FY21 Appropriations Update

The federal government is currently being funded by a Continuing Resolution (CR) that is running until December 11th. Once Congress is back in session in mid-November, conversations will begin between the House and the Senate regarding a path forward for the Fiscal Year (FY) 2021 appropriations bills. Depending on the outcome of the election, there are two likely scenarios for completing the FY21 appropriations bills: 1) the House and the Senate will work together to finalize the FY21 appropriations bills, put them in an omnibus package, and pass them prior to the December 11th or 2) Congress will pass another CR that will run into the first quarter of 2021 and the new Congress will finish the bills in the new year.

President Issues Executive Order to Create Water Subcabinet

Last week, the President issued an Executive Order (EO) entitled “Modernizing America's Water Resource Management and Water Infrastructure.” The EO touches on a broad range of water issues including water storage for Western farmers, Florida Everglades restoration, and the Great Lakes. Of particular interest to the Water Authority is the formal creation of a “water subcabinet” to coordinate across the agencies with a hand in water infrastructure, supplies, and quality. The following federal officials have been designated as part of the water subcabinet:

- Department of the Interior Assistant Secretary of Water and Science Dr. Tim Petty.
- EPA Assistant Administrator for Water David Ross
- U.S. Department of Agriculture Under Secretary for Farm Production and Conservation Bill Northey
- Assistant Secretary of the Army for Civil Works R.D. James
- U.S. Department of Energy Assistant Secretary for the Office of Energy Efficiency and Renewable Energy Daniel R. Simmons
- Deputy National Oceanic and Atmospheric Administration Administrator Rear Admiral Gallaudet
Negotiations Continue on COVID-19 Relief Bill

House Speaker Nancy Pelosi and Treasury Secretary Steve Mnuchin are continuing to negotiate the potential passage of another stimulus bill responding to the negative economic impacts resulting from the COVID-19 pandemic. Negotiations ground to a halt several weeks ago when both sides were unable to agree on a package size. In May, House Democrats passed the HEROES Act, a $3.4 trillion stimulus bill and in September, Senate Republicans introduced a $300 billion aid package that ultimately failed to pass the chamber.

Recently, in an effort to restart negotiations, House Democrats unveiled an updated HEROES Act, a $2.2 trillion package that includes $436 billion in aid for state and local governments. On Tuesday, Senate Majority Leader Mitch McConnell indicated that if a COVID-19 relief bill passed the House with the blessing of the President, he would put the bill on the floor of the Senate for a vote. He did not, however, give any indication if he thought said bill would pass the Senate.

Bureau of Reclamation Holds Webinars for Stakeholders

The Bureau of Reclamation announced that they will be holding a series of webinars over the month of October with stakeholders. The schedule for topics to be discussed is as follows:

- October 7th: Bureau of Reclamation History
- October 14th: Environmental Streamlining (ESA, NEPA, NHPA)
- October 21st: Federal and Partner Infrastructure Management/Title Transfer
- October 28th: Creatively Addressing Water Challenges in the West

Federal Grant Announcements

The Bureau of Reclamation has announced the availability of the WaterSMART Drought Resiliency Response Grant Program. This grant opportunity provides funding for the development and update of drought contingency plans that will build long-term resiliency to drought. Applications are due Jan 6th.
October 21, 2020

Attention: Imported Water Committee

Colorado River Board Representative’s report. (Information)

Purpose
The Colorado River Board (CRB) Representative’s report summarizes monthly activities of the Colorado River Board of California.

Discussion
This report covers activities from the October 14, 2020 CRB meeting held virtually due to COVID-19. The meeting included the following program updates:

Member Agency Updates
- California Department of Water Resources – California ended water year 2020 at 95 percent of reservoir storage statewide. September projections for water year 2021 predict La Nina conditions but it’s difficult to predict what that could mean for California and the Colorado River Basin.
- Metropolitan Water District of Southern California (MWD) – MWD board of directors reelected Gloria Gray as chairwoman. MWD has 3.1 million acre-feet (MAF) in storage.
- Water Authority – Deputy General Manager Dan Denham provided a presentation on the Regional Conveyance System Study including background, key study drivers, scope of the study, key Phase A results, and next steps.

Resolution honoring Terry Fulp
The CRB adopted a resolution acknowledging Bureau of Reclamation (Reclamation) Lower Colorado Region Regional Director, Terry Fulp, who is retiring after thirty-one years of federal service with Reclamation.

Colorado River Basin Hydrology and Operations
At the end of water year 2020, the overall Upper Colorado River Basin precipitation was 76 percent of normal. Water year 2021 began on October 1. Current water supply and storage conditions from the Reclamation Weekly Water Supply Report are shown in Table 1.

<table>
<thead>
<tr>
<th>Conditions as of October 13, 2020*</th>
<th>Volume (MAF)</th>
<th>Percent of Capacity</th>
<th>Elevation (feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lake Powell</td>
<td>11.2</td>
<td>46%</td>
<td>3,594</td>
</tr>
<tr>
<td>Lake Mead</td>
<td>10.2</td>
<td>39%</td>
<td>1,083</td>
</tr>
<tr>
<td>Total System Storage</td>
<td>28.6</td>
<td>48%</td>
<td>---</td>
</tr>
<tr>
<td>Water Year 2021 Precipitation**</td>
<td></td>
<td>24% of normal</td>
<td></td>
</tr>
<tr>
<td>Unregulated Inflow to Lake Powell Water Year Forecast**</td>
<td></td>
<td>54% of normal</td>
<td></td>
</tr>
</tbody>
</table>

*Conditions shown may be updated from those reviewed during the meeting.
**Projections are early for water year 2021 which began October 1.
Minute 323 Implementation Update
At the Minute Oversight Group meeting on October 7-8, Mexico reported that 95 percent of the projects initiated under Minute 319 have been completed and the remaining project activities are scheduled to be completed by the end of this year or in early 2021. Mexico also reported it expects to add approximately 103,000 acre-feet to its Water Reserve in Lake Mead in 2020. After the evaporation assessment has been applied, the expected total cumulative volume in the Reserve will be about 160,000 acre-feet. Plans have not been finalized for additions to the Reserve in 2021.

Salinity Control Update
Reclamation and the Basin States are exploring ways to improve long-term management of habitat replacement projects completed as mitigation for salinity control activities. Reclamation is interested in exploring potential partnerships with entities to combine habitat mitigation activities into larger tracts rather than using the current project-by-project approach. Reclamation also announced that it is working with the U.S. Geological Survey to study salinity conditions in the Yuma area in response to the 2019 problems meeting the Minute 242 salinity differential requirement with Mexico. Reclamation also summarized results of the Paradox Valley Seismic Analysis study, which included scenarios for varying brine injection throughout the year in response to flow conditions in the Dolores River. It has been observed that the salinity load in the Dolores River declines in the summer months even when brine injection is not occurring due to higher freshwater flows. On September 18, Reclamation announced the award of $37 million to eleven salinity control projects in Colorado and Wyoming through Reclamation’s Basinwide and Basin States Salinity Control Programs. Projects are funded through federal appropriation and a cost share by the seven Basin States.

Lower Colorado River Multi-Species Conservation Program (LCR MSCP)
The annual report submitted to U.S. Fish and Wildlife Service (USFWS) in June 2020 included a potential discrepancy between the reduction in flow allowed by the LCR MSCP permit and the reductions in flow that occurred in Reach 2 between Hoover and Davis Dams in water year 2019. To resolve this issue, the LCR MSCP permittees submitted a supplemental memorandum to the USFWS clarifying and more thoroughly describing the flow-related activities that occurred in 2019. The memorandum also described a process to more closely track reductions in flow in future years, as well as a plan to assess any environmental compliance needs for future changes in flow, in collaboration with the USFWS. The USFWS responded on September 25, affirming that the memorandum had clarified the 2019 changes in flow and that 2019 reductions in flow fell within the program’s existing coverage limits.

Section 7.D. Effectiveness Review of the 2007 Interim Guidelines
Reclamation is currently conducting an effectiveness review of the 2007 Interim Guidelines pursuant to Part G, Section 7, Subsection D of the guidelines. The review is intended to evaluate the effectiveness of the guidelines with respect to the purposes and operational elements. For
example, one of the stated purposes of the guidelines is to improve Reclamation’s management of the Colorado River by considering trade-offs between the frequency and magnitude of reductions of water deliveries, and considering the effects on water storage in Lake Powell and Lake Mead, and on water supply, power production, recreation, and other environmental resources. Reclamation expects to release a preliminary draft of the effectiveness review report in October 2020 with public comments due in November. The final report is expected to be released in December 2020.

Proposed Lake Powell Pipeline Project
The State of Utah is proposing to construct and operate a pipeline that would divert up to 86,000 acre-feet per year from Lake Powell and convey it to the southwestern corner of Utah for use in the St. George metropolitan region. A draft environmental impact statement (DEIS) for the proposed project was released in June 2020, with public comments due September 8, 2020. Reclamation received over 14,000 comments on the DEIS, including a joint letter from the other six Colorado River Basin States to the Secretary of the Interior. The primary issues raised in the six Basin States’ letter included: (1) Law of the River issues; (2) reservoir system operational issues; and (3) water use and accounting, and water quality issues. On September 24, the State of Utah and the Washington County Water Conservancy District formally requested that Reclamation extend the timeline for completion of the environmental assessment process and not issue a final EIS until the issues identified by the Basin States could be addressed and resolved.

Prepared by:  Kara Mathews, Principal Water Resources Specialist
Reviewed by:  Jim Madaffer, CRB Representative
October 21, 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 on October 12 and 13, 2020. The MWD Board will meet next on October 27 and November 9 and 10.

Discussion
The Water Authority Delegates (Delegates) supported 12 of the 14 action items approved by the MWD Board at its October 2020 meeting. MWD Board items of interest to the Water Authority include:

- Unanimously elected, by acclamation, Chairwoman Gray for a second two-year term;
- Appropriated $5 million to allow participation in the Sites Reservoir Project Phase 2 Workplan;
- Amended the fiscal years 2021 and 2022 Capital Improvement Plan (CIP) to include battery energy storage systems at Jensen, Skinner, and Weymouth treatment plants, and OC-88 Pumping Plant;
- “Review[ed] the Water Stewardship Fund and funding for Metropolitan’s Demand Management Programs;” and
- Conducted a “workshop” on MWD’s potential Regional Recycled Water Program.

Chairwoman Gray (West Basin) was re-elected by acclamation for a second two-year term to serve as MWD Chair. The motion to re-elect Gray was made by Director Ortega (Fullerton), who was also nominated last month as a candidate for Board Chair. Ortega made his motion after delivering his chair platform speech, which included a call for the Board to provide “oversight and clear direction to management on core issues.” He concluded his speech by disclosing that he received a call from Los Angeles Mayor Garcetti’s office to let him know that the Los Angeles Delegates were directed to support Gray’s re-election, thus making it “clear” he would “not prevail.” Gray’s second term will start on January 1, 2021.

The Fiscal and Insurance Committee received a report on funding for MWD’s demand management programs. In December 2019, the Board adopted staff’s recommendation to: (1) not impose the Water Stewardship Rate, or any other rates or charges to recover demand management costs for calendar years 2021 and 2022; and (2) use the reserves from the Water Stewardship Fund to pay all demand management costs in fiscal years 2021 and 2022. The Delegates advocated for MWD to rely on information and data from the 2020 Integrated Water

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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 See Attachment 1 for Garcetti’s letter to Gray, in which he urged Gray to work collaboratively with the Los Angeles delegation on three key topics: 1) “local water investment;” 2) “protect ratepayers;” and 3) “MWD genal manager hiring and board governance.”
Resources Plan (IRP) update to base its decision on demand management funding. Attachment 2 summarizes the discussion on this item as well as two financial reports.

Despite being in the middle of updating its IRP, which will revise projected demand for MWD water and inform its resource investment needs and strategies, MWD continues to move forward with water supply programs—the Regional Recycled Water Program, Sites Reservoir Project, and the Bard Water District fallowing program. At the Engineering and Operations Committee meeting, staff presented its second whitepaper of the Regional Recycled Water Program. Staff plans to seek Board approval to move forward with the next step in implementing the program, namely authorizing an estimated $30 million to fund the preliminary environmental impact report in November. Later, the Water Planning and Stewardship (WP&S) Committee heard a presentation on the Sites Reservoir Project, and the Board approved an additional $5 million for the next phase of the unbudgeted project. The San Diego delegation abstained on this item along with the Los Angeles delegation and representatives from Fullerton, Long Beach, and Santa Monica. Attachment 3 summarizes the Board members’ discussions of the Regional Recycled Water Program and Sites Reservoir Project.

Also, during the WP&S Committee meeting, Colorado River Resources Manager Hasencamp gave an update on the Bard Water District’s fallowing program. (In December 2019, the Board approved the agreement with Bard Water District and payment of up to $1.4 million per year to fund the program.) Director McKenney (Municipal Water District of Orange County (MWDOC)) asked for the “logic” of MWD issuing a full fallowing call for Bard Water District since MWD has so much water in storage. Hasencamp replied that MWD “wanted to keep the momentum going” on the new program. General Manager Kightlinger added that MWD is “gathering information on how the [Bard program’s] seasonal fallowing works.”

The Organization, Personnel, and Technology Committee heard public comments, and discussed issues, related to workplace retaliation and harassment, which are summarized in Attachment 4. Some speakers also urged MWD to hold public meetings to collect stakeholder feedback on the qualifications and qualities of MWD’s next general manager. The committee heard an update on the general manager recruitment process and directed the recruitment firm to send out an electronic survey and hold two 90-minute virtual meetings to collect public input on the qualities and qualifications.

Even though the “battery” project was unbudgeted and the Board adopted a moratorium on non-budgeted spending last month, the Board amended the CIP to include $11 million to $12 million for energy storage systems at three MWD treatment plants and one pumping plant, and authorize a $900,000 agreement for design work. The Delegates supported this action based on staff’s report that the battery projects cost will be offset by $10.3 million in incentives and deferral of “lower-priority” CIP projects to manage the CIP to its appropriated amount. In response to Director Butkiewicz, Assistant General Manager and Chief Operating Officer Upadhyay said MWD would “likely” not pursue the Weymouth treatment plant battery project if it does not receive the anticipated grants.

The WP&S Committee also received a presentation on the San Bernardino Valley Municipal Water District (Valley District) water transfer and the Santa Ana River Conservation
Conjunctive Use Program (SARCCUP). MWD plans to seek Board approval for agreements in November that would reconstitute an expired water transfer program between MWD and the Valley District as well as allow for water purchased from Valley District to be stored in the newly created SARCCUP. According to staff, under the proposed agreement, Valley District would sell its surplus State Water Project water to MWD and require 50 percent of that water be made available to four of MWD’s member agencies—Eastern Municipal Water District, Inland Empire Utilities District, MWDOC, and Western Municipal Water District—that participate in SARCCUP. The price of the water depends on hydrology, and SARCCUP agencies would pay MWD’s full-service rate (except Capacity Charge) for this water.

Given the current economic impacts from the COVID-19 pandemic on the region, coupled with the financial issues MWD is facing from suppressed water sales, the Board voted on a motion made by Ortega to not modify the compensation for the General Manager, General Counsel, General Auditor, and Ethics Officer. Following the vote on the motion, staff reported it did not gain enough support. A motion to provide all four department heads a cost-of-living adjustment of 3 percent (matching that of MWD’s represented employees) and the Ethics Officer with an additional 5 percent salary increase failed. Gray stated that consideration of compensation adjustments for the department heads will be placed on the Board’s November agenda. Director Smith requested that staff provide the vote tally on the motion to not make any compensation adjustments and received confirmation that if that motion had in fact passed then this item would not be added the Board’s November agenda. Staff later provided a vote tally and corrected vote result (Attachment 5), showing the action to make no salary adjustments passed with 62.93 percent support. Smith added that one reason he abstained on approval of the Board minutes for the September 15, 2020 meeting and revised minutes from the April 14, May 12, June 9, and July 14, 2020 meetings is because he is unsure “if we are getting these votes correct” and he does not “like the fact that it seems as those votes are getting corrected after the fact.”

Director Matt Petersen was inducted to the Board to represent the City of Los Angeles, replacing Lorraine Paskett. Gray appointed Petersen to the Water Planning and Stewardship Committee. Attachment 6 is a copy of MWD’s October 2020 committee and Board meeting agendas and Board summary.
Attachment 3 – Discussion Summary of MWD Supply Programs
Attachment 4 – Discussion Summary of MWD Organizational Culture Issues and Complaints
Attachment 5 – MWD Board Administrator’s letter to MWD Board regarding October 13, 2020
    Board Meeting Correction of Vote on 10-3 and Summary of Vote on Item 7-6
Attachment 6 – MWD’s committee and Board meeting agendas dated October 12 and 13, 2020 and
    Board summary dated October 13, 2020
October 13, 2020

Gloria Gray  
Chair, Board of Directors  
Metropolitan Water District of Southern California  
700 North Alameda Street  
Los Angeles, CA 90012-2944

RE: MWD Chair Election

Dear Chairwoman Gray:

Thank you for your commitment to delivering safe and affordable water to nearly 19 million ratepayers as the Chair of the Metropolitan Water District of Southern California (MWD). I was proud to support your election two years ago when you became Chair and will continue to support you. I hope that you know how important it is to me that you work very closely and collaboratively with my appointees on the MWD Board. This collaboration is essential to protect our region’s ratepayers while we work to recover from recent crises and prepare for climate change—a once future crisis that has all too quickly become reality.

MWD must make some critical decisions very soon and I am counting on a common understanding between us about the gravity of the outcomes. Most importantly, you will lead the hiring of the next General Manager, thus setting the tone for the next era of water management and water equity in California. The next General Manager of MWD must have demonstrated a commitment to regional resilience through the development and support of local water projects. This will be a departure from the status quo—and is necessary to bolster reliability in the face of unpredictable climate patterns. This very well may be the single most important task of your tenure, and it must be executed with diligence, thoughtfulness, and transparency to secure a water future that reflects a changing paradigm and new normal. I expect my Directors and staff to work with you directly throughout the process.
Secondly, Los Angeles is on track to recycle 100% of its wastewater by 2035, and MWD is a natural partner to strategically build and connect local infrastructure to provide affordable drinking water to Southern California. I will rely on your leadership to ensure that MWD continues to invest in regional and local water projects, such as regional water recycling projects and stormwater infiltration in the San Fernando Basin, as well as conservation incentives focused on customers hit hardest by the COVID-19 pandemic and the economic downturn. We all have a responsibility to restore equity and use whatever tools we have available to lift up and protect our most impacted neighbors.

Lastly, the region’s water future must be based on science and accurate economic modeling. As MWD decides on investments in the Delta and at home, it is more important than ever that agencies and their ratepayers do not pay more than their fair share. This will mean no new fixed charges and not subsidizing other agencies on planning and projects in the Delta to ensure local agencies can maintain their ability to invest in regional resilience. This also means MWD must accurately and urgently account for climate change impacts in its planning and financial commitments. While water is MWD’s business, safe and affordable water is a fundamental right and a necessity for our survival and recovery.

A list of my priorities is also attached. I look forward to working with you to achieve progress on these objectives, and to secure a sustainable and equitable water future for the region.

Sincerely,

ERIC Garcetti
Mayor
City of Los Angeles Priorities for Metropolitan Water District  
October 2020

The City of L.A. has three primary priorities for the Metropolitan Water District: (1) invest in local water supply projects to protect the region from climate change impacts; (2) protect ratepayers, particularly low income ratepayers; and (3) empower leaders at MWD that embrace the vision of regional water resilience and transparent governance.

Local Water Investment
The Delta and Colorado River ecosystems are increasingly stressed by drought and unpredictable rainfall patterns. While imported water will remain an important component of Southern California’s water supply, MWD and its member agencies must look for opportunities to build drought-proof, local projects for an uncertain future. Los Angeles is on track to recycle 100% of its wastewater and capture 150,000 acre feet of stormwater by 2035, and MWD is a natural partner to strategically build and connect local infrastructure to provide affordable drinking water to Southern California. MWD must continue to invest in regional and local water projects. Specially, MWD should:

- Continue the volumetric Water Stewardship Rate to support the Local Resource Program
- Invest in local and regional water recycling projects, including MWD’s proposal
- Invest in stormwater infiltration water supply projects
- Invest in conservation incentives focused on customers hit hardest by the COVID-19 pandemic and the economic downturn
- Incorporate climate modeling and GHG impacts in water supply planning and investments

Protect Ratepayers
As MWD decides on investments in the Delta and in Southern California, and the world looks to recover from the COVID-19 pandemic, it is more important than ever that agencies and their ratepayers do not pay more than their fair share, including:

- MWD should consider delaying investments in the Delta until the IRP is complete, a new GM is on board and economic recovery is underway
- MWD should not pay a greater proportion of the Delta conveyance project than its water allocation
- MWD should not pay more now with the hope that other agencies will decide to pay them back later
- MWD should not introduce additional fixed charges because pricing water volumetrically provides an incentive for agencies and ratepayers to conserve and invest in local water
- MWD should adopt Equity Metrics to track its investments and ensure that investments are equitably distributed, with a focus on investments in disadvantaged communities and rate assistance for low income customers
MWD General Manager Hiring and Board Governance
The General Manager will set the tone for the next era of water management and water equity in California. The next General Manager of MWD must continue to safeguard Southern California’s water supply while investing in regional resilience to bolster reliability in the face of unpredictable climate patterns. The MWD Board must:

- Hire a General Manager that embraces the vision of local water resilience and that has worked on local water initiatives
- Work with its Ethics Officer to re-train the Board on Brown Act issues and exhibit no tolerance for operating without transparency
- Shift to Robert’s Rules of Order
Discussion Summary of MWD Financial Management Matters

During its October 2020 Finance and Insurance (F&I) Committee meeting, the Metropolitan Water District (MWD) Board discussed funding for its demand management programs, which subsidize local water resource development and conservation, and reviewed MWD’s quarterly and year-end financial reports. In April 2018, based on staff’s recommendation, the Board suspended collection of the Water Stewardship Rate (WSR), which was used to fund MWD’s demand management programs, on deliveries of the Water Authority’s Colorado River exchange water. In December 2019, after presenting several demand management cost recovery options to replace the WSR, staff recommended to not incorporate the WSR or any other mechanism to recover demand management costs into the calendar years 2021 and 2022 rates and charges. The Board adopted staff’s recommendation to not impose WSR and, instead, use Water Stewardship Fund reserves to fund fiscal years 2021 and 2022 demand management costs. Staff also committed to conducting a “rate refinement process” to review demand management cost recovery in the context of MWD’s entire rate structure. This process was described as occurring alongside the 2020 Integrated Resources Plan (IRP) update, during which the Board would determine the extent of MWD’s future demand management programs, among other things.

In July 2020, the same month when the MWD Board was considering the approval of a couple Local Resources Program (LRP) funding agreements for the Water Authority’s member agencies, staff brought forward an item to “consider the implications” of its prior WSR actions and to “confirm [MWD’s] commitment to demand management programs and the Local Resources Program goal” of 170,000 acre-feet per year (AFY). The F&I Committee and Board tabled the item for later consideration; staff returned this month with this item. In its presentation, staff projected LRP and Conservation Program costs to increase over the next decade to $70 million and $43 million, respectively, in 2030 and expressed concern with not having a funding source in place. Additionally, while MWD entered fiscal year 2021 with $7 million more in Water Stewardship Fund reserves than previously anticipated. However, staff reported these reserves will be depleted by January 1, 2023, a concern it did not raise when recommending the Board not incorporate the WSR in December 2019, or during the 2021 and 2022 rate setting process. Although not yet seeking Board action, and without providing supporting analysis or outlining the planned “rate refinement process,” staff listed three possible options to manage the newly-identified potential funding gap: 1) take actions to reduce demand management costs; 2) establish a higher WSR to recover costs; or 3) establish a replacement demand management rate or charge before January 2023.

Following the presentation, Director Goldberg asked why the “rate refinement process” had not begun despite staff’s indication it would run “parallel with the IRP” update. She added that

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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 For more information on MWD’s demand management funding, see the memo Metropolitan Water District’s Demand Management Cost Methodology Update starting on page 61 of the Water Authority’s January 2020 Board Packet, found here: https://www.sdcwa.org/meetings-and-documents
3 For more information on MWD’s demand management funding, see the memo Metropolitan Water District Delegates Report starting on page 12 of the Water Authority’s July 2020 supplemental materials, found here: https://www.sdcwa.org/meetings-and-documents
4 The Board approved this interim “goal” in October 2018 and staff did not raise concerns about a funding source for the 102,000 AFY increase.
MWD “can operate effectively or be [a good steward] of ratepayer dollars” when its policy discussions are “completely disconnected” from each other and processes are handled on “an ad hoc basis.” Assistant General Manager and Chief Financial Officer Kasaine said the “rate refinement process” was meant “to start a few months after” the IRP update began (it launched in February 2020) so it can be “inform[ed]” by the 2020 IRP’s revised demand projections. She also said MWD put out a Request for Proposals to hire a rate consultant and the “rate refinement process” will start “in the next month” and continue into early 2021. Director Blois (Calleguas) asked if the consultant would review the demand management cost recovery options that MWD’s previous consultant provided in 2019. Staff said they had not planned to have the new consultant do that since those options “were well-vetted” but that is “an option.”

In a similar vein, Director Smith asked what changed to lead staff to now raise concerns about funding the demand management programs when it had recently advised the Board that it had sufficient reserves. Staff said nothing “has particularly changed,” but it wanted to let the Board know that MWD “might have a funding issue” by the end of the budget period depending on its demand management expenditures. Staff added that it brought this item “to show” the Board that it will bring forward options for demand management cost recovery. General Manager Kightlinger emphasized the need for the Board to select a demand management cost recovery option by the end of 2021 in time to be incorporated into the 2023 and 2024 budget, rates, and charges, which are scheduled to be adopted in April 2022. He also confirmed that any new rate or charge to recover demand management costs would not take effect until 2023.

In response to Director Ortega (Fullerton), Kightlinger described that the anticipated “rate refinement process” would trigger discussions with member agency managers to explain the process and various rate options as consultants provide input. Staff would “workshop” with the Board through 2021, coordinating with the F&I Committee Chair to determine how often updates on the process would come to the committee. Kightlinger said the “rate refinement process” would work “in parallel” to the IRP process but would extend to the end of 2021 (whereas staff expects to complete the IRP update in early 2021).

Director McKenney (Municipal Water District of Orange County) suggested MWD reduce its conservation program spending projections given the state’s water use efficiency legislation, that MWD demands remain low, and the region continues to implement local supplies. Smith noted that demand management is a small portion of MWD’s overall budget, and other projects the Board will soon consider—such as the Bay-Delta tunnel project, Regional Recycled Water Program, and Sites Reservoir—would constitute a much higher share of the budget. Therefore, Smith suggested the Board “keep [its] eye on those projects” and how they will be funded.

Following the demand management discussion, Controller Robertson updated the committee on fiscal year 2021’s first quarter financials. She reported that water sales were about 43,000 acre-feet, or about $43 million, below budget through September. This deficit was partially offset by exchanges being more than 6,000 acre-feet, or about $7 million, over budget. Sales, exchanges, and revenues are tracking higher than this time last fiscal year. Despite actual sales tracking below budget, Robertson reported revenues for fiscal year 2021 are projected to be on budget. (In contrast, just last month, MWD offered no rate relief to Southern Californians due to sales tracking “almost $200 million below budget,” with staff saying cost saving measures could not be passed onto ratepayers and instead were needed to offset the projected lower water sales
revenues.) Fiscal year 2021 expenditures are tracking about $10.7 million below budget, so MWD is projecting net revenues of $28.2 million at the end of fiscal year 2021.

Next, Robertson presented fiscal year 2020 financials, which were not changed from her previous fiscal year 2020 fourth quarter report. Although water sales were under budget by roughly $340 million, MWD ended the fiscal year with net revenues of about $59 million mainly due to tax revenues coming in over budget by $29 million and expenses coming in below budget by $255 million. Overall, unrestricted reserves decreased by $71 million to $448 million due to a larger-than-budgeted increase in required reserves. Related to MWD’s reserves, Director Smith requested that MWD provide historic annual accounting of its various reserve funds, such as the Water Stewardship and Treatment Surcharge Stabilization funds.

Director Kurtz (Pasadena) asked why water sales have dropped so much over the last year despite warmer weather, inquiring if the COVID-19 response may be the cause. Kightlinger noted that sales are trending lower since the last drought (which ended in 2016). He attributed this trend to the response to water use restrictions and investments in demand management, which seem to be “more permanent” than those of past droughts. He said the reduced demands are exacerbated by “a combination of factors” like economic downturn and a potentially shrinking population, adding that MWD is seeking more data on demographic trends. However, despite these reasons, he said that demands increased slightly this year compared to last year.

Assistant General Manager and Chief Operating Officer Upadhyay explained that based on previous droughts, MWD could expect water sales to rebound around 2022, about five years after water use restrictions were lifted in 2017. He also noted that any decrease in commercial and industrial water use stemming from the pandemic response has been “somewhat offset by residential use.” Kightlinger said MWD will “need to tease through the data” to better project future demands.

McKenney asked if MWD should consider further prepaying some of its pension and other post-employment benefit obligations (OPEB) since it is projecting net revenues. Kasaine replied that while it is “always nice to prepay” she does not “see the dollars for that because of all the other big items” MWD is pursuing, alluding to the potential Regional Recycled Water Program and Bay-Delta tunnel. (Staff plans to seek Board approval for the environmental review of the Regional Recycled Water Program and Bay-Delta tunnel project over the next few months, which will have capital costs of approximately $3.4 billion and $10.3 billion respectively.) She said given the potential for a recession, prepaying obligations could be a “huge risk,” and that these obligations are not MWD’s “biggest problem.” Instead, her “concern” is that MWD has “a lot of things right now that [it is] struggling to pay.” Director Peterson (Las Virgenes) observed MWD could get a better return on its investments by pre-paying its OPEB obligations due to their higher interest rates. Kasaine repeated that MWD has “no cash right now,” is “struggling” with low water sales, and needs to contain costs. (The subsequent day, the Board approved MWD’s most recent $5 million financial contribution for the Sites Reservoir Project; this expense was previously described as unbudgeted. Attachment 2 contains more information about the Sites Reservoir Project and Regional Recycled Water Program. Additionally, the discussion of the trade-offs of prepaying a greater amount of MWD’s pension and/or OPEB liabilities could be part of a larger long-range financial planning effort, which the Delegates have consistently advocated for MWD to undertake.)
Discussion Summary of MWD Supply Programs

At the Engineering and Operations (E&O) Committee meeting, the Metropolitan Water District (MWD) held its second workshop on its potential Regional Recycled Water Program (RRWP). This program would treat wastewater from the Los Angeles County Sanitation Districts (LACSD) to produce about 150 million gallons daily, or 168,000 acre-feet per year, of recycled water for groundwater replenishment. Staff presented an overview of the project and the second white paper, which intended to provide information on potential partnerships, funding sources, and cost recovery approaches. (The whitepaper did not provide analysis to support staff’s conclusions that the RRWP provides regional benefits or identify firm funding sources or necessary agreement terms with potential “partners” to mitigate MWD’s financial risk.) Staff plans to seek Board approval in November to start the environmental review process, which is budgeted at $15 million annually in fiscal years 2021 and 2022.

Following the presentation, Director Hogan suggested that staff could start the cost of service analysis before completing the environmental review. Specifically, he asked if MWD could use the rate consultant MWD is hiring for its “rate refinement process” to conduct the analysis for the RRWP. General Manager Kightlinger said it is “appropriate” to move forward with the environmental review since it is a two- to three-year process and the cost of service analysis should be completed when MWD settles on a “preferred project,” rather than doing analysis for multiple alternative projects and “wasting” effort. (MWD has not stated which alternatives to the RRWP would be explored in environmental review.) Kightlinger assured the Board that MWD would begin a “very clear cost analysis” before the environmental review is complete and will “make sure the Board is thoroughly engaged at every step of the process.” He said the environmental review should begin before the completion of the 2020 update to the Integrated Water Resources Plan (IRP) since the review process will take between 24 and 36 months and MWD needs to “get forward on” the RRWP. Hogan suggested that the IRP update is necessary to understand how the RRWP fits into MWD’s resource investment and management strategies. He added that the whitepaper identified “insurance” as a major benefit of the program. He urged the “insurance” benefit be considered in the upcoming “rate refinement process” and RRWP cost of service study given the Board’s discussion at its October 2019 retreat (about MWD’s potential new role in providing insurance and that MWD’s current rate structure, according to staff, does not recover the costs of providing insurance). Kightlinger said “staff concurs with that.”

Director McKenney (Municipal Water District of Orange County) said he was “very excited” about the potential partnership with the Southern Nevada Water Authority (SNWA). He surmised that since “they’ve got a lot of money and they really need water bad and we have a ton of water in ICS right now—we’re doing really well with managing the supplies there—but we have delivery constraints from there so the idea of being able to some sort of an exchange, I think, looks really good.” He asked if any changes to “the Law of the River” are needed to allow MWD to exchange its Colorado River water for the program’s recycled water. Kightlinger noted there are “mechanisms,” including the Drought Contingency Plan, that already allow exchanges, and it would not be “extremely difficult” to set up the type of exchange envisioned using the

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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.
RRWP’s product water. He added that MWD will work with SNWA and others to ensure that the “mechanisms” are in the Colorado River Interim Shortage Guidelines going forward and if the they are not included, MWD will have to “rethink this partnership.” Assistant General Manager and Chief Operating Officer Upadhyay added that MWD is also discussing a potential partnership with Arizona Department of Water and Power and Central Arizona Project on the program. (The whitepaper did not include a discussion on how out-of-state partners and LACSD will pay for the benefits they receive from the RRWP.)

Director Peterson (Las Virgenes) said if out-of-state partners, like SNWA, received greater supply reliability by participating in the RRWP, MWD should allow its member agencies the same opportunity because some may “want more reliability than they currently get through [MWD].” Later Peterson reiterated his concerns with out-of-state partners; and referred to efforts for “sharing the All-American Canal lining with Southern Nevada” during the Quantification Settlement Agreement (QSA) negotiations. Kightlinger said unlike the “reliability plus program with Southern Nevada” that was contemplated during QSA talks, MWD has been transparent with the other Colorado River Basin states and Governor Newsom’s office about the potential partnerships with SNWA and Arizona. Kightlinger added that the Board can have “a very good policy discussion” about other member agencies participating in the RRWP and ensuring that “everyone shares in the reliability.”

Director Goldberg thanked staff for preparing the whitepaper but requested that in the future the Board have at least a week to review materials for non-emergency items. (The Board had two business days to review the 76-page whitepaper before the workshop.) She noted that MWD often provides information without affording the Board adequate review time and expressed her, and other board members’, desire to thoroughly review this information to have “constructive discussion” during their committee and board meetings. She also voiced concern about the out-of-state partners since those agreements add “complexity on a project that is already complex.” She sought to better understand the need for their involvement in the RRWP. Kightlinger responded that staff prepared the whitepaper five weeks before it plans to seek Board action in November 2020 and will provide more information on the “pros and cons” of working with out-of-state parties. Director Blois (Calleguas) agreed with Goldberg and added that he did not “see the necessity for going forward for just going forward’s sake.” He said it was “premature” to move forward to fully implement the RRWP until MWD has made certain decisions, such as the source water’s treatment level. Later, Chairwoman Gray (West Basin) responded to Goldberg’s request saying that she will “continue to encourage staff to present information as timely as they can” and Hogan agreed with Goldberg’s comment about having enough time to digest the whitepaper. He requested a standalone agenda item on the November 2020 E&O Committee’s agenda to allow Board members to continue this discussion.

Director Record (Eastern) described the RRWP supply as “very expensive water” and requested that RRWP customers commit firmly to buying water “almost to the take-or-pay level” to avoid the potential for the RRWP facilities to become “stranded assets.” (RRWP water is expected to cost more than $1,800 per acre-foot (in 2018 dollars), which is more than double the current untreated water rate of $755 per acre-foot and does not factor in additional costs if MWD were to pursue direct potable reuse (DPR).) He added that he was concerned about MWD’s rates and
member agencies solely paying for the RRWP despite other agencies receiving benefits from the program and that MWD must be “protected on the financial end of it.”

E&O Committee Chair Smith asked if MWD could consider creating a new entity, like a groundwater replenishment district, to build and operate the RRWP. Upadhyay said that approach was not considered because MWD would develop a system to deliver the product water to existing replenishment districts. Referencing Record’s comments, Upadhyay added that MWD would have commitments from those taking the product water. He also said since “eventually we will be connecting to our [existing] treatment plants with direct potable reuse,” MWD has “not looked at establishing a separate replenishment district.” Switching gears, Smith requested that staff perform a sensitivity analysis of the program’s cost if it receives different levels of grant funding. Kightlinger said it was a good idea and in addition to grant funding, MWD will also evaluate program participation by third parties, like SNWA, and use of low interest loans.

In relation to potential partners, McKenney asked if MWD could collaborate with the Los Angeles Department of Water and Power (LADWP) on its recycled water program, the Hyperion Water Reuse and Resiliency Program. Upadhyay said MWD is coordinating with LADWP, offering the examples that if LADWP had surplus recycled water it could use the RRWP’s system (presumably to transport the surplus water to other groundwater basins) and, if the program offers DPR, MWD could treat the surplus water at its treatment plant(s). In a similar vein, Smith mentioned that MWD had plans to upgrade the demonstration plant to test DPR treatment processes and said the state plans to have the regulatory provisions in place by the end of 2023. Upadhyay added that the state is required to develop a DPR regulatory framework by the end of 2023, and MWD provided funding for some of the research to inform the framework. Upadhyay reported that the State Board is on track to meet that deadline.

The subsequent Water Planning and Stewardship (WP&S) Committee received a presentation on another supply program, the Sites Reservoir Project (Sites). The Board discussed authorizing $5 million to continue to participate in Sites’ environmental work. Although Kightlinger described this funding as not “plug[ged]” into MWD’s budget and “relatively small,” during the September Finance and Insurance Committee meeting, this month staff reported it had funding available in the State Water Project contract budget. Since at its September 2020 meeting, the MWD Board approved “a moratorium on non-emergency, unbudgeted proposals,” Director Goldberg asked if Sites was exempt from this moratorium. Kightlinger said “[MWD’s] budget does not have a line item for every single thing.” He added that it was his understanding that “if it was foreseen or anticipated” and there were funds available in the budget, then staff could bring the funding request to the Board. Goldberg asked why a $5 million project was not included as a line item in MWD’s budget and requested a report on MWD’s budgeting process, including which expenditures are included as line items and MWD’s policies for shifting funding from one category to another. Kightlinger said staff would “try” to provide that information.

McKenney suggested MWD’s further investment in Sites was needed to answer questions surrounding the project, particularly how it relates to the Bay-Delta tunnel project and other “decisions.” Referring to comments made earlier in the committee meeting by three members of the public who urged the Board to not approve funding for Sites, McKenney said that MWD was created to import water to Southern California. He also said “[MWD] member agencies and
other local agencies are certainly free to make all the investments that they want to make in increasing their efficiency and developing local supplies, and they can choose to do that instead of buying [MWD] water.” He added that “nobody’s choosing to do that on a complete basis, and we need to keep investing in this system,” thus, supporting MWD’s participation in Sites.

Director Cordero (Long Beach) echoed Goldberg’s concerns about the funding. In response to her concerns about Sites’ impact on American Indian tribes, Assistant General Manager of Strategic Water Initiatives Patterson said there is a feasibility study being completed that includes evaluation of these impacts, but he did not anticipate those to be significant. Cordero urged MWD to be “more assertive” related to tribal impacts, stating “tribes in that area need champions.”

Hogan noted that since the Board initially approved participating in Sites, MWD demands have dropped significantly and its in-region storage profile has changed as well. He said these factors should be considered before the Board makes a final decision to participate in any outside-the-region storage projects; specifically, it is important to understand the gaps that Sites intends to address. He said his comments also apply to the RRWP, since staff identified one of the program’s benefits as offering increased in-region storage. Kightlinger said staff will bring this “type of analysis” to the Board, “some of that will be discussed in the context of the IRP.” He added that the Sites’ purpose is “less about increasing [MWD’s] overall storage” and more about State Water Project “operational flexibility.”

Record voiced his support for Sites, saying that storage is important for MWD’s “reliability” and the project would help “mitigate [environmental] issues” in the Bay-Delta. Peterson requested analysis of Sites’ benefits under different seasonal and hydrologic conditions, and also with and without a Bay-Delta tunnel project. Kightlinger said staff would complete the analysis, adding that staff previously found “much stronger benefits” with a tunnel.

At the following day’s Board meeting, the Water Authority Delegates abstained on approving $5 million for the next phase of Sites, along with the Los Angeles delegation and the representatives from Fullerton, Long Beach, and Santa Monica. The item passed with 56.95 percent support.
Discussion Summary of MWD Organizational Culture Issues and Complaints

Since June 2020, Metropolitan Water District (MWD) employees and union representatives have been using the public comment period during the Board and Organization, Personnel and Technology (OP&T) Committee meetings to express their concerns with MWD’s work environment, including issues related to harassment, sexual assault and work retaliation. It continued this month; five speakers—some of them MWD employees and others, members of the public—spoke about retaliation over prior public testimony and discontent with management’s non responsiveness in the Diversity, Equity and Inclusion Council. One of the five speakers, an MWD employee, alleged MWD failed to properly provide a safe work environment after a confirmed sexual assault took place at work.

Following the public comments, Director Treviño (Upper San Gabriel) noted the concerning trend of more and more employees addressing the OP&T Committee about workplace issues. Treviño noted Director Ortega’s (Fullerton) September request to set up an OP&T subcommittee on Diversity, Equity, and Inclusion to consider solutions to the organizational culture issues raised by employees. Treviño requested to discuss the formation of a subcommittee and the need to hire an external, independent investigator at the OP&T Committee’s November meeting; OP&T Committee Vice Chair Ballin (San Fernando) supported Treviño’s request.

The committee was scheduled to discuss an update on the Diversity, Equity and Inclusion Council and females in apprenticeship and trades—which were requested previously by Ortega and Ballin, respectively, in response to previous public comments—but ran out of time. OP&T Committee Chair Murray (Los Angeles) said staff will schedule a special OP&T Committee meeting on October 27 to discuss the organizational culture and harassment issues raised in public comment, Treviño’s requests, and the delayed agenda items. Ortega said the Board needs “to make [MWD] employees feel safe,” noting that a survey undertaken by the Ethics Office revealed that 65 percent of MWD employees reported “feeling intimidation over retaliation if they denounce wrongdoing.” He emphasized the need for an independent investigator, regardless of whether OP&T establishes a new subcommittee, in order to “separate management” from the review of harassment and retaliation issues. Director Quinn (Los Angeles) agreed with Ortega.

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Date: October 14, 2020

To: Board of Directors

From: Rosa Castro, Board Administrator

Subject: October 13, 2020 Board Meeting Correction of Vote on 10-3 and Summary of Vote on Item 7-6

A review of items voted on at yesterday’s board meeting revealed an incorrect count of the weighted vote on item 10-3: Discuss and Approve Compensation Recommendations for General Manager, General Counsel, General Auditor, and Ethics Officer. It was reported that the substitute motion for Option 1 did not pass with a total yes vote of 49.75 percent. The correct count shows the substitute motion passing with a yes vote of 62.93 percent. Table 1 below shows the vote as captured from the roll call for item 10-3 during the board meeting as checked against the recording.

Item 7-6: Appropriate $5 million, and authorize an amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority to allow for participation in the Sites Reservoir Project Phase 2 Workplan was voted on as part of the consent calendar. There were several abstentions. Please review Table 2 below which reflects the abstentions as captured from the recording. This item passed by 56.95 percent.
### Table 1

**Record of Vote on Item 10-3: Substitute Motion - Approve Option 1**

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If you have any questions please do not hesitate to contact me at (213) 217-6291 or rcastro@mwdh2o.com.

Thank you,

Rosa A. Castro
Board Administrator and Board Executive Secretary
cc: General Manager
    General Counsel
    General Auditor
    Ethics Officer
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))

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION

A. Approval of the Minutes of the meeting of the Adjourned Finance and Insurance Committee held September 14, 2020

3. CONSENT CALENDAR ITEMS – ACTION

None

END OF CONSENT CALENDAR ITEMS

REVISED: Date of Notice: October 5, 2020
4. OTHER BOARD ITEMS — ACTION

None

5. BOARD INFORMATION ITEMS

9-2 Compliance with Fund Requirements and Bond Indenture Provisions

9-3 Review of the Water Stewardship Fund and impacts of the costs of the Board adopted 170,000 AFY goal for the Local Resources Program; review of Metropolitan’s future funding commitment to funding for Metropolitan’s Demand Management Programs

6. COMMITTEE ITEMS

a. Quarterly Financial Report

b. Year End Financial Report

7. MANAGEMENT REPORT

a. Chief Financial Officer’s report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site http://www.mwdh2o.com.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.
E&O Committee
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. Morris
J. Murray Jr.
A. Ortega
G. Peterson
H. Repenning
H. Williams

Engineering and Operations Committee

Meeting with Board of Directors*

October 12, 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.

CONSENT CALENDAR ITEMS — ACTION

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. CONSENT CALENDAR OTHER ITEMS – ACTION

A. Approval of the Minutes of the meeting of the Adjourned Engineering
and Operations Committee held September 14, 2020

Date of Notice: September 29, 2020
3. CONSENT CALENDAR ITEMS – ACTION

7-1 Certify the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Western San Bernardino County region and take related CEQA actions; and approve the program for the purposes of CEQA

7-2 Award $276,373 contract to Minako American Corp. for rehabilitation of the wave attenuator at Diamond Valley Lake; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

7-3 Award $1,294,800 contract to Kaveh Engineering & Construction, Inc. for erosion control improvements at Garvey Reservoir; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

7-4 Amend the Capital Investment Plan for fiscal years 2020/21 and 2021/22 to include battery energy storage systems at Joseph Jensen Water Treatment Plant, Robert A. Skinner Water Treatment Plant, F. E. Weymouth Water Treatment Plant, and OC-88 Pumping Plant; and authorize an agreement with Stantec Inc. in an amount not-to-exceed $900,000 for design of these facilities; the General Manager has determined that 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

9-4 Workshop on Regional Recycled Water Program: Institutional and Financial Considerations
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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Date of Notice: September 29, 2020
Water Planning and Stewardship Committee
Meeting with Board of Directors*
October 12, 2020
1:00 p.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))

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<th>Los Angeles, CA 90012</th>
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* The Metropolitan Water District’s Water Planning and Stewardship Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Water Planning and Stewardship Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committees as advisory to the Board, members of the Board who are not assigned to the Water Planning and Stewardship Committee will not vote on matters before the Water Planning and Stewardship Committee.

2. **CONSENT CALENDAR OTHER ITEMS – ACTION**

   A. Approval of the Joint Minutes of the Adjourned Water Planning and Stewardship Committee and Conservation and Local Resources Committee held September 14, 2020 (Water Planning and Stewardship Committee only)
3. CONSENT CALENDAR ITEMS – ACTION

7-6 Appropriate $5 million, and authorize an amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority to allow for participation in the Sites Reservoir Project Phase 2 Workplan; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

7-7 Approve the Multi-Family Property Toilet Replacement Program; the General Manager has determined that this action is exempt or otherwise not subject to CEQA

7-8 Approve implementation of the Flow Monitoring Device Pilot Program; adopt resolution to support Metropolitan’s application for United States Bureau of Reclamation grant funding of $996,300 for a Flow Monitoring Device Pilot Program; authorize the General Manager to accept grant funds, if awarded; and authorize General Manager to enter into contract with United States Bureau of Reclamation for grant funds, if awarded; the General Manager has determined that this 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. Overview of the San Bernardino Valley Municipal Water District Water Transfer and the Santa Ana River Conservation Conjunctive Use Program

Date of Notice: September 29, 2020
7. MANAGEMENT REPORTS

a. Bay-Delta Matters

b. Colorado River Matters

c. Water Resource Management Manager's report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Date of Notice: September 29, 2020
Real Property and Asset Management Committee

Meeting with Board of Directors*

October 12, 2020

2:30 p.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 Real Property and Asset Management Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Real Property and Asset Management Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Real Property and Asset Management Committee will not vote on matters before the Real Property and Asset Management Committee.

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

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION

A. Approval of the Minutes of the meeting of the Adjourned Real Property and Asset Management Committee held August 17, 2020

3. CONSENT CALENDAR ITEMS – ACTION

7-5 Authorize the General Manager to enter into a Contributed Funds Agreement with the U.S. Department of the Interior, Bureau of Land Management, funded in an amount not to exceed $400,000, in support of Metropolitan’s Colorado River Aqueduct Federal Reversionary Interest Release Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Date of Notice: September 29, 2020
END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORT

a. Real Property Manager’s Report

8. FOLLOW-UP ITEMS

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Date of Notice: September 29, 2020
Legal and Claims Committee

Meeting with Board of Directors*

October 13, 2020

9:30 a.m.

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

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

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

CONSENT CALENDAR ITEMS — ACTION

3. CONSENT CALENDAR OTHER ITEMS – ACTION
   A. Approval of the Minutes of the Adjourned Legal and Claims Committee meeting held September 15, 2020
4. **CONSENT CALENDAR ITEMS – ACTION**

7-9 Update on Metropolitan Water District of Southern California, Mojave Water Agency, Coachella Valley Water District, San Gorgonio Pass Water Agency and Municipal Water District of Orange County v. California Department of Fish and Wildlife, California Department of Water Resources and California Natural Resources Agency, Superior Court of the County of Fresno Case No. 20CECG01347 and request for authorization to increase maximum amount payable in contract with the Thomas Law Group by $150,000 to an amount not-to-exceed $250,000. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA.

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

7-10 Report on Imperial Irrigation District v. Metropolitan Water District of Southern California, et al., Los Angeles Superior Court Case No. 19STCP01376; and request to authorize an increase in the maximum amount payable under contract with Meyers, Nave, Riback, Silver & Wilson, PLC for legal services by $100,000 to an amount not-to-exceed $200,000; the General Manager has determined 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)]

**END OF CONSENT CALENDAR ITEMS**

5. **OTHER BOARD ITEMS — ACTION**

None

6. **BOARD INFORMATION ITEMS**

None
7. COMMITTEE ITEMS
   
a. Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830, CPF-12-512466, CPF-14-514004, CPF-16-515282, CPF-16-515391, CGC-17-563350, and CPF-18-516389; the appeal of the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case Nos. A146901 and A148266 and California Supreme Court Case No. S243500; the petition for extraordinary writ in the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case No. A155310; and the petition for extraordinary writ in the second 2016 action, Court of Appeal for the First Appellate District Case No. A154325 and California Supreme Court Case No. S251025
   
   [Conference with legal counsel – existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

8. FOLLOW-UP ITEMS
   
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Date of Notice: September 29, 2020
Organization, Personnel and Technology Committee

Meeting with Board of Directors*

October 13, 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.

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

* 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 meeting of the Adjourned Organization, Personnel and Technology Committee held September 15, 2020; and the Special Organization, Personnel and Technology Committee held September 22, 2020
3. CONSENT CALENDAR ITEMS – ACTION

None

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. General Manager Recruitment Discussion

b. Diversity, Equity, and Inclusion Council Update

c. Report on Females in Apprenticeship and Trades

7. MANAGEMENT REPORT

a. Human Resources Manager’s report

b. Information Technology Manager’s report

8. FOLLOW-UP ITEMS

None

Date of Notice: September 29, 2020
9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.
Regular Board Meeting
October 13, 2020
12:00 p.m.

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(Click to Access Board Meetings Page)
Public Comment Via Teleconference Only: Members of the public may present their comments to the
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1. **Call to Order**

   **Added**

   (a) **Invocation:** Matthew Wise, System Operator, Water System Operations Group

   (b) **Pledge of Allegiance:** Director Gloria Cordero,
       City of Long Beach

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 AND REPORTS**

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

   B. Chairwoman’s Monthly Activity Report

   C. Report from Executive Committee on nominations for Board Chair

   D. Nomination and Election for Board Chair for two-year term effective January 1, 2021
E. General Manager's summary of activities for the month of September 2020

F. General Counsel’s summary of activities for the month of September 2020

G. General Auditor’s summary of activities for the month of September 2020

H. Ethics Officer’s summary of activities for the month of September 2020

Added

I. Induction of new Director Matt Petersen from the City of Los Angeles
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

CONSENT CALENDAR ITEMS — ACTION

6. CONSENT CALENDAR OTHER ITEMS — ACTION

Updated

A. Approval of the Minutes of the Adjourned Meeting for September 15, 2020; and Approval of the Revised Minutes of the Regular Board Meeting for April 14, 2020; Regular Board Meeting for May 12, 2020; Regular Board Meeting for June 9, 2020; and Regular Board Meeting for July 14, 2020 (Copies have been submitted to each Director)
   Any additions, corrections, or omissions

B. Approve committee assignments

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Certify the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Western San Bernardino County region and take related CEQA actions; and approve the program for the purposes of CEQA. (E&O)
7-2  Award $276,373 contract to Minako American Corp. for rehabilitation of the wave attenuator at Diamond Valley Lake; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (E&O)

7-3  Award $1,294,800 contract to Kaveh Engineering & Construction, Inc. for erosion control improvements at Garvey Reservoir; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (E&O)

7-4  Amend the Capital Investment Plan for fiscal years 2020/21 and 2021/22 to include battery energy storage systems at Joseph Jensen Water Treatment Plant, Robert A. Skinner Water Treatment Plant, F. E. Weymouth Water Treatment Plant, and OC-88 Pumping Plant; and authorize an agreement with Stantec Inc. in an amount not-to-exceed $900,000 for design of these facilities; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (E&O)

7-5  Authorize the General Manager to enter into a Contributed Funds Agreement with the U.S. Department of the Interior, Bureau of Land Management, funded in an amount not to exceed $400,000, in support of Metropolitan’s Colorado River Aqueduct Federal Reversionary Interest Release Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (RP&AM)

7-6  Appropriate $5 million, and authorize an amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority to allow for participation in the Sites Reservoir Project Phase 2 Workplan; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA. (WP&S)

7-7  Approve the Multi-Family Property Toilet Replacement Program; the General Manager has determined that this action is exempt or otherwise not subject to CEQA. (WP&S)
7-8 Approve implementation of the Flow Monitoring Device Pilot Program; adopt resolution to support Metropolitan’s application for United States Bureau of Reclamation grant funding of $996,300 for a Flow Monitoring Device Pilot Program; authorize the General Manager to accept grant funds, if awarded; and authorize General Manager to enter into contract with United States Bureau of Reclamation for grant funds, if awarded; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQA. (WP&S)

7-9 Update on Metropolitan Water District of Southern California, Mojave Water Agency, Coachella Valley Water District, San Gorgonio Pass Water Agency and Municipal Water District of Orange County v. California Department of Fish and Wildlife, California Department of Water Resources and California Natural Resources Agency, Superior Court of the County of Fresno Case No. 20CECG01347 and request for authorization to increase maximum amount payable in contract with the Thomas Law Group by $150,000 to an amount not-to-exceed $250,000. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&C)

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

7-10 Report on Imperial Irrigation District v. Metropolitan Water District of Southern California, et al., Los Angeles Superior Court Case No. 19STCP01376; and request to authorize an increase in the maximum amount payable under contract with Meyers, Nave, Riback, Silver & Wilson, PLC for legal services by $100,000 to an amount not-to-exceed $200,000; the General Manager has determined 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)]

END OF CONSENT CALENDAR ITEMS

8. OTHER BOARD ITEMS — ACTION

None
9. BOARD INFORMATION ITEMS

9-1 Update on Conservation Program

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

9-3 Review of the Water Stewardship Fund and impacts of the costs of the Board adopted 170,000 AFY goal for the Local Resources Program; review of Metropolitan’s future funding commitment to funding for Metropolitan’s Demand Management Programs. (F&I)

9-4 Regional Recycled Water Program: Institutional and Financial Considerations. (E&O)

9-5 Communications and Legislation Committee Report

10. OTHER MATTERS

10-1 Department Head Performance Evaluations

[Public Employees’ performance evaluations; General Manager, General Counsel, and General Auditor, and Ethics Officer; to be heard in closed session pursuant to Gov. Code 54957.]

10-2 Report on Department Head 2020 Salary Survey

10-3 Discuss and Approve Compensation Recommendations for General Manager, General Counsel, General Auditor, and Ethics Officer

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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CONSENT CALENDAR ITEMS – ACTION

The Board:

Certified the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Western San Bernardino County region and take related CEQA actions; and approved the program for the Western San Bernardino County region for the purposes of CEQA. (Agenda Item 7-1)

Awarded $276,373 contract to Minako America Corp., for rehabilitation of the Diamond Valley Lake wave attenuator. (Agenda Item 7-2)

Awarded $1,294,800 contract to Kaveh Engineering & Construction, Inc. for drainage and erosion control improvements at Garvey Reservoir. (Agenda Item 7-3)

Amended the current CIP to include the implementation of BESS at four Metropolitan facilities; and authorized an agreement with Stantec Inc. in an amount not-to-exceed $900,000. (Agenda Item 7-4)

Authorized the General Manager to enter into a Contributed Funds Agreement funded in an amount not-to exceed $400,000 to the U.S. Department of the Interior, Bureau of Land Management. (Agenda Item 7-5)

Authorized the General Manager to sign the Second Amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority and other participants for participation in the Phase 2 Workplan process for an amount not to exceed $5,000,000; and appropriated $5,000,000 for the Phase 2 Workplan based on reserving an option for 50,000 AF of water supply yield. (Agenda Item 7-6)

Authorized the use of up to $2.75 million annually from the Conservation Program Budget for the Multi-Family Property Toilet Replacement Program. (Agenda Item 7-7)

Approved implementation of the Flow Monitoring Device Pilot Program; and adopted the resolution; authorized the General Manager to accept grant funds, if awarded; authorized the General Manager to enter into a contract for the grant funds. (Agenda Item 7-8)

Authorized the General Counsel to amend the existing agreement with the Thomas Law Group to increase the maximum amount payable by Metropolitan by $150,000 to an amount not-to-exceed $250,000. (Confidential letter heard in Closed Session at committee) (Agenda Item 7-9)
Authorized an increase in the maximum amount payable under contract with Meyers, Nave, Riback, Silver & Wilson, PLC for legal services by $100,000 to an amount not-to-exceed $200,000.  (Confidential letter heard in Closed Session at committee)  
(Agenda Item 7-10)

OTHER BOARD ITEMS – ACTION

None.

CONSENT CALENDAR OTHER ITEMS – ACTION

Approved committee assignment for Director Matt Petersen to serve on the Water, Planning and Stewardship Committee.  (Agenda Item 6B)

OTHER MATTERS AND REPORTS

Gloria Gray was elected to serve a second term as Chairwoman of the Board, effective January 1, 2021.  (Agenda Item 5D)

Induction of new Director Matt Petersen representing the City of Los Angeles.  
(Agenda Item 5I)

OTHER MATTERS

Discussed and Approved Compensation Recommendation Option 1: No increases for General Manager, General Counsel, General Auditor, and Ethics Officer.  (Agenda Items 10-3)

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

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