0.3 percent) and that rates “moved around a bit depending on how they were affected by the decrease in capital financing costs associated with the $25 million reduction in PAYGo.” Staff acknowledged that the only thing that changed to impact the Treatment Surcharge was the denominator got larger by assuming more treated water sales but did not answer why the variable costs like chemical and power did not go up proportionally. Smith emphasized that the Board should do “everything [it] can to support the people of Southern California,” and supported Option 3. Later, Director Ballin (San Fernando) agreed with Smith and Ramos’ comments. She added MWD needs “to sharpen its pencil” given the uncertainty surrounding people’s ability to pay their water bills, considering they are struggling to pay rent now.

Director McKenney (MWDOC) said he supports Ortega’s motion even though the timing “seems pretty aggressive” and asked if approving a budget with the intention of reevaluating it shortly after its implementation would affect how financial markets view MWD. Kasaine replied that it “would be problematic, especially when we’re going to market within the next month.” McKenney said that is a “significant concern” and could “endanger MWD’s ability to get the best deals…on Wallstreet.” Faessel said under the circumstances, it is “wise” to adopt the budget but include “explicit direction” for MWD to reevaluate its financial condition over the next few months. On a different note, Director Peterson (Las Virgenes) suggested that there is legislation that allows MWD member agencies to pass through MWD’s rates and charges for up to five years, implying the impact of MWD increases on retail agencies would not be significant.

Director Kurtz (Pasadena) supported looking at reducing costs later, but suggested revisiting the rates and budget in October, after the end of fiscal year 2021’s first quarter, so the Board has more information. Ortega replied that the Board should adapt quickly to the pandemic’s financial effects on member and sub-agencies and whether they will be able to absorb the impacts of rate increases, so the review should take place in August. Faessel agreed with Ortega.

The committee ultimately approved Option 1 as amended by Ortega and Faessel with nine of its 12 members supporting the action; Smith, Goldberg, and Ramos opposed it.

Later that day, the Engineering and Operations Committee considered appropriating $500 million for projects in the biennial CIP and authorizing the General Manager to initiate or proceed with work on those projects. The appropriation amount is $75 million more than the biennial CIP budget that was approved by the F&I Committee. (During the current biennium,
MWD has implemented its CIP based on its $500 million CIP appropriation rather than the CIP’s $400 million budget, resulting in the issuance of unplanned debt to cover unbudgeted CIP costs.) During its presentation, staff said all the proposed CIP projects are “needed,” and referred to its effort to prioritize CIP projects. Ortega asked for a summary of how CIP projects are prioritized before August. Blois supported the item, adding the CIP could help stimulate jobs. Smith asked whether the amount appropriated affects the amount MWD will seek in bonds, and Assistant General Manager/Chief Operating Officer Upadhyay said it does not; bond issues are determined by Board discussions on funding the CIP through PAYGo or debt.

At the next day’s Board meeting, 13 members of the public provided comments opposing the proposed rate increase, including residents in MWD’s service area and the Board President of Rancho California Water District. Chairwoman Gray opened the budget discussion by expressing support for the F&I Committee’s recommendation, which she believed would protect MWD’s fiscal integrity and “reflects the fact that Metropolitan is sensitive to what’s going on in the real world.” Kightlinger suggested the budget includes cost cutting measures and emphasized that new rates won’t go into effect until January 2021. He said the Board can revisit the budget in August and if COVID-19 impacts have worsened MWD can take “more drastic actions.”

Ballin repeated her concerns about raising rates given the economic impact of the pandemic on ratepayers, asking that rates remain unchanged through July 2021 with smaller increases thereafter. She said, “the rest of us are going to have to make less money work for the next few years by being creative,” so MWD should do the same. Smith noted the proposed budget shifts around cost recovery rather than reducing costs. He observed that the budget proposes an increase in the Water Rate Stabilization Fund (in fiscal year 2022) while MWD’s member agencies have indicated they will need to use reserves to offset MWD’s rate increase and repeated his concern with MWD’s insufficient response to the pandemic. He made a substitute motion to support Option 3, delaying adoption of the budget until May or June to further reduce costs; Ballin seconded his motion.

Quinn expressed her support for Smith’s motion, saying the public comments made her aware of the financial stress that higher utility bills will cause ratepayers, and Governor Newsom’s new announcement of “rolling re-openings over the next 30 days” could provide new information to inform the budget and rate setting process. Goldberg supported Smith’s substitute motion and reiterated that the rate increase would have an “unacceptable” effect on San Diego ratepayers and MWD should do more to trim its budget to “more clearly reflect the economic crisis.” Ramos also expressed support for making immediate budget cuts.

McKenney disagreed with the need for immediate cost savings, saying by the time the rate increase takes effect, the economy may be recovering. He said the budget provides a “realistic projection” of operating costs on which member agencies can base their own budgets, and “there may be bailouts or support available” to struggling agencies. He emphasized that MWD needs to plan for the future, not “[overreact] to immediate concerns.”

Ortega said that the conditions around the pandemic are “fast-moving” and it would be “prudent” to wait until August to get a better idea of its impacts to ensure MWD’s actions match the needed
response. He added if he thought a majority of the Board would support Option 3, he might consider that, but there could be unintended consequences to budget reductions, such as “[sacrificing] Metropolitan’s…budget stability and credit ratings.” Director Pressman (Beverly Hills) expressed concern that MWD may appear “tone-deaf” if it does not act appropriately and supported Option 1, which he indicated is adequate given the circumstances.

Gray called a vote on Smith’s substitute motion, which did not pass, gaining 38.9 percent (from Directors Ballin, Murray (Los Angeles), Quinn, Ramos, Repenning (Los Angeles), and the Water Authority delegation).

Following the vote, Ortega clarified that the committee’s recommendation should direct staff “to revisit and consider these issues in the budget and rates by August 31 and the expectation is they would report at the meeting in September.” Kightlinger said staff will develop a report by August 31 and refer it to the Board for action by September.

Director Solorio (Santa Ana), who submitted a letter requesting MWD defer and decrease rate increases,4 said he almost voted for Option 3, but MWD must “make sure that the water is there, that the infrastructure is solid, and that our credit rating is as best as it can be” and supported the committee’s recommendation. He advocated that MWD consider including local hiring provisions in its CIP projects to support the local economy, which Director Butkiewicz supported.

Taking a different tone from the prior day’s discussion, Peterson “challenge[d]” staff to “be as creative as you can in keeping us from having to raise rates.” Gray called for a vote on the committee’s recommendation with the clarification that Board action to review rates and the budget be taken no later than September 2020. The motion passed with 63.3 percent support (the Delegates along with Directors Ballin, Quinn, Ramos, and Repenning opposed the action).

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4 Solorio’s April 10, 2020 letter is found on page 19 of correspondence to MWD: http://mwdh2o.com/WhoWeAre/Pages/FY-2020-21-and-2021-22-CY-2021-22.aspx
Discussion Summary of MWD General Manager Selection Committee

Via memo, on April 6, Metropolitan Water District (MWD) Chairwoman Gray (West Basin) announced the formation of a General Manager Selection Committee (Selection Committee). Gray’s memo stated that the Selection Committee would be tasked with:

- Selecting an executive search firm;
- Preparing the job description and brochure materials;
- Initial screening of applications;
- Conducting initial interviews; and
- Selecting finalists, including scheduling interviews, for full Board interviews.

The committee will be chaired by Gray and include six additional members from MWD’s Executive Committee: Directors Ackerman (Municipal Water District of Orange County (MWDOC)), Atwater (Foothill), Kurtz (Pasadena), Murray (Los Angeles), Ramos (Burbank), and Record (Eastern).

Following the Chairwoman’s Monthly Activity Report at the April 2020 Board meeting, Director Ortega (Fullerton) asked Gray if the Board would approve the Selection Committee. Gray said she believed the “chair had the ability to select a committee for recruitment purposes of the next general manager.” General Counsel Scully supported Gray’s comment, saying the Selection Committee is similar to an ad hoc committee, a “short-term committee for a specific purpose.” Ortega said he had concerns about “gaps” in the “composition of the committee” and encouraged the general manager selection process be “transparent.”

Director Treviño (Upper San Gabriel) agreed with Ortega that the process needed to be transparent and suggested the process should “come before the Executive Board for discussion.” He wondered why the Organization, Personnel, and Technology (OP&T) Committee would not spearhead the general manager selection process, as it was the Committee that handled the selection of the current general manager. Gray alluded to Scully’s private response to a similar question from OP&T Committee Chair Murray (Los Angeles) and asked her to reply. Scully said in the past, the general manager recruitment processes have been led by both the OP&T committee and special committees selected by the chair. Gray said her “board letter was very transparent,” and the Selection Committee is “well-balanced” and “reflective of demographics.” She added “the full Board will have the opportunity to select the next general manager” and welcomed Board input. Later in the meeting, Treviño asked why Gray chose to establish the Selection Committee. Gray said after researching and talking to Human Resources staff, she “chose to select from the Executive Committee” and “thought it was important to reflect the leadership of the Board.”

Murry noted that the standing Personnel Committee managed the selection of the current general manager, and the Selection Committee “cannot be better representative of Met than [the OP&T

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1 This document provides a summary of certain discussions as summarized and understood by Water Authority staff. It is not intended to be any form of official transcript.
2 Gray’s April 6 memo is found here: https://mwdprograms.sdcwa.org/wp-content/uploads/2020-04-06-MWD-Chair-Succession-Plan-Memo-to-Board.pdf
Committee].” He said the recruitment and selection process “should be handled” by the OP&T Committee and requested that “this matter” be placed on the April Executive Committee agenda.

Director Solorio (Santa Ana) said he worried about “transparency” and asked if the Selection Committee members were listed on MWD’s website. Kightlinger said staff could publish the information on the website if the Chairwoman wished; Gray indicated she did.

Director Smith asked Gray to comment on the lack of Water Authority members on the Selection Committee and asked if the committee was designed to avoid having to comply with the Brown Act, thus, limiting its “openness.” (Three of the Water Authority’s four MWD Delegates are members of the Executive Committee, but none is on the Selection Committee.)³ Gray answered that she was “concerned about the Brown Act” and reiterated that membership of the Selection Committee was balanced.

Director Peterson (Las Virgenes) said he felt “very comfortable” with the Selection Committee, and that its meetings would be open for “anyone” to attend and participate. However, Gray did not confirm that the Selection Committee meetings will be open to other Board members, since she expressly stated the membership selection was done to avoid the Brown Act notice requirement. Director Barbre (MWDOC) voiced his support of the Selection Committee and concern that the OP&T Committee “would constitute a fully weighted majority of the Board, and that may pose some other issues.”

Later, Murray requested the general manager recruitment process also be placed on the May 2020 OP&T agenda. Ortega indicated he was prepared to second a motion if needed to place the item on that agenda. Scully said action to place the recruitment process on the OP&T Committee’s agenda may occur at the Executive Committee on April 28.

³ A complete list of the Executive and other MWD Committee membership is found here: http://www.mwdh2o.com/PDF_Who_We_Are/1.3_Committee_Lists.pdf
Finance and Insurance Committee

Meeting with Board of Directors*

April 13, 2020

10:00 a.m.

Live streaming is available for all board and committee meetings on our mwdh2o.com website (Click to Access Board Meetings Page)

Public Comment Via Teleconference Only:
Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference only. To participate call (404) 400-0335 and use Code: 9601962.

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 March 9, 2020

3. CONSENT CALENDAR ITEMS — ACTION

7-2 Adopt resolution for Rancho Corrido Annexation to San Diego County Water Authority and Metropolitan; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
4. OTHER BOARD ITEMS — ACTION

8-1 Approve the proposed biennial budget for fiscal years 2020/21 and 2021/22, which includes the Capital Investment Plan and revenue requirements for fiscal years 2020/21 and 2021/22, and ten-year forecast; adopt resolutions fixing and adopting the water rates and charges for calendar years 2021 and 2022; and adopt the resolution finding that for fiscal years 2020/21 and 2021/22, the ad valorem property tax rate limitation of Metropolitan Water District Act Section 124.5 is not applicable because it is essential to Metropolitan’s fiscal integrity to collect ad valorem property taxes in excess of the limitation; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Investment Activities for March 2020

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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**Engineering and Operations Committee**

Meeting with Board of Directors*

**April 13, 2020**

**11:30 a.m.**

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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 March 9, 2020**
3. **CONSENT CALENDAR ITEMS – ACTION**

7-1 Award a $1,206,535 contract to Wigen Water Technologies for procurement of water treatment equipment for the domestic water systems at the Colorado River Aqueduct pumping plants; the proposed action is in furtherance of a project that was previously determined to be categorically exempt.

4. **OTHER BOARD ITEMS – ACTION**

8-2 Appropriate $500 million for projects identified in the Capital Investment Plan for Fiscal Years 2020/21 and 2021/22 and authorize the General Manager to initiate or proceed with work on all capital projects identified in the CIP for FYs 2020/21 and 2021/22 and Minor Capital Projects to be identified during the biennial period, subject to any limits on the General Manager’s authority and CEQA requirements; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA.

5. **BOARD INFORMATION ITEMS**

   None

6. **COMMITTEE ITEMS**

   None

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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Legal and Claims Committee
Meeting with Board of Directors*
April 14, 2020
10:30 a.m.

Live streaming is available for all board and committee meetings on our mwdh2o.com website
(Click to Access Board Meetings Page)

Public Comment Via Teleconference Only:
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as listed on the agenda via teleconference. To participate call (404) 400-0335 and use Code: 9601962.

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 March 10, 2020

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

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

8-3 Authorize initiation of litigation to challenge the Final Environmental Impact Report, the new California Endangered Species Act incidental take permit for long-term operations of the State Water Project, and potential other claims against the State; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [Posting Separately]

[Conference with legal counsel--initiation of litigation (two or more cases) to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(4)].

8-4 Report on existing litigation Food and Water Watch and Center for Food Safety v. Metropolitan Water District of Southern California, et al., Los Angeles Superior Court Case No. BC720692; Court of Appeal for the Second District Case No. B297553; and authorize increase of maximum amount payable under contract with Hanson Bridgett LLP for legal services by $100,000 to an amount not to exceed $200,000; 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)]

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS
a. Update on State Water Contractors' procedures to initiate or intervene in litigation

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, 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
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
April 14, 2020
12:00 p.m.

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1. Call to Order

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 Government Code Section 54954.3(a))

5. OTHER MATTERS

A. Approval of the Minutes of the Regular Meeting for March 10, 2020 and the Special Board Meeting for March 24, 2020
(Copies have been submitted to each Director)
Any additions, corrections, or omissions

B. Report on Directors’ events attended at Metropolitan expense for month of March 2020

C. Approve committee assignments

D. Chairwoman’s Monthly Activity Report
6. DEPARTMENT HEADS' REPORTS

A. General Manager's summary of activities for the month of March 2020

B. General Counsel’s summary of activities for the month of March 2020

C. General Auditor's summary of activities for the month of March 2020

D. Ethics Officer’s summary of activities for the month of March 2020

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Award a $1,206,535 contract to Wigen Water Technologies for procurement of water treatment equipment for the domestic water systems at the Colorado River Aqueduct pumping plants; the proposed action is in furtherance of a project that was previously determined to be categorically exempt. (E&O)

7-2 Adopt resolution for Rancho Corrido Annexation to San Diego County Water Authority and Metropolitan; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (F&I)

END OF CONSENT CALENDAR
8. OTHER BOARD ITEMS — ACTION

8-1 Approve the proposed biennial budget for fiscal years 2020/21 and 2021/22, which includes the Capital Investment Plan and revenue requirements for fiscal years 2020/21 and 2021/22, and ten-year forecast; adopt resolutions fixing and adopting the water rates and charges for calendar years 2021 and 2022; and adopt the resolution finding that for fiscal years 2020/21 and 2021/22, the ad valorem property tax rate limitation of Metropolitan Water District Act Section 124.5 is not applicable because it is essential to Metropolitan’s fiscal integrity to collect ad valorem property taxes in excess of the limitation; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (F&I)

8-2 Appropriate $500 million for projects identified in the Capital Investment Plan for Fiscal Years 2020/21 and 2021/22 and authorize the General Manager to initiate or proceed with work on all capital projects identified in the CIP for FYs 2020/21 and 2021/22 and Minor Capital Projects to be identified during the biennial period, subject to any limits on the General Manager’s authority and CEQA requirements; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA. (E&O)

8-3 Authorize initiation of litigation to challenge the Final Environmental Impact Report, the new California Endangered Species Act incidental take permit for long-term operations of the State Water Project, and potential other claims against the State; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&C) [Posting Separately]

[Conference with legal counsel--initiation of litigation (two or more cases) to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(4)].
8-4 Report on existing litigation Food and Water Watch and Center for Food Safety v. Metropolitan Water District of Southern California, et al., Los Angeles Superior Court Case No. BC720692; Court of Appeal for the Second District Case No. B297553; and authorize increase of maximum amount payable under contract with Hanson Bridgett LLP for legal services by $100,000 to an amount not to exceed $200,000; 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)]

9. BOARD INFORMATION ITEMS

9-1 Update on Coronavirus (COVID-19) Response

9-2 State and Federal Legislation Update

9-3 Update on Conservation Program

9-4 Update on Water Surplus and Drought Management Plan

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 5C)

FINANCE AND INSURANCE COMMITTEE

a) Approved the fiscal years (FY) 2020/21 and FY 2021/22 Proposed Biennial Budget document, with the following modifications:
   - Revise the FY 2020/21 budget to fund the CIP pursuant to a 55/45 PAYGO/debt ratio and change sales projections by shifting 50 thousand acre-feet of untreated water sales projections to treated water projections; and
   - Revise the projected FY 2020/21 CIP expenditures to 80 percent of planned spending in FY 2020/21;

b) Appropriated $2,810.9 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, State Water Contract operations, maintenance, power and replacement costs and State Water Contract capital charges; demand management programs including the local resources and Conservation Credits Program; and costs associated with supply programs, for FYs 2020/21 and 2021/22;

c) Appropriated as a continuing appropriation, $605.7 million for FY 2020/21 and FY 2021/22 debt service on Metropolitan general obligation and revenue bonds;

d) Authorized the use of $245 million in operating revenues to fund the Capital Investment Plan (CIP) for FYs 2020/21 and 2021/22;

e) Determined that the revenue requirements to be paid from rates and charges are $1,622 million in FY 2020/21 and $1,708 million in FY 2021/22;

f) Approved the Ten-Year Financial Forecast, as shown in Figure 3 of the Board Letter;

g) Approved water rates effective January 1, 2021, and January 1, 2022, as shown in Table 4 of the Board Letter;

h) Adopted the Resolution Fixing and Adopting Water Rates To Be Effective January 1, 2021 and 2022 for Table 4, in the form of Attachment 3 of the Board Letter;

i) Adopted the Resolution Fixing and Adopting A Readiness-To-Serve Charge Effective January 1, 2021 as shown in Table 4, in the form of Attachment 4 of the Board Letter;
j) Adopted the Resolution Fixing and Adopting A Capacity Charge Effective January 1, 2021 as shown in Table 4, in the form of Attachment 5 of the Board Letter; and

k) Adopted the Resolution Finding that for FYs 2020/21 and 2021/22 the Ad Valorem Property Tax Rate Limitation in Section 124.5 of the Metropolitan Water District Act is not applicable because it is Essential to Metropolitan’s Fiscal Integrity to Collect Ad Valorem Tax Rate in Excess of that Limitation, in the form of Attachment 6 of the Board Letter,

as set forth in Option 1 of the Agenda Item 8-1 Board Letter, with the following two amendments:

1) No later than its September 2020 meeting, the Board will review the budget and rates to consider the impacts resulting from the COVID-19 crisis; and

2) Staff is directed to revisit and consider the following issues for the biennial budget cycle of fiscal years 2020/21 and 2021/22 by August 31, 2020:
   a) factor for unrealized staffing levels;
   b) consider revisiting advance recruitment for overlapping staffing positions, as part of succession planning;
   c) match CIP appropriations to the slowdown in expenditures;
   d) suspend the director inspection trip program;
   e) suspend fleet vehicle purchases; and
   f) plan for strategic use of reserves and financing.

(Agenda Item 8-1)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $500 million for projects identified in the CIP appendix for FYs 2020/21 and 2021/22; and authorized the General Manager to initiate or continue work on the capital projects described in the CIP Appendix for Fiscal Years 2020/21 and 2021/22 and Minor Capital Projects to be identified during the biennial period, subject to any limits on the General Manager’s authority and CEQA requirements. (Agenda Item 8-2)

LEGAL AND CLAIMS COMMITTEE

Authorized the General Counsel to file litigation against California Department of Fish and Wildlife (CDFW) and Department of Water Resources (DWR) challenging the new California Endangered Species Act (CESA) permit and Final Environmental Impact Report (EIR), and potentially alleging additional causes of action against DWR, if, in her judgment, it is in Metropolitan’s interest to do so, as set forth in Agenda Item 8-3 board letter. (Heard in closed session at committee) (Agenda Item 8-3)

Authorized the General Counsel to increase the amount payable under its agreement with Hanson Bridgett LLP by $100,000 to a maximum not-to-exceed $200,000, as set forth in Agenda Item 8-4 board letter. (Heard in closed session at committee) (Agenda Item 8-4)
CONSENT CALENDAR

In other actions, the Board:

Awarded a $1,206,535 contract to Wigen Water Technologies to procure water treatment equipment for CRA Domestic Water Treatment Systems. (Agenda Item 7-1)

Adopted resolution for Rancho Corrido Annexation to San Diego County Water Authority and Metropolitan. (Agenda Item 7-2)

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://mwdh2o.com/WhoWeAre/Board/Board-Meeting/Pages/search.aspx

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
April 22, 2020

Attention: Imported Water Committee

Colorado River Hydrology Update. (Information) (Supplemental)

Purpose
This report provides an update on current Colorado River hydrology, reservoir operations, and shortage predictions.

Executive Summary
- In water year 2020, the Colorado River Basin is experiencing average to below average hydrologic conditions.
- Lake Mead storage levels have increased to the highest since 2014 and there’s a reduced chance of a Lower Basin shortage over the next five years.
- The Drought Contingency Plan (DCP) is being implemented for 2020 river operations.

Background
Annual reservoir operations for Lake Powell and Lake Mead, the two major Colorado River system reservoirs, are determined each August by the Bureau of Reclamation (Reclamation). There is also potential for a mid-year adjustment to operations based on April projections. The current agreement that defines criteria for operations is the “2007 Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead” (2007 Interim Guidelines). The 2007 Guidelines also establish shortage levels in Lake Mead and associated cutbacks. An official shortage has never been declared on the river, which would result in reduced allocations to Arizona and Nevada, but no cuts to California due to its higher priority water rights. As the Colorado River experienced long-term drought since 2000 that drew down Lake Mead storage levels and increased the chance of shortage reductions, the DCP was developed to build elevation in Lake Mead and reduce the chance of reaching critically low elevation levels. The DCP is an overlay to the 2007 Interim Guidelines and includes volume contributions from Lower Basin water users that are separate from and in addition to any required shortage reductions. The DCP was executed in May 2019 and is being implemented as part of 2020 river operations. Both shortage cutbacks and DCP contribution volumes are determined by elevation-based trigger levels in Lake Mead.

Discussion
Basin hydrology plays a critical role in providing water to the system and determining annual operations. To date in water year 2020, conditions have been tracking near or below average levels, with precipitation at 90 percent, snowpack at 105 percent, and projected water year unregulated inflow to Lake Powell of 8.4 million acre-feet (MAF), which is 78 percent of average. Total system storage as of April 13 is 30.9 MAF (52 percent of capacity) which has increased by 4.1 MAF since this time last year. The improved storage condition has raised the level of Lake Mead to its highest elevation since 2014.

Per the 2007 Interim Guidelines, the storage volumes in Lakes Powell and Mead are coordinated to balance contents in the two reservoirs via annual releases from Lake Powell. Typically, 8.23
MAF is released from Lake Powell each year but depending on reservoir conditions in both lakes, more or less water can be released. Reclamation’s August 2019 modeling indicated a standard release volume from Lake Powell of 8.23 MAF in 2020, with the potential to increase based on the mid-year review in April 2020. The April modeling projections for the mid-year review are now available and indicate there will not be an adjustment and the Powell release volume will remain at 8.23 MAF.

In Lake Mead, reservoir levels are particularly important as shortages and DCP contributions are determined by elevation-based triggers. For shortages, there are three trigger elevations (1,075 feet, 1,050 feet, and 1,025 feet) that result in defined cuts to annual allocations to certain users, with reductions increasing as the elevation decreases. The DCP adds additional elevation-based triggers starting at 1,090 feet down to 1,025 feet that require volume contributions to Mead from defined water users. California’s first DCP requirements would begin at the 1,045-foot elevation level. The August projection of the January 1 Lake Mead level is the determinant elevation compared to these shortage and DCP triggers. The August 2019 Lake Mead projection was 1,089 feet, which determined Lower Basin operations for 2020. Because that projected elevation was above the first shortage trigger of 1,075 feet, it confirmed there is not a shortage in calendar year 2020. The August projection did trigger the first level of DCP contributions required from Arizona, Nevada, and Mexico (Minute 323’s Binational Water Scarcity Contingency Plan serves as Mexico’s version of the DCP). Table 1 shows the required DCP volumes for 2020.

<table>
<thead>
<tr>
<th>Arizona</th>
<th>Nevada</th>
<th>California</th>
<th>Mexico (Min. 323)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>192,000</td>
<td>8,000</td>
<td>0</td>
<td>41,000</td>
<td>241,000</td>
</tr>
</tbody>
</table>

Reclamation also projects a five-year outlook of Colorado River Basin hydrology and operations including the likelihood of a Lower Basin shortage and expected DCP requirements. The chance of shortage has significantly decreased from projections in recent years. The current shortage projections from February are shown in Table 2. The outlook also indicates a minimal chance of triggering DCP requirements from California through 2024.

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chance of Lake Mead Shortage</td>
<td>0%</td>
<td>0%</td>
<td>11%</td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td>Chance of California DCP Contributions</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>6%</td>
</tr>
</tbody>
</table>

While a variety of factors have led to the increased level in Lake Mead and the corresponding reduced likelihood of shortage, the Colorado River system still faces the impacts of long-term drought. Additional efforts to build Lake Mead elevation would benefit the entire system. The Water Authority’s Quantification Settlement Agreement conserved water supplies are approved for storage in Lake Mead but the Water Authority currently lacks a designated storage account. Staff continues to work towards obtaining a Lake Mead storage account to both provide the Water Authority operational flexibility and help reduce the probably of a shortage.

Prepared by:      Kara Mathews, Principal Water Resources Specialist
Reviewed by:    Kelly Rodgers, Director of the Colorado River Program
Approved by:    Dan Denham, Deputy General Manager