FY21 Appropriations Update

Last week, the House Appropriations Committee approved both the Fiscal Year 2021 Energy and Water Appropriations bill, which includes funding for the Army Corps of Engineers and Bureau of Reclamation, and the Interior and the Environment Appropriations bill, which includes funding for the Environmental Protection Agency. Below are some highlights from both bills related to Water Authority interests:

Energy and Water
The Committee approved the $49.6 billion bill by a vote of 30-21.

<table>
<thead>
<tr>
<th>Agency/Program</th>
<th>FY20 Enacted</th>
<th>FY21 House Full Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureau of Reclamation</td>
<td>$1.66 billion</td>
<td>$1.655 billion</td>
</tr>
<tr>
<td>WaterSMART Grants</td>
<td>$55 million</td>
<td>$60 million</td>
</tr>
<tr>
<td>Title XVI Program (Authorized Projects)</td>
<td>$43.617 million</td>
<td>$53.665 million</td>
</tr>
<tr>
<td>Title XVI Program (WIIN Projects)</td>
<td>$20 million</td>
<td>$11.791 million</td>
</tr>
<tr>
<td>WIIN Desalination Program</td>
<td>$12 million</td>
<td>$7.075 million</td>
</tr>
</tbody>
</table>

Salton Sea (Report Language)

Salton Sea, California — The Committee recognizes the role that the Corps plays in the restoration of the Salton Sea and encourages the Corps to be an active participant in restoration efforts involving federal participation, including the California Natural Resources Agency’s Salton Sea Management plan. The Committee notes the Senate Environment and Public Works Committee Resolution dated April 25, 2016, authorizing the Imperial Stream Salton Sea study, an aquatic ecosystem restoration study on an inland lake with associated public health risks, and reminds the Corps that this study is eligible to compete for a new start as provided in this Act.

Salton Sea Restoration — The Committee supports the Memorandum of Understanding signed between the Department of the Interior and the California Natural Resources Agency to support management activities at the Salton Sea. Additionally, the Committee is concerned by the public health, environmental, agricultural, and natural resource impacts at the Salton Sea. The Committee encourages Reclamation to partner with federal, state, and local agencies and coordinate use of all existing authorities to support the State of California’s Salton Sea Management Program. Reclamation is reminded that these activities are eligible to compete for additional funds provided in this account. Salton Sea Research Program.—Reclamation is
reminded that activities and projects associated with habitat improvement, water quality, and system development, projects with a public health benefit that will benefit economically disadvantaged communities, and projects that take a multi-agency approach are eligible to compete for additional funds provided in this act.

**Western Water (Report Language)**

Western Water — The Committee remains concerned about water shortages and drought in the west. The Committee supports continued investment in surface storage, desalination and water purification projects, and the Title XVI program and opportunities to store, reuse, and conserve water in drought-prone regions.

**COVID-19**

In addition, to support the economic recovery from the coronavirus pandemic, the bill provides an additional $3 billion in emergency funding to accelerate work on Bureau of Reclamation projects. No additional detail regarding these funds is provided.

**Interior and the Environment**

The Committee approved the $36.76 billion bill by a vote of 30-19.

<table>
<thead>
<tr>
<th>Agency/Program</th>
<th>FY20 Enacted</th>
<th>FY21 House Full Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Protection Agency</td>
<td>$9.06 billion</td>
<td>$9.38 billion</td>
</tr>
<tr>
<td>Clean Water State Revolving Fund</td>
<td>$1.638 billion</td>
<td>$1.638 billion</td>
</tr>
<tr>
<td>Drinking Water State Revolving Fund</td>
<td>$1.126 billion</td>
<td>$1.126 billion</td>
</tr>
<tr>
<td>WIFIA</td>
<td>$50 million</td>
<td>See below</td>
</tr>
</tbody>
</table>

**WIFIA (Report Language)**

The Committee recommends $71,023,000 for the Water Infrastructure Finance and Innovation Act (WIFIA) Program; however, this amount is offset by an Administrative Provision that rescinds unobligated balances from fiscal years prior to fiscal year 2020. Therefore, there is no new net budget authority for loan costs. New net budget authority is provided only to assist with the administrative costs of operating the program.

The fiscal year 2020 appropriation for the WIFIA program required the Agency, in conjunction with the Office of Management and Budget, and the Department of Treasury, to publish project eligibility criteria and to certify prior to publishing any Requests for Applications that any projects receiving support from the program shall meet the requirements of the Federal Credit Reform Act of 1990 with regards to the budgetary treatment of federal participation in such projects.

The Committee also notes that, under the provisions of the fiscal year 2020 appropriation, the credit subsidy provided in fiscal year 2020 is unavailable for obligation to support the financing of water infrastructure projects until these criteria are published and certifications are made. The bill continues these provisions in fiscal year 2021. Further, the recommendation rescinds and re-appropriates unobligated balances from fiscal years prior to fiscal year 2020 in order to make these requirements applicable to all unobligated balances.
The Committee expects the Agency to immediately comply with all its legal obligations in order to allow for the continued operation of the WIFIA program.

**PFAS**
$12.9 million in additional funding for scientific and regulatory work on per-and polyfluoroalkyl substances (PFAS), needed to establish drinking water and cleanup standards.

**Emergency Infrastructure Funding**
$13 billion in additional funds for Environmental Protection Agency infrastructure grants, including:
- $10.2 billion for Clean Water and Drinking Water State Revolving Funds.

### House Passes Infrastructure Package

In early July, the House approved the $1.5 trillion Moving Forward Act (HR 2). HR 2 started out as the INVEST Act, the House Transportation & Infrastructure Committee’s five-year reauthorization of the surface transportation programs and along the way morphed into a democratic infrastructure package now called Moving Forward (totaling over 2,300 pages). This bill used the INVEST Act as its centerpiece, and added in infrastructure funding needed for schools, broadband and water. The following items that were included in the legislation that are of particular interest to the Water Authority:

- Rep. Huffman’s “FUTURE Western Water Infrastructure and Drought Resiliency Act”
- Rep. Levin’s “Desalination Development Act”

From a pure legislative perspective, it is unlikely that Moving Forward bill advances beyond the House. The Senate may will look to move their own infrastructure bill (or bills) and the White House issued a statement saying that the President would veto Moving Forward. Moving Forward serves as both a democratic messaging bill and basis for future negotiations with the Senate and the White House.

### Legislation Introduced to Restore Advance Refunding

A bipartisan group of Senators lead by Sens. Wicker (R-MS) and Stabenow (D-MI) have introduced the “Lifting Our Communities through Advance Liquidity for Infrastructure (LOCAL) Act” (S. 4129). This legislation would amend the federal tax code to restore state and local governments’ ability to use advance refunding to manage bond debt and reduce borrowing costs for public projects.
President Releases Final NEPA Implementation Rule

The White House and the Council on Environmental Quality (CEQ) have announced the release of the final rule to update the implementation of the National Environmental Policy Act (NEPA). While at UPS’ airport hub in Atlanta, the President announced the rollout of the final rule. The rule will go into effect on September 14th.

Latest on WOTUS Rule

On June 22nd, the new Waters of the United States (WOTUS) rule (now called the Navigable Waters Protection Rule (NWPR)) went into effect. As was to be expected, there are several legal challenges throughout the country to the rule including the following:

- Western ranching groups are suing the Administration that the NWPR goes too far and are seeking a partial injunction for the rule.
- Several states, including California, have joined in a lawsuit to try and get a nation-wide injunction issued for the rule.
- Multiple environmental groups including the National Resources Defense Council have filed lawsuits to stop the rule from being implemented.
- A coalition of Native American tribes have filed a lawsuit stating that the new rule leaves critical bodies of water unprotected.

To date, the rule remains effective in all states except Colorado.

OMB Directs Agencies to Reduce Regulations

The Office of Management and Budget (OMB) issued a memo to federal agencies directing each agency to prepare a list of regulations that could be eliminated to assist with the economy recovery from COVID-19. Federal agencies were asked to include information about how each proposed regulation would promote economic recovery, timeline for revoking the regulation, and any emergency authority the agency had to pull the regulation. OMB set a deadline of June 23rd for federal agencies to submit their list of proposed regulations for consideration.

Federal Agency Nominations/Positions

Office of Management and Budget. The Senate confirmed Russ Vought to serve as the budget director at the Office of Management and Budget (OMB).
Federal Agency Grant Announcements

WaterSMART Title XVI Congressionally Authorized Projects. The Bureau of Reclamation has released a funding opportunity for the WaterSMART Title XVI Congressionally Authorized Water Reclamation and Reuse Projects. Applications are due September 10th.

WIFIA/SWIFIA. The Environmental Protection Agency released the Notice of Funding Availability for the next round of WIFIA funding, as well as funding for the new State infrastructure financing authority (SWIFIA). The SWIFIA program, which was authorized by Congress as part of the America’s Water Infrastructure Act (AWIA) of 2018, offers low-interest loans to state water infrastructure programs (e.g., the State Revolving Funds) that then help finance needed water infrastructure projects in local communities. Letters of interest are due by October 15th.
July 22, 2020

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report. (Information)

Purpose
This report summarizes activities of interest at the Metropolitan Water District (MWD) committee and Board meetings. This report includes activities from July 13 and 14, 2020. The MWD Board will meet next on July 28 and August 17 and 18.

Discussion
The Water Authority Delegates (Delegates) supported all of the 13 action items approved by the MWD Board at its July 2020 meeting. MWD Board items of interest to the Water Authority were:

- Authorized the General Manager to enter into two Local Resources Program (LRP) Agreements:
  1. One with the Water Authority and the East County Advanced Water Purification Program Joint Powers Authority for the East County Advanced Water Purification Project; and
  2. Another with the Water Authority and the City of Escondido for the Escondido Membrane Filtration Reverse Osmosis Facility Project;
- Deferred an item to September to “consider implications of board action to suspend the collection of the Water Stewardship Rate and impacts of the COVID-19 pandemic on Metropolitan’s budget and rates, and confirm Metropolitan’s commitment to demand management programs and the Local Resource Program goal;” and
- Approved the General Manager recruitment process.

The Water Planning and Stewardship (WP&S) Committee considered two LRP agreements with the Water Authority for the East County Advanced Water Purification Project and the Escondido Membrane Filtration Reverse Osmosis Facility Project. Some Board members, led by the Municipal Water District of Orange County (MWDOC) delegation, advocated adding language to the LRP agreements that would make them contingent upon the MWD Board, “by January 1st of 2023, adopting a rate structure that intends to support LRP projects.” The Board ultimately authorized the two LRP agreements without any new conditions with 53.04 percent support.

Director Goldberg and the Burbank, Fullerton, Glendale, Inland Empire, Long Beach, Los Angeles, Santa Ana, Santa Monica, Torrance, and Upper San Gabriel delegations supported the LRPCs. In contrast, the Anaheim, Beverly Hills, Calleguas, Central Basin, Compton, Eastern,

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1 This document provides a summary of certain discussions as summarized and understood by the Water Authority and is not intended to be any form of official transcript.
2 Directors Butkiewicz, Hogan, and Smith recused themselves and were considered by MWD as not “legally present” for the votes on the LRP agreements for the East County Advanced Water Purification Project and the Escondido Membrane Filtration Reverse Osmosis Facility Project. Director Goldberg cast the Water Authority’s entire vote entitlement in support of the agreements.
Foothill, Las Virgenes, MWDOC, Pasadena, San Marino, Three Valleys, West Basin, and Western delegations did not support the LRPs.

Since the draft agendas for MWD’s July meetings did not include the item about MWD’s commitment to demand management programs and its LRP goal, the WP&S Committee discussed the reasons for it being added to its agenda. The WP&S Committee and the Board voted to table the item and recommended that the Executive Committee place it on the September Finance and Insurance Committee meeting agenda so it may be considered at the same time as the Board’s review of MWD’s 2021 and 2022 budget and rates. These discussions are summarized in Attachment 1.

At the Organization, Personnel, and Technology (OP&T) Committee, three MWD employees shared their concerns about female and lesbian, gay, bisexual, transgender, and queer (LGBTQ+) MWD employees being sexually harassed and experiencing workplace hostility. OP&T Chair Murray (Los Angeles) requested that staff give a presentation on these issues at the August OP&T Committee meeting. Directors Ballin (San Fernando) and Treviño (Upper San Gabriel) requested assurances from executive staff that those who made public comments would not face retaliation from MWD staff, including their supervisors.

The OP&T Committee also discussed the general manager recruitment process. Director Ortega (Fullerton) made a motion to modify staff’s recommendation from the Executive Committee “oversee[ing]” to “conduct[ing]” the interview process. Replying to Murray’s questions about the difference between the terms, Human Resources Group Manager Pitman stated “overseeing” the process “provides flexibility to the Executive Committee to decide whether they want to do the interviews themselves or create a smaller group of Board members to do the interviews.” Ortega said he wanted the Executive Committee to conduct the interview process rather than an ad hoc, special, or select committee that would not require Board approval or Brown Act notice. Director Hogan seconded Ortega’s motion, adding that interviews should be conducted by a standing committee so all Board members can attend them. The Committee, and ultimately the Board, unanimously approved the modified recommendation for the General Manager recruitment process:

1. The OP&T Committee will review executive search firm (firm) proposals and recommend a firm to the Board.
2. The Board will review proposals and the OP&T Committee’s recommendation and select a firm.
3. The OP&T Committee will work with the firm to update the job description; survey the Board on general manager qualities; receive input from the public; and develop an outreach plan.
4. The Board will approve the job description, brochure, and outreach plan.
5. The Executive Committee will work with the firm to prepare questions, screen candidates, ensure the process is confidential, and develop a candidate pool for first round of interviews. The Executive Committee will conduct the interview process and recommend three to five finalists to the Board.
6. The Board will conduct interviews of the finalists and make selection of a new general manager by majority vote.
During MWD’s Board meeting, 25 callers provided public comment with a majority emphasizing the importance of transparency and public input in the new general manager selection process, especially considering the public comments given about harassment and other corporate culture issues during OP&T. In response to the public comments, Murray noted the recommended process includes “a provision for receiving input from the public.”

The Engineering and Operations (E&O) Committee received updates on MWD’s Asset Management Program, Energy Sustainability Plan, and headquarters building improvements. The E&O Committee also received a written report on the evaluation and prioritization processes for the Capital Investment Plan (CIP). During the Energy Sustainability Plan presentation, staff commented that they will bring back two projects—the Yorba Linda Hydropower Plant Modifications and Battery Energy Storage System—to the Board to approve funding “later this year;” both projects are not included in the CIP, which was adopted in April 2020. The Yorba Linda project and the three battery projects have a total estimated cost of about $9.5 million. After the presentation, E&O Chair Smith agreed with Director Repenning (Los Angeles) that the Energy Sustainability Plan is important but reiterated that the projects identified in the plan are not budgeted. He noted that “much” of the projects’ costs could be covered through other funding sources, and the projects have short payback periods.

During the approval of the June 2020 Board minutes, Director Ortega said, “[the Board’s] minutes currently do not serve as a reference point to inform and guide the conduct of [the Board’s] business or show that [the Board is] acting with transparency.” He also noted that he abstained from approving the minutes in the earlier committee meetings since they did not adequately summarize director requests. He suggested that staff include a list of directors that made comments on agenda items and note the “minute hour” that the comment was made for future reference. Similarly, during the OP&T Committee, Director Treviño said the minutes did not “reflect adequately what the intentions of the Committee” were. Both directors abstained on approving the minutes for the June Board meeting. Attachment 2 is a copy of MWD’s July 2020 committee and Board meeting agendas and Board summary.
Discussion Summary of Items Related to MWD’s Local Resources Program

During its July 2020 Water Planning and Stewardship (WP&S) Committee and Board meetings, the Metropolitan Water District (MWD) considered items related to its Local Resources Program (LRP):

- “Implications of board action to suspend collection of the Water Stewardship Rate (WSR) and impacts of the COVID-19 pandemic on Metropolitan’s budget and rates, and confirm Metropolitan’s commitment to demand management programs and the Local Resources Program goal;” and
- Two LRP agreements for the East County Advanced Water Purification (ECAWP) Project and the Escondido Membrane Filtration Reverse Osmosis Facility Project (Escondido Project) to receive up to $91.8 million and $23.4 million in LRP subsidies, respectively. The ECAWP and Escondido projects are expected to produce up to 12,882 acre-feet per year (AFY) and 3,280 AFY, respectively, of local water supply.

Unexpectedly, staff added to the WP&S agenda an item asking the Board to “confirm” MWD’s commitment to funding demand management programs and its adopted LRP “interim” target of yielding 170,000 AFY. (At the time of this discussion, there was more than 123,000 AFY remaining to meet the target.) In December 2019, based on staff recommendation, the Board approved not incorporating the WSR into the 2021 and 2022 rates and charges and, instead, to fund 2021 and 2022 demand management costs, including the LRP program, with the balance of the Water Stewardship Fund, comprised of unspent funds previously collected through the WSR.² (In April, MWD projected the Water Stewardship Fund would have $126 million at the end fiscal year 2020. With demand management expenditures trending under budget, more reserves are expected to be available.) At that time, General Manager Kightlinger stated MWD would “look at the entire rate structure more holistically” including developing a rate methodology to recover MWD’s demand management costs. Kightlinger also said this rate review would begin in March 2020, span about 18 months, and run “parallel” to the 2020 Integrated Resources Plan (IRP) update process. (Staff has yet to present any further information about the rate review process.) The Board unanimously approved this course of action. In the same month, staff also recommended the approval of an LRP funding agreement, which was also unanimously approved by the Board. In response to a question of whether funding for that project posed a problem, Kightlinger noted no, because the project would be in development for another “three to four years, and then it would be included in those budgets.” He also noted the Committee’s direction to staff and said staff is “committed to putting forward a process that enables the Board to [review the rate structure]. And the onus is on us to actually deliver on that and make that happen and I’m fully confident we can and we will.” As part of the April 2020 budget adoption, the Board reaffirmed its December 2019 decision to fund 2021 and 2022 demand management costs with its reserves and included increased demand management funding costs in its ten-year rate forecast. Staff indicated, both in December 2019 and July 2020, that reserves are sufficient to cover the anticipated 2021 and 2022 demand management costs.

¹ This document provides a summary of certain discussions as summarized and understood by the Water Authority and is not intended to be any form of official transcript.
² More information about the Board’s December 2019 discussion is in the MWD Delegates’ Report memo starting on page 14 in the Water Authority’s January 2020 Board supplemental materials, found here: https://www.sdcwa.org/meetings-and-documents.
Though the LRP agreements were first on the agenda, WP&S Committee Chair Atwater (Foothill) rearranged the agenda’s order so the committee first discussed the item related to confirming MWD’s commitment to demand management. Before staff gave a presentation, Director Quiñonez (Los Angeles) urged that the item be directed to the Finance and Insurance (F&I) Committee as the item deals with financial matters and the F&I Committee is already scheduled to review the financial impacts of COVID-19 at its September meeting. (When the Board adopted the 2021 and 2022 biennial budget, rates, and charges, it gave explicit direction to staff to provide a report on the financial impacts of the COVID-19 response and allow the Board to review the 2021 and 2022 biennial budget and rates in September.) He added that it was “inappropriate” for staff to propose the item be heard in WP&S, and that the Board had already “specifically discussed on numerous occasions” many of these topics and decided the timeline to act on them. Directors McKenney (Municipal Water District of Orange County (MWDOC)), Kurtz (Pasadena), Ortega (Fullerton), Repenning (Los Angeles), Quinn (Los Angeles), Record (Eastern), and Dick (MWDOC) agreed with Quiñonez’s comments about the item containing significant financial components and that F&I Committee may be a more appropriate venue for this discussion.

McKenney proposed the Board “resolve” its “financial issues” by developing a funding mechanism for future demand management projects before approving any new LRP agreements. His comments were echoed by Kurtz, Record, Dick, and Chairwoman Gray (West Basin). Ortega noted that staff already committed to a Board-directed timeline to address the issue of funding demand management and, in its memo, did not indicate any urgent funding issue or other reason to take action now. He also noted that since MWD is still in the process of collecting data, COVID-19 “impacts are inconclusive.” Repenning and Quinn suggested this discussion was premature and the Board should consider demand management costs when it revisits its 2021 and 2022 budget and rates in September.

Quiñonez made a motion to table the item and, subject to Executive Committee approval, hear the item at the September F&I Committee meeting, which was seconded by Director Hogan. At the request of Gray, Kightlinger commented that LRP contracts are long-term commitments that “cannot be turned off” unless MWD adds contract “provisions that allow for that,” which “is something that the Board can consider.” (MWD did not add conditional provisions to any of its recent LRP agreements and no such provisions were recommended by staff for the ECAWP or Escondido Projects.) He said staff wanted to “get some policy direction from the Board about how we want to handle LRP projects” before the Board’s consideration of the Water Authority’s LRP agreements. The Committee unanimously tabled the item, as did the Board the following day.

During WP&S Committee’s consideration of consent calendar items, McKenney moved, with a second from Kurtz, to pull the two LRP agreements from the consent calendar to allow discussion of those items separately. (Director Hogan recused himself from the LRP agreements’ discussion in accordance with the MWD Administrative Code.) McKenney reiterated the MWDOC delegation’s desire to establish a demand management funding mechanism ahead of schedule and prior to approval of additional LRP agreements. He motioned, with a second from Director De Jesus (Three Valleys), to approve the agreements with
the additional requirement that their effectiveness be contingent upon the Board’s adoption of “a rate structure that intends to support LRP projects” by January 1, 2023.

Director Goldberg said there is no reason MWD could not establish lawful rates and charges to pay for the LRP agreements going forward, but there is substantial risk to the applicants, who would face increased construction costs and lost financing opportunities if the LRP funding was conditional. She added that these conditions were not discussed with the applicants, who had been working “diligently” with MWD staff over several months, and “if MWD wanted to talk about conditions and delay a project, it should have made that known a long time ago.” Ortega agreed, saying “it’s unwarranted to put limits and…compromise local resources projects that could be reducing demands on imported water for the sake of simply accelerating what the Board already…provided staff direction for” back in December. Later, Quinn agreed with Goldberg and Ortega.

Directors Pressman (Beverly Hills), Peterson (Las Virgenes), McKenney, Record, Ramos (Burbank), Cordero (Long Beach), and Blois (Calleguas) reiterated concern that MWD has not established a funding source for its LRP programs after the current biennium. Pressman, Peterson, and Blois suggested that since the Committee tabled the previous item, it should also table the two LRP agreements until the Board discusses the budget and demand management funding or until the IRP update is complete. (Since the two LRP agreements, at the earliest, will produce in 2023, their approval will not offer any rate relief for 2021 and 2022 rates.3)

Quiñonez recognized the need to discuss funding but said MWD needs to “do more” related to demand management and made a substitute motion to approve the LRP agreements without conditions; Director Lefevre (Torrance) seconded the motion. Goldberg added that “to condition [the LRP agreements] is the same as denying them” because it will jeopardize their ability to get other necessary financing.4 Quiñonez’s substitute motion failed with Directors Abdo (Santa Monica), Cordero, Goldberg, Lefevre, Morris (San Marino), and Quiñonez in support. The Committee approved McKenney’s motion with 11 members supporting and Directors Abdo, Goldberg, and Quiñonez opposed; Director Hogan recused himself.

At the subsequent day’s Board meeting, several individuals made public comments expressing the importance of approving the two LRP projects without conditions, including Padre Dam General Manager Carlisle, City of Escondido Utilities Director McKinney, and Water Authority Finance Director Harris.

McKenney and Dick moved the committee’s recommendation to place conditions on the LRP agreements.5 Quiñonez moved a substitute motion to approve the LRP agreements without

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3 For more information on MWD’s budget and rates, including potential cost cutting measures, see the Update on Metropolitan Water District Budget & Rates memo starting on page 20 in the Water Authority’s May 2020 Board materials, found here: https://www.sdcwa.org/meetings-and-documents.
4 Following the day’s committee meetings, the East County Advanced Water Purification Program Joint Powers Authority sent a letter to Chairwoman Gray which, among other things, made clear how conditioning the LRP agreement would prevent it from securing additional funding, found here: https://mwdprograms.sdcwa.org/wp-content/uploads/2020-07-14-ECAWP-JPA-ltr-to-MWD-re-East-County-Advanced-Water-Purification-LRP.pdf
5 Directors Butkiewicz, Hogan, and Smith recused themselves from the discussion in accordance with MWD’s Administrative Code.
conditions, reiterating his comments from the day before and saying that “LRP agreements already have very strict requirements” and the Board should not add extraordinary requirements that were not included in other agencies’ contracts. Lefevre seconded the motion, emphasizing the difficulty the applicants would face in securing funding if conditions were placed on their contracts and the negative “signal” that would send to other potential future LRP applicants, including deteriorating confidence in their negotiations with MWD staff. Goldberg agreed, urging the Board to “honor the commitments that we have made…that have been relied upon in good faith by these projects” and saying that the Water Authority “expects to pay a fair share of these program costs.”

McKenney gave two reasons that the MWDOC delegation believed the LRP agreements needed additional conditions. First, he said MWD does not know “whether [it] actually need[s] additional local supply,” and it will not know until it finishes the IRP process and updates its supply and demand projections. He said because of this, MWD is “operating under…outdated projections and an outdated LRP goal.” (MWD adopted its “interim” LRP goal in October 2018—less than two years ago—and has consistently reported that local supply production is below the 2015 IRP’s target). Second, McKenney said MWD has not adopted a modified rate structure to fund demand management and thus does not know how it will pay for future LRPs. He added “San Diego challenged our rate structure in court, resulting in our not now collecting the Water Stewardship Rate,” so “it’s kind of strange” for Goldberg to say she is confident in MWD’s ability to adopt a legal rate structure “when we’re in this situation because of a challenge to the rate structure that they brought.” Later, Record also tied the Water Authority’s successful challenges to MWD’s rates to the need to condition the Water Authority’s LRP agreements. (Last November, MWD Chairwoman Gary wrote to Chair Madaffer saying “[a]pplicants that meet program criteria will be reviewed and voted on by the Metropolitan Board in a timely manner. This processing and review are irrespective of any actions or positions SDCWA takes in its ongoing litigation against Metropolitan’s rates.” 6 In February, the Water Authority Board directed staff to take actions to dismiss certain claims against MWD, including its challenges related to MWD charging the WSR on supply services.)

Many directors reiterated their comments from the WP&S meeting about either their desire for MWD to establish a way to recover demand management costs in its rate structure prior to approving any new LRP agreements or, in contrast, their support for adopting the agreements without conditions given MWD already has plans to develop a rate structure to recover demand management costs. Several directors, including Lefevre, Repenning, Camacho (Inland Empire), and Quinn, expressed the importance of supporting local projects and considering the potential negative impacts of the proposed conditions on future LRP applications. Ultimately, the Board approved the two LRP agreements without any additional conditions with 53.04 percent support (from Director Goldberg and the Burbank, Fullerton, Glendale, Inland Empire, Long Beach, Los Angeles, Santa Ana, Santa Monica, Torrance, and Upper San Gabriel delegations).

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WP&S Committee
R. Atwater, Chair
C. Kurtz, Vice Chair
J. Abdo
L. Ackerman
G. Cordero
D. De Jesus
L. Dick
S. G. Goldberg
M. Hogan
R. Lefevre
L. McKenney
J. Morris
G. Peterson
B. Pressman
J. Quiñonez
R. Record

Water Planning and Stewardship Committee
Meeting with Board of Directors*

July 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.

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION
   A. Approval of the Minutes of the Water Planning and Stewardship
      Committee held June 8, 2020

3. CONSENT CALENDAR ITEMS — ACTION
   7-7 Authorize payments, by a two-thirds vote, of up to $3.97 million for
   participation in the State Water Contractors for fiscal year 2020/21; the
   General Manager has determined that the proposed action is exempt or
   otherwise not subject to CEQA. [Two-Thirds vote required at Board]

Date of Notice: July 2, 2020
7-8 Review and consider the Padre Dam Municipal Water District’s approved Mitigated Negative Declaration for the East County Advanced Water Purification Project and take related CEQA actions; and authorize the General Manager to enter into a Local Resources Program Agreement with San Diego County Water Authority and the East County Advanced Water Purification Program Joint Powers Authority.

7-9 Review and consider the City of Escondido’s approved Mitigated Negative Declaration for the Escondido Membrane Filtration Reverse Osmosis Facility Project and take related CEQA actions; and authorize the General Manager to enter into a Local Resources Program Agreement with San Diego County Water Authority and the City of Escondido for the Project.

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

8-1 Consider implications of board action to suspend collection of the Water Stewardship Rate and impacts of the COVID-19 pandemic on Metropolitan’s budget and rates, and confirm Metropolitan’s commitment to demand management programs and the Local Resources Program goal; 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

a. Conservation Update and Response to COVID-19
7. MANAGEMENT REPORTS
   a. Bay-Delta Matters
   b. Colorado River Matters
   c. Water Resource Management Manager's report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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Date of Notice: July 2, 2020
Organization, Personnel and Technology Committee

Meeting with Board of Directors*

July 13, 2020

11:00 a.m.

Live streaming is available for all board and committee meetings on our mwdh2o.com website

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

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

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION

A. Approval of the Minutes of the Special meeting of the Organization, Personnel and Technology Committee held June 23, 2020
3. CONSENT CALENDAR ITEMS – ACTION

7-1 Authorize an agreement with AVI-SPL, Inc. in an amount not-to-exceed $3.75 million for the procurement and deployment of upgraded audiovisual technology systems at Metropolitan's Headquarters Building for the Boardroom Technology Upgrade Project; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

7-2 Approve Process for General Manager Recruitment; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORT

a. Human Resources Manager’s report

b. Information Technology Manager’s report

Date of Notice: July 2, 2020
8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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E&O Committee
T. Smith, Chair
C. Treviño, Vice Chair
R. Apodaca
S. Blois
M. Camacho
D. De Jesus
L. Dick
S. Faessel
D. Galleano
R. Lefevre
J. Murray Jr.
A. Ortega
G. Peterson
H. Repenning
H. Williams

Engineering and Operations Committee
Meeting with Board of Directors*

July 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: 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.

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))

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION

A. Approval of the Minutes of the meeting of the Engineering and Operations Committee held June 8, 2020

Date of Notice: July 6, 2020
3. **CONSENT CALENDAR ITEMS – ACTION**

7-3 Review and consider Addendum No. 1 to the 2015 Mitigated Negative Declaration, and award a $3,270,000 contract to Kiewit Infrastructure West Co to reline pipe and replace pipefittings at the Lake Perris Control Facility and on the Lakeview Pipeline.

7-4 Award a $5,410,000 contract to J.F. Shea Construction, Inc. to reline a portion of the Lake Perris Bypass Pipeline; the proposed action is in furtherance of a project that was previously determined to be exempt or otherwise not subject to CEQA.

7-5 Authorize an amendment to a professional services agreement with Systems Integrated, LLC, for up to six years in an amount not-to-exceed $362,000 annually, to provide support and maintenance of Metropolitan’s existing Supervisory Control and Data Acquisition system; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA.

**END OF CONSENT CALENDAR ITEMS**

4. **OTHER BOARD ITEMS – ACTION**

None

5. **BOARD INFORMATION ITEMS**

None
6. COMMITTEE ITEMS
   a. Asset Management Update
   b. Energy Sustainability Plan Update
   c. Metropolitan Headquarters Building Update
   d. Capital Investment Plan: Evaluation and Prioritization Process

7. MANAGEMENT REPORTS
   a. Water System Operations Manager's report
   b. Engineering Services Manager's report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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Date of Notice: July 6, 2020
1. Call to Order

(a) Invocation: Tania Asef, Associate Environmental Specialist, Environmental Planning Section, Chief Administrative Office

(b) Pledge of Allegiance: Director Richard Atwater, Foothill Municipal Water District

2. Roll Call

3. Determination of a Quorum

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

   a. Commendation Presentation: Roberto F. Salmón Castelo, Commissioner of the International Boundary and Water Commission, Mexico

5. OTHER MATTERS AND REPORTS

   A. Report on Directors’ events attended at Metropolitan expense for month of June 2020

Date of Notice: July 2, 2020
B. Chairwoman's Monthly Activity Report
C. General Manager's summary of activities for the month of June 2020
D. General Counsel’s summary of activities for the month of June 2020
E. General Auditor’s summary of activities for the month of June 2020
F. Ethics Officer’s summary of activities for the month of June 2020
G. Presentation of Commendatory Resolution for Director Vartan Gharpetian representing the City of Glendale

CONSENT CALENDAR ITEMS — ACTION

6. CONSENT CALENDAR OTHER ITEMS — ACTION
   A. Approval of the Minutes of the Meeting for June 9, 2020
      (Copies have been submitted to each Director)
      Any additions, corrections, or omissions
   B. Approve committee assignments
   C. Approve Commendatory Resolution for Director Brett R. Barbre
      representing Municipal Water District of Orange County
   D. Adopt motion to adjourn the August Board Meeting to August 18, 2020, to establish tax rate. (Committees to meet on August 17 and 18, 2020)
7. CONSENT CALENDAR ITEMS — ACTION

7-1 Authorize an agreement with AVI-SPL, Inc. in an amount not-to-exceed $3.75 million for the procurement and deployment of upgraded audiovisual technology systems at Metropolitan's Headquarters Building for the Boardroom Technology Upgrade Project; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA. (OP&T)

7-2 Approve Process for General Manager Recruitment; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA. (OP&T)

7-3 Review and consider Addendum No. 1 to the 2015 Mitigated Negative Declaration, and award a $3,270,000 contract to Kiewit Infrastructure West Co to reline pipe and replace pipefittings at the Lake Perris Control Facility and on the Lakeview Pipeline. (E&O)

7-4 Award a $5,410,000 contract to J.F. Shea Construction, Inc. to reline a portion of the Lake Perris Bypass Pipeline; the proposed action is in furtherance of a project that was previously determined to be exempt or otherwise not subject to CEQA. (E&O)

7-5 Authorize an amendment to a professional services agreement with Systems Integrated, LLC, for up to six years in an amount not-to-exceed $362,000 annually, to provide support and maintenance of Metropolitan’s existing Supervisory Control and Data Acquisition system; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA. (E&O)

7-6 Review and consider the Lead Agency’s adopted Negative Declaration and Addendum and take related CEQA actions, and adopt resolution for 111th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan

7-7 Authorize payments, by a two-thirds vote, of up to $3.97 million for participation in the State Water Contractors for fiscal year 2020/21; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (WP&S) [Two-Thirds vote required at Board]
7-8 Review and consider the Padre Dam Municipal Water District’s approved Mitigated Negative Declaration for the East County Advanced Water Purification Project and take related CEQA actions; and authorize the General Manager to enter into a Local Resources Program Agreement with San Diego County Water Authority and the East County Advanced Water Purification Program Joint Powers Authority. (WP&S)

7-9 Review and consider the City of Escondido’s approved Mitigated Negative Declaration for the Escondido Membrane Filtration Reverse Osmosis Facility Project and take related CEQA actions; and authorize the General Manager to enter into a Local Resources Program Agreement with San Diego County Water Authority and the City of Escondido for the Project. (WP&S)

END OF CONSENT CALENDAR ITEMS

8. OTHER BOARD ITEMS – ACTION

8-1 Consider implications of board action to suspend collection of the Water Stewardship Rate and impacts of the COVID-19 pandemic on Metropolitan's budget and rates, and confirm Metropolitan’s commitment to demand management programs and the Local Resources Program goal; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA. (WP&S)

9. BOARD INFORMATION ITEMS

9-1 Update on Conservation Program

9-2 Communications and Legislation Committee Report

10. OTHER BOARD ITEMS

10-1 Update on Upcoming Department Head Performance Evaluations Process

Date of Notice: July 2, 2020
11. FOLLOW-UP ITEMS

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

NOTE: Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parentheses at the end of the description of the agenda item e.g., (E&O, F&I). Committee agendas may be obtained from the Board Executive Secretary.

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WATER PLANNING AND STEWARDSHIP COMMITTEE

Confirm the board-adopted goal of 170,000 AFY for LRP projects and direct staff to continue bringing forward proposed LRP project agreements for action; direct staff to continue funding demand management programs through program reserves; commit to completion of the IRP process, and make adjustments to LRP and other demand management programs as needed upon completion of the IRP; and direct staff to assist the Board in developing a replacement funding mechanism to the Water Stewardship Rate for 2023 forward. (Agenda Item 8-1) (TABLED - Recommended that the issues be considered at the September meeting of the Finance and Insurance Committee, subject to approval by the Executive Committee)

CONSENT CALENDAR

In other actions, the Board:

Authorized an agreement with AVI-SPL, Inc. in an amount not-to-exceed $3.75 million to upgrade the audiovisual systems in the board and committee rooms at Metropolitan’s Headquarters Building. (Agenda Item 7-1)

Approved process for the General Manager recruitment described in the board letter with the amendment to replace “oversee” to “conduct” in the last sentence on bullet number 4. (Agenda Item 7-2)

Reviewed and considered Addendum No. 1 to the 2015 Mitigated Negative Declaration, and awarded a $3,270,000 contract to Kiewit Infrastructure West Co. to reline pipe and replace pipefittings at the Lake Perris Control Facility and on the Lakeview Pipeline. (Agenda Item 7-3)

Awarded a $5,410,000 contract to J.F. Shea Construction, Inc. to reline a portion of the Lake Perris Bypass Pipeline. (Agenda Item 7-4)

Authorized an amendment to a professional services agreement with Systems Integrated, LLC, for up to six years in an amount not-to-exceed $362,000 annually, to provide support and maintenance of Metropolitan’s existing Supervisory Control and Data Acquisition (SCADA) system. (Agenda Item 7-5)

Reviewed and considered the Lead Agency’s adopted 2004 Negative Declaration and 2019 Addendum, and take related CEQA actions, and adopted resolution for the 111th Fringe Area Annexation concurrently to Eastern Municipal Water District and Metropolitan. (Agenda Item 7-6)
By a two-thirds vote, authorized the General Manager to make payments of up to $3.97 million to the State Water Contractors for FY 2020/21. *(Agenda Item 7-7)*

Approved two LRP applications, under the current LRP program and existing contracts as recommended by staff in the board letters without the new contract language added. *(Substitute Motion - Agenda Items 7-8 and 7-9)*

Reviewed and considered the Lead Agency’s Mitigated Negative Declaration and took related CEQA actions, and authorized the General Manager to enter into a Local Resources Program Agreement with SDCWA and the East County Advanced Water Purification Program Joint Powers Authority for the East County Advanced Water Purification Project for up to 12,882 AFY of recycled water under the terms included in this letter. *(Agenda Item 7-8)*

Reviewed and considered the approved/certified CEQA documents and took related CEQA actions; and authorized the General Manager to enter into a Local Resources Program Agreement with the San Diego County Water Authority and the City of Escondido for the Escondido Membrane Filtration Reverse Osmosis Facility Project for up to 3,280 AFY of advanced treated recycled water under the terms included in this letter. *(Agenda Item 7-9)*

**CONSENT CALENDAR OTHER ITEMS**

Approved Commendatory Resolution to Director Brett R. Barbre, representing the Municipal Water District of Orange County. *(Agenda Item 6C)*

Adopted motion to adjourn the August Board Meeting to August 18, 2020, to establish tax rate. *(Committees to meet on August 17 and 18, 2020) (Agenda Item 6D)*

**OTHER MATTERS**

Presented Commendatory Resolution for Director Vartan Gharpetian representing the City of Glendale. *(Deferred - Agenda Item 6G)*

**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](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](http://mwdh2o.com/WhoWeAre/archived-board-meetings)