Proposed Staff Recommendation Consent Calendar for January 24, 2013

ADMINISTRATIVE AND FINANCE COMMITTEE
9- 1. Treasurer’s report.
   Note and file the monthly Treasurer’s report.

9- 2. Authorize the issuance of Senior Lien Water Revenue Refunding Bonds – Series 2013A to refund certain outstanding long-term debt to yield debt service savings. Adopt a resolution authorizing the issuance of Senior Lien Water Revenue Refunding Bonds, Series 2013A, for the purpose of refunding certain existing long-term debt; and authorize the Director of Finance to utilize a negotiated method of sale. Approve the forms of financing documents for both refunding bond issuances, including the Preliminary Official Statements for the 2013A Bonds.

WATER PLANNING COMMITTEE

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
9- 4. Partnership agreement with San Diego Gas & Electric Company for Water and Energy Efficiency Programs. Authorize the General Manager to execute an agreement with San Diego Gas & Electric Company to implement water and energy efficiency programs.

ENGINEERING AND OPERATIONS COMMITTEE
9- 5. Professional services contract with LEE & RO, Inc. for design of the Miramar Pump Station Rehabilitation project. Authorize the General Manager to award a professional services contract in the amount of $489,832 to LEE & RO, Inc. for the design of the Miramar Pump Station Rehabilitation project.

9- 6. Project Delivery Work Group Recommendations. During the last half of 2013, provide the E&O Committee a presentation on the Gate Process and how it guides a capital project through the various project phases. Use the Nob Hill project as an example of how the Gate Process works. Provide Gate information at the time of each Board action on the project, and provide information presentations at key gates that don’t require Board action. Provide the Board information regarding past project performance (e.g. change orders)
   Accept Shimmick/Obayashi Joint Venture Change Orders 28, 29 and 32 through 36 for a credit of $65,688; and authorize the General Manager to execute a change order for up to $500,000 for interim storm water conveyance improvements, increasing the authorized contract amount from $140,681,794.70 to $141,116,106.70.

   Authorize the General Manager to approve the Design-Build performance specification for the San Marcos Vent Desalination Modifications project.

   Authorize the General Manager to send the U.S. Army Corps of Engineers comments regarding the Draft Environmental Impact Statement for the Gregory Canyon Landfill.
Office of the General Counsel

January 16, 2013

Daniel S. Hentschke, Esq.
General Counsel
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

Dear Mr. Hentschke:

Re: Amended and Restated Purchase Order for System Water to be Provided by the Metropolitan Water District of Southern California

Contrary to the assertions in your letter to me dated January 14, 2013 (attached), the statements made in your transmittal of the executed Amended and Restated Purchase Order (your December 27, 2012 letter to Gary Breaux) nullify the execution of the amended agreement by the Water Authority General Manager. Your unfounded, wide ranging declarations that the amendment to the purchase order lacks consideration, contains false recitals, does not represent a mutual agreement, and is illegal and illusory, clearly communicate that the SDCWA does not accept the amendment as either a legally valid and binding document or documentation of a meeting of the minds of the two parties. Accordingly, execution of the document by either party is of no legal consequence. It is the Water Authority’s objections to and rejection of the amendment that prevents the parties from entering into this purely voluntary document.

Very truly yours,

Marcia Scully
General Counsel

Enclosure

cc: G. Breaux
Metropolitan Water District of Southern California Board of Directors
San Diego County Water Authority Board of Directors
January 14, 2013

Marcia Scully
General Counsel
Metropolitan Water District
of Southern California
Box 54153
Los Angeles, CA 90054-0153

Re: Amended and Restated Purchase Order for System Water to be Provided by the Metropolitan Water District of Southern California

Dear Ms. Scully:

Responding to your letter of January 4, 2013, it is perfectly clear that the Water Authority timely approved, executed, and provided to Metropolitan a fully executed Amended and Restated Purchase Order. The Water Authority General Manager executed the agreement within the scope of authority delegated by the Water Authority board of directors. There is no requirement for my approval “as to form and content” as asserted in your letter.

The Water Authority remains ready and willing to stand and be bound by its commitment to purchase at the Tier 1 price the purchase order commitment amount stated therein. However, the Water Authority cannot and will not, by execution of the purchase order, waive its rights to challenge Metropolitan’s unlawful practices or actions, or otherwise compromise positions the Water Authority has asserted in litigation challenging Metropolitan’s rates. It is Metropolitan, not the Water Authority that has dictated the terms of the Amended and Restated Purchase Order, and it is Metropolitan, not the Water Authority that has refused to enter into the agreement because the Water Authority has refused to waive its rights.

Sincerely,

[Signature]

Daniel S. Hentschke

Attachment: October 16, 2012 E-Mail re: Purchase Order Extension

cc: MWD Board
SDCWA Board
Date: October 16, 2012
To: Member Agency Managers
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Purchase Order Extension

Please find attached your Amended and Restated Purchase order. If you choose to execute the Purchase Order, execute two original copies and forward them to Metropolitan. We will execute both copies, retain one, and return the other executed original to you. If you need more than one original for your files, adjust the number of executed originals you send to Metropolitan accordingly. The Amended and Restated Purchase Order must be fully executed by December 31, 2012.

If you have any questions, please contact June Skillman at 213-217-6216, or jskillman@mwdh2o.com.
January 24, 2013

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Information)

Background
Because of the holiday schedule, this report includes MWD board activities for December 2012 and January 2013. The MWD committees and board met on December 10 and 11 and January 7 and 8. The next regular MWD board and committee meetings are scheduled for February 11 and 12.

Discussion
This report summarizes discussions held and key decisions made at the MWD committee and board meetings, as reported by the MWD delegates. In December, the Water Authority delegation supported 10 out of 11 action items approved by the MWD board, and opposed an item related to MWD providing Local Resource Projects subsidies for a groundwater recovery program at California State Polytechnic University, Pomona. Similar to their actions related to other Local Resources Projects, the delegates applauded member agencies’ effort to develop local projects, but opposed MWD funding of this item because there is a lack of demonstrated need for this type of project at MWD; demonstrated benefits to ratepayers other than the recipient agency; and access by the Water Authority’s ratepayers to this type of program (for the Water Authority’s letter to MWD, see Attachment 1). In January, the delegates supported all five action items approved by the MWD board.

Attachments 2 and 3 are copies of MWD’s December and January board meeting agendas, respectively.

December meetings:
Communications and Legislation Committee
The committee and board adopted the 2013 Legislative Strategy. The committee also received reports on other state and federal legislative activities and the 2012 General Election.

Engineering and Operations Committee
The committee and board approved six items, including authorizing final design to replace wastewater systems at four Colorado River Aqueduct pumping plants. The committee also received a report on its Engineering Services Succession and Workforce Development Plan. Nearly 60 percent of MWD’s 342 Engineering staff is eligible for retirement, and of the 200 staff eligible to retire, about 110 are over MWD’s average retirement age of 59. Staff reported completing and updating a Skill Gap Analysis and the implementing an action plan to close the identified skill gaps.

Finance and Insurance Committee
Chief Financial Officer Gary Breaux said that the external auditor completed its review of MWD’s financial statements in November. Breaux provided a review of the audited results (actual) against the budget for fiscal year ending June 30, 2012. Actual revenues came in $19 million below the
$1,460.7 million budget – due to the sale of discounted water and total water sales being about 5 percent less than budget (91 thousand acre-feet (TAF) less than the budgeted 1.8 million acre-feet (MAF)). The water sales revenue deficit was offset by increases in power, interest and other receipts (primarily due to the Coachella Valley Water District exchange, where Coachella purchased three years of exchange water in advance). Actual expenses also came in about 6 percent less than budget (about $94 million less than the $1,443.6 million budget) – mainly due to decreased costs for the State Water Contract ($71 million), Colorado River Power ($15.9 million), and Demand Management ($11.4 million). This decrease was offset by increased costs in Operations and Maintenance, Debt Service, and Supply Programs.

MWD allocates a significant portion of its SWP costs on its transportation rate. Noting the variance for the State Water Project (SWP) budget and actual, Director Lewinger reiterated a previous request for an analysis on actual expenditures compared to their budgeted sources of revenue by rate categories. Assistant General Counsel Sydney Bennion said that because Lewinger’s request is not a report that MWD normally produces, coupled with the pending rate litigation (with the Water Authority), MWD staff would not provide this information. Director Wilson requested that historical information on “Budget Versus Actual” variance over the last ten years be provided to this committee; Breaux agreed to provide it.

The committee also received a report on Options for Fixed Revenue Sources. Breaux said that about 17 percent of MWD’s revenues are from fixed sources (Readiness-to-Serve Charge, Capacity Charge and Property Taxes). Compared to 18 other wholesale agencies, only three other agencies have less fixed revenue as a percent of total revenues than MWD. Lewinger asked that the Fixed Revenue Sources’ presentation be brought back to the committee to show fixed revenue as a percentage of fixed expenses. Additionally, he asked that staff prepare a sensitivity analysis of MWD’s financial obligations, including Bay Delta Conservation Plan (BDCP) costs and implementation of planned projects’ expenses, compared to projected types of revenues that looks forward over the next 5, 10, 15 and 20 years. Breaux said that staff plans to bring back an “integrated financial plan” that would at least look forward 10 years. Subsequently, General Manager Jeffrey Kightlinger summarized this discussion as concern with the volatility associated with supply availability and water sales, and its impact on rates. He said that MWD addresses this volatility through its reserve policy, and that the long range finance plan is disconnected from MWD’s water planning forecasts such as the Integrated Resources Plan and the Regional Urban Water Management Plan. Kightlinger said rather than “weaving a number of stories,” staff will prepare appropriate reports for discussion. Director Peterson (Las Virgenes) expressed concern that MWD does not consider contracts (purchase orders) as a fixed revenue source. Breaux responded that the purchase orders do not provide the level of fixed revenues that qualify them as a fixed revenue source, and noted that most agencies have already met their two-year extension adjustment.

Legal and Claims Committee
The committee approved an item authorizing an increase in an existing contract with Latham & Watkins, LLP related to permit proceedings in the Sacramento Regional County Sanitation District v. California Regional Water Quality Control Board. In closed session the committee discussed several issues including litigation with the Water Authority and the Consolidated Delta Smelt and Salmonid Cases.
Organization and Personnel Committee

The committee received an update on MWD’s Required Contributions for Fiscal Year 2013/14 based on CalPERS Actuarial Valuation as of June 30, 2011. Staff said MWD’s plan is to fund 100 percent of the employer share of actuarially determined Annual Required Contribution plus the employee’s share of the Public Employees Retirement System (PERS) contribution, in accordance with bargaining unit Memorandum of Understandings (MOUs). Kightlinger clarified an inquiry from Wilson, stating that the recent Pension Reform legislation requires new employees to CalPERS to pay the 7 percent CalPERS employee contribution; while existing CalPERS employees’ contribution is per the current MOUs. Following a discussion on new accounting Governmental Accounting Standards Board (GASB) 68 rules, Lewinger asked staff to report back to the committee on what the unfunded liability would be based on market value as opposed to the current usage of actuarial value (the unfunded liability based on actuarial value was reported as $258.7 million, as of June 30, 2011). Subsequently, at the January Finance and Insurance Committee meeting, Breaux confirmed that GASB 68 requires the use of market value in determining the pension liability. He said that as of June 30, 2011, using the current market value, about 75.1 percent of the pension liability is funded; as opposed to actuarial value, which takes gains and losses and levels it out over 15 years, amounts to 84.5 percent funded. Breaux said that he does not think the increase in unfunded liability would raise concern for rating agencies because MWD continues to meet its Annual Required Contribution.

Staff also provided the committee an update on the Pension Reform Act of 2013, which limits the pension benefits offered to new members of CalPERS. Director Mudd asked staff to clarify what constitutes the “normal cost” in MWD’s pension plan. Staff said the normal cost consists of the active employees’ benefits earned today (current year of service), which includes the calculation of benefits to be received after retirement.

In addition, staff reported changes in plan assumptions, such as interest rates, which require MWD to pay more money to cover benefits for the existing retirees as it relates to Other Post-Employee Benefits (OPEB).

The committee also received an update on the 2013 Pension Reform and on MWD’s Information Technology Strategic Plan.

Joint Meeting of the Water Planning and Stewardship and Special Committee on Bay-Delta

The Water Planning and Stewardship Committee and board approved three items, including an item that adjusted member agency Tier 1 limits based on historical long-term replenishment purchases and eliminated the Replenishment Service program. General Manager Paul Jones of Eastern Municipal Water District addressed the committee in support of the item. In committee, Lewinger moved staff’s recommendation, but clarified that the Water Authority’s support of the item was made with the understanding that the adjustment was made solely for the purchase of calculating member agencies’ Tier 1 allowance and no more. He asked that a statement from the Water Authority be recorded in both the committee and board records, see Attachment 4.

As part of the requirements of Senate Bill 60 (SB 60) passed in 1999, the committee also held a public hearing on MWD’s achievements in conservation, recycling, and groundwater recharge. MWD invited experts in conservation, recycling, and sustainability to provide comments on MWD’s report on its accomplishments in conversation, recycling, and groundwater recharge.
Founder and Chief Executive Officer Marcus Castain of Generation Water said there are more water savings opportunities in outdoor landscaping. Rob Starr of the Toro Company stated that urban water continues to be underpriced, but applauds MWD for its efforts to improve irrigation efficiency. Executive Director Richard Atwater of the Southern California Water Committee (SCWC) commented on the collaborative effort between SCWC and MWD on multiple water resources programs, including stormwater capture. Tracy Quinn of the Natural Resources Defense Council expressed disappointment in MWD’s downward trend in water conservation investments; she added that MWD’s traditional role to incentivize conservation is insufficient to expand conservation savings. Chief of the Development Division for Los Angeles County Park and Recreation Jim Smith said through MWD sponsored rebates, over 116 smart irrigation controllers were installed throughout its park system. Principal Water Resources Planner Harvey De La Torre of the Municipal Water District of Orange County thanked MWD for its leadership and participation in water use efficiency and its financial support through the regional rebate programs, as well as voicing support for the development of MWD’s market transformation program. MWD Water Resources Manager Deven Upadhyay responded to an inquiry by Director Brick (Pasadena); Upadhyay said that last year MWD issued an Innovative Conservation Program Request for Proposal and awarded funding for projects that could document water savings and reliability of water savings devices. Upadhyay added that a second round of funding is scheduled for later this year.

The Water Authority Delegation submitted to MWD a letter reiterating its concern that the SB 60 Report continues to wrongly emphasize MWD’s subsidy programs, rather than the progress and opportunity to encourage and enhance conservation and local water supply development in Southern California (See Attachment 5).

The committee also received reports on MWD’s Water Surplus and Drought Management (WSDM) and Colorado River matters. Staff projects 322 TAF of additional storage for 2012, ending 2012 with 3.34 MAF (includes 626 TAF of emergency storage) in MWD’s total storage reserves. Colorado River Resources Manager Bill Hasencamp reported on the signing of the bi-national agreement for water storage in Lake Mead and the Colorado River Basin study, which was expected to be released in December. Hasencamp also discussed a letter from Imperial Irrigation District to the United States Bureau of Reclamation seeking permission to move about 17 TAF additional water supplies to the Water Authority this year; MWD said it would move the water to the Water Authority to the extent that the water was conserved upon verification from Reclamation. He noted that the MWD continued to be concerned over IID’s overruns, which now total 162 TAF.

**Special Committee on Bay-Delta**

Staff reviewed the analysis of the July 2012 joint state and federal Bay Delta Conservation Plan (BDCP) proposal. The Natural Resources Agency commissioned a report by economist David Sunding to identify whether the benefits of the project to the SWP and Central Valley Project contractors exceed the costs of the project; the report has not been completed. Staff said negotiations with the federal government over the concept of a “decision tree” continues, which will determine what will be the ultimate yield of the Delta Fix project. In response to Lewinger’s inquiry, staff said it would be able to return to the Special Committee with a business analysis on the benefits and costs of a smaller conveyance facility, such as 6,000 cubic-feet per second (cfs), as opposed to the preferred project of 9,000 cfs. Lewinger asked staff to address critics’ assertion
that Sunding’s preliminary conclusions on the report uses a favorable discount rate and an infinite life-cycle, as oppose to a 40-50 year life cycle, in its assumptions, resulting in a higher calculation of benefits from the conveyance project.  Kightlinger said staff will provide a definitive report on the project’s costs and economic benefits following the issuance of the BDCP public draft in Spring 2013.  Kightlinger added that MWD contracted with Chris Thornberg of Beacon Economics to assist MWD in understanding the differences between the two cost-benefit reports by Sunding and Jeffrey Michaels of the Eberhardt School of Business at the University of the Pacific.

Staff also provided updates to the committee on the Delta Stewardship Council’s (DSC) Delta Plan environmental documents and on the Delta Science efforts.  Staff said that the DSC is particularly interested in reducing reliance on the Delta, by looking at agencies’ Urban Water Management Plans and whether those projects listed will be, or are being implemented.

January Committee and Board meetings:

**Communications and Legislation Committee**

Executive Legislative Representative Kathy Cole reported on various legislators’ effort to modify, overhaul, or eliminate the 2014 Water Bond.  Kightlinger said that because the direction to reduce the Water Bond is clear, in the near future, staff would like to understand the board’s priorities, in order to focus on what areas to protect from cuts.

The committee also received reports on state and federal legislative activities and MWD’s Education Programs.

**Engineering and Operations Committee**

The committee and board approved five items, including authorizing preliminary design of seismic upgrades for the 6.9kV switch houses at the Colorado River Aqueduct (CRA), which are critical to powering the CRA pumping plants.  Staff reported the CRA is operating at a four-pump flow (at the end of December, CRA was operating at a one-pump flow).  The blends at Skinner are 70 percent SWP.  The December 2012 demands of 89 TAF were about 9 TAF lower than December 2011.  Staff added that the Diamond Valley Lake (DVL) storage level is higher than estimated last month for the year-end, because Operations increased its put into DVL in order to deal with a persistent, but moderate, algae bloom in the East Branch of the SWP, which affected taste and odor.

Staff also reported that equipment outages in the SWP resulted in a loss of power generation revenue and reduced ability to pump off-peak.  For MWD, the energy cost impact is estimated to be between $15 million to $20 million in fiscal year 2011/12.  Staff said the cost impact was offset by savings in other areas of the SWP budget, allowing the overall SWP costs to fall below budget.  The variance is the result of: 1) reduction in the variable power rate; 2) $13 million in rate management credits (excess revenue collected in previous years); and 3) lower billings resulting from delays related to the BDCP and Delta Habitat Conservation and Conveyance Program.  Staff emphasized that there are no adverse impacts to SWP supply deliveries; in addition, MWD is working with the Department of Water Resources (DWR) to restore the equipment outages.

**Finance and Insurance Committee**

Lewinger requested that the draft minutes for the committee’s December meeting be amended to
include a transcription of an exchange he had with staff on revenue and expenditure tracking. Bennion rejected the inclusion of the transcript but stated MWD could reference the request in the minutes and the subsequent denial. Related to the discussion on the minutes, Breaux added that copies of a letter from the Water Authority’s counsel, Keker & Van Nest (Keker), and the response from MWD’s counsel, Morrison Foerster, were made available for the committee members. Breaux said Keker interpreted the discussion in December’s committee to imply that MWD staff acknowledged possessing the analysis as requested by Lewinger, but withheld it. Breaux read a statement clarifying that MWD has not prepared such an analysis. Director Mudd questioned why this type of information is not captured by MWD, particularly when the current year assumptions are based on prior year actuals and may be a basis for forecasting budget decisions. Breaux responded that MWD does not run rate models to determine the impact to existing rates based on actual expenditures. Director Record (Eastern) expressed his support of MWD’s current process.

Breaux and Controller Tom DeBacker reviewed the six-month financial picture for fiscal year 2012/13 (six months ended as of December 31, 2011). Breaux said revenues are $822.3 million, or $52.0 million above budget, primarily due to increased water sales ($40.6 million), and other revenues, including power sales ($11.4 million). Expenses are $708.6 million or, $84.3 million below budget, primarily due to lower costs for the SWP contract ($61.8 million), debt service ($6.2 million), CRA power ($7.8 million), and Demand Management programs ($4.6 million). Breaux said this period projection shows a total favorable variance of $136.3 million. Through the end of the fiscal year, revenues are projected to be $1.521 billion, or $41.2 million above budget; with expenses to be $1.403 billion, or $76.7 million below budget. According to Breaux, assuming the projections are met, the net revenues will total almost $118 million, which will increase available reserves (close to the maximum reserve level). Breaux then indicated that the board may direct staff to use the revenue over-collection to either increase Pay-As-You-Go Funding (to lower debt service costs) or pay down the OPEB liability. Director Edwards (Foothill) asked how much of the revenue increase is attributed to one-time billing activity, such as the Water Authority’s additional invoiced amount relating to water that is in current dispute. Breaux responded that the Water Authority bill was $2.8 million.

In response to Director Barbre’s (Municipal Water District of Orange County) inquiry on when the CRA cap-and-trade fees will start affecting MWD’s budget, Chief Operating Officer Debra Man said that staff does not anticipate that cap-and-trade will be applicable to MWD until after 2014, when it begins to purchase supplemental power. Chair Grunfeld (Los Angeles Department of Water and Power) asked if staff received feedback from rating agencies regarding the financial ratios that did not meet all board adopted targets. Breaux said the rating agencies response is positive, particularly with MWD emphasizing its improving financial ratios.

The committee also received a report on the 2013 Financing Plans, which included a look at the 2012 Financing Results. MWD had five refundings in 2012, among other activities, resulting in savings and reduction of risks.

**Legal and Claims Committee**

General Counsel Marcia Scully introduced three recently hired attorneys to MWD’s Office of the General Counsel. The attorneys will primarily cover property, Bay-Delta, and environmental compliance issues. Scully also reported that there are a number of groundwater issues that relate
to the construction of the Diamond Valley Lake Reservoir; a recent letter was received by MWD from the attorneys representing the Domenigoni-Barton families. The letter provided comments on MWD’s proposal to meet its recharge obligation under the Groundwater Mitigation Agreement, which were allegedly not included in the final report and recommendations to MWD management. Scully said staff is meeting to determine options to resolve these issues.

The committee also heard reports in closed session on the San Diego County Water Authority v. MWD litigation and the Consolidated Delta Smelt and Salmonid Cases.

Water Planning and Stewardship Committee
Hasencamp provided Part II of an oral report focused on Quantification Settlement Agreement (QSA) issues and activities taking place to resolve them. In addition, per request by Record, the presentation included staff’s supply and rate impact analysis to MWD if the Imperial Irrigation District (IID)/Water Authority transfer were to terminate. Hasencamp said that the forecasted average annual Colorado River water available for years 2013 to 2026 (which is when the current operating rules for the Colorado River expire) is 940 TAF per year. This assumes the basic apportionment (550 TAF), IID Conservation program (105 TAF), Water Authority Canal Lining Projects (78 TAF), San Luis Rey Canal Lining (16 TAF), Palo Verde Irrigation District (PVID) Program (30 TAF-40 TAF), and the IID/Water Authority Transfer (156 TAF). Without the Water Authority Transfer and canal lining projects, MWD anticipates the average annual Colorado River water available to be 790 TAF per year. Hasencamp said that MWD’s policy is to maintain an aqueduct full enough to meet local demands without the Water Authority’s transfers. If the Water Authority transfers terminated, MWD would replace them with other supply options, such as withdrawals from the Lake Mead Intentionally Created Surplus (ICS) account, increased production from PVID Programs, development of interstate water programs and potential partnerships with Mexico, among other opportunities. Hasencamp said that the Water Authority would likely purchase additional supply from MWD at either the Tier 1 or 2 supply rates, if the Water Authority transfers were to terminate. MWD, on the other hand, would incur additional costs to improve its imported water supplies, which may impact future rates based on the cost of the investment. Hasencamp added that MWD could consider other options to ensure reliability, such as investments in additional SWP storage and transfer programs, water use efficiency enhancements, and local resources programs. Hasencamp acknowledged that each current dispute has an identified path forward to prevent the QSA from terminating. Lewinger commented that because IID and the Water Authority have a legal contract, its transfer program can only be impacted by the failure of the QSA; additionally, he pointed out that many water supply options discussed by Hasencamp could not exist without the QSA. Kightlinger responded that there is a difference of opinion and that MWD believes it could implement programs with or without the QSA.

Record questioned if the IID and Water Authority petition to shorten Salton Sea mitigation efforts were approved, who then would be responsible for continuing mitigation, such as dust control efforts. Kightlinger said that MWD is not a party to the Environmental Impact Report (EIR); Hasencamp added that Coachella Valley Water District along with IID and the Water Authority are responsible for the mitigation efforts. Staff will report on its findings following review of the EIR. Lewinger pointed out that if the petition is approved, there is potentially access to 480 TAF of water at an attractive price. Kightlinger said that if staff analysis shows that this is a good approach, staff would recommend to the committee and board to support the petition. In regards
to IID overruns, Lewinger pointed out that IID had “under-runs” in 2009 and 2010 by over 200 TAF in both years. Hasencamp responded that the under-runs cannot be used to payback overruns. Mudd suggested when more information is made available and staff reports back to the committee on the IID and Water Authority transfer programs, that MWD include representatives from IID and the Water Authority for balance and firsthand responses. Peterson commented that if the IID and Water Authority transfer program failed, the Water Authority would make up the gap by purchasing Tier 1 MWD water supply (currently $140 per acre-foot).

Staff also reported on MWD’s preparation for long-term uncertainty through its 2010 Integrated Resources Plan’s (IRP) “foundational actions” and its plan to fund a program to help advance technical studies. Because MWD has yet to show the linkage between its water resources planning with its member agencies’ forecast data, Director Steiner asked if MWD plans to update its IRP with its commissioned demand study by economist Dr. David Sunding. Kightlinger said the IRP would be updated on a five-year basis and added that the focus on foundational actions would allow flexibility to quickly implement alternative supplies if needed. Director Dick (Municipal Water District of Orange County) said that when these studies become action items, MWD should consider equity positions for the projects because its practice had been to pay “people not to buy water.” Lewinger asked staff to return with a report on member agencies’ projects, already in place, that reduce demand on MWD, including, in terms of the proposed funding, the resulting regional benefit of the foundational actions. Kightlinger response was “any input of value will be reflected in the final proposal.”

The committee also received a report on MWD’s WSDM Plan. Staff said that based on the current 2013 SWP Table A allocation of 40 percent (786 TAF), estimated supplies from the CRA (867 TAF), and assumed demand levels similar to Water Year 2012, the outlook for Water Year 2013 results in a shortage of 204 TAF. The shortage would be met from MWD’s storage reserves. The committee also received reports Bay-Delta and Colorado River matters.
December 10, 2012

John V. Foley, Chairman
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

Re: Board Item 7-1 – OPPOSE
Authorize entering into a Local Resources Program agreement with Three Valleys Municipal Water District and California State Polytechnic University, Pomona, for the Cal Poly Pomona Water Treatment Plant

Dear Mr. Foley and Members of the Board,

The Water Authority’s delegates OPPOSE Board Item 7-1 on the following grounds.

Under California law including Proposition 26, Metropolitan Water District (MWD) is required to set water rates that do not exceed the reasonable and proportionate costs of providing the particular service for which the rate is charged, and that are equitable, fair and non-discriminatory. MWD has failed to present in Board Memo 7-1, by reference to its outdated Integrated Resources Plan (IRP), even more outdated 2007 Local Resources Plan (LRP) “target” or otherwise, any showing that MWD’s payments for this local water supply project will benefit any ratepayers other than those who will, through the implementation of this project, virtually cease being customers of MWD and thus no longer be required to pay its water rates and charges. There is no demonstration that any water supply or transportation costs are or will be avoided by MWD as a result of these payments. The assertion in Board Memo 7-1 that MWD’s payment of the local water supply costs of certain member agencies and ratepayers “benefit all member agencies regardless of individual project location,” is not substantiated by any evidence and is in fact, untrue.

Far from benefitting ratepayers of other member agencies, MWD’s payment of subsidies under current conditions actually harms all remaining MWD ratepayers by further reducing already-depressed demand for MWD water. This in turn reduces MWD’s own revenues and further drives up the cost of water purchased by other customers of MWD member agencies. The problem, of course, is not that MWD’s imported water sales are declining – water conservation and local projects are a good thing – but rather, that MWD refuses to make planning adjustments to acknowledge its reduced sales and, indeed, continues to

A public agency providing a safe and reliable water supply to the San Diego region
increase spending.

Although MWD recently updated its Official Statement to reflect reduced demands by hundreds of thousands of acre-feet annually, it has NOT made the same adjustment to its IRP or local resources development “target,” which is the purported basis of this staff recommendation. If MWD updated its IRP and LRP target to be consistent with the information it has now disclosed in its Official Statement, the justification to pay for this and other local water supply projects would be completely eliminated.

MWD’s expenditures have exceeded its revenues in five out the past eight years because water sales are down by more than 30% since the 2007 LRP “target” for local resources development and 2010 IRP were adopted. Rather than respond to these changed circumstances (consistent with the IRP’s articulated “adaptive management”), MWD is intentionally choosing to rely on outdated water supply and financial planning that assume water demands that do not exist and are not reasonably projected to exist in the foreseeable future.

The Water Authority recently compiled a list showing the potential to develop up to 1.2 million acre-feet of local water supply throughout Southern California, including 415,000 acre-feet of planned projects and nearly 800,000 acre-feet of potential projects identified in MWD member agencies’ Urban Water Management Plans. A copy of this summary is attached. And yet, MWD has incorporated only 103,000 acre-feet of these supplies in its Regional Urban Water Management Plan as an offset to demands on MWD. MWD is artificially inflating the demand for MWD’s imported water in order to justify its 2007 LRP subsidies “target” for local water supply development.

MWD staff’s recommendation to approve this subsidy agreement is also inconsistent with its own actions many months ago to suspend its “Local Resource Development Task Force” in order to reexamine the merits of the program and the water demand projections upon which it is based.

In addition to these grounds, the Water Authority objects to being charged a “Water Stewardship Rate” (WSR) to pay for this project because its ratepayers have been barred by the MWD board’s August 2010 action from receiving any WSR benefits. Accordingly, the WSR is discriminatory, violates California law and may not be collected from the Water Authority’s customers.

As part of the lawsuit it has filed challenging MWD’s 2013 and 2014 water rates, the Water Authority is seeking to be relieved of any financial responsibility for this and other WSR projects approved by the MWD board of directors, so that the agencies that do not object may pay for these projects. As stated previously, the Water Authority has no objection if
other MWD agencies wish to “pool” their money, however, that activity must be voluntary and not part of the water rates imposed by MWD on the ratepayers of all of its member agencies.

Sincerely,

Keith Lewinger  
Director  

Vincent Mudd  
Director  

Fern Steiner  
Director  

Doug Wilson  
Director  

Attachment

c: Jeff Kightlinger, MWD General Manager  
San Diego County Water Authority Board of Directors and Member Agencies

1 Attachment 2, page 44 of 112, states that, “California State Polytechnic University – Pomona (CSUP) annual water usage over the last 10 years is approximately 504 AF/year. Over the same time period CSUP receives approximately 269 AF/year potable water supply from Three Valleys Municipal Water District (District). This supply is primarily made up of imported water purchased by the District from Metropolitan Water District of Southern California (MWD). The reliability and cost of this imported water has been significantly impacted by a combination of drought conditions and environmental constraints primarily from the State Water Delta issues.” Thus, after implementation of the project – estimated to produce up to 250 acre-feet per year – CSUP would be purchasing 19 acre-feet of water annually from MWD, thus protecting its own customers against future cost increases by MWD.
Southern California’s Local Water Supply Development Plans (2012 - 2035)

Up to 1.2 Million Acre-Feet

Does not include 650,000 AF of planned and state-mandated conservation.

Estimated On Line Date
- 2012 - 2015
- 2016 - 2020
- 2021+
- Projects completed in two phases

County Boundaries
MWD Member Agency Boundaries

sdcw.org 4677 Overland Ave. • San Diego, California • 92123-1233
<table>
<thead>
<tr>
<th>County</th>
<th>Water Agency</th>
<th>Project</th>
<th>New Supply (AF)</th>
<th>On Line</th>
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<tbody>
<tr>
<td>All Counties</td>
<td>MWD Service area</td>
<td>Conservation</td>
<td>650,000</td>
<td>2015+</td>
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<tr>
<td>Los Angeles</td>
<td>Central Basin Municipal Water District</td>
<td>Joint Water Pollution Control Plant</td>
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<td></td>
<td>Central Basin Municipal Water District</td>
<td>Water Replenishment District Groundwater Reliability Improvement Program</td>
<td>21,000</td>
<td>2020</td>
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<td></td>
<td>Foothill Municipal Water District</td>
<td>Water Reclamation</td>
<td>1,280</td>
<td>2020</td>
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<td></td>
<td>Los Angeles Department of Water &amp; Power</td>
<td>Tujunga Well Treatment</td>
<td>24,000</td>
<td>2014</td>
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<td></td>
<td>Los Angeles Department of Water &amp; Power</td>
<td>Stormwater Capture and Replenishment</td>
<td>2,000 - 25,000</td>
<td>2015 - 2035</td>
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<td></td>
<td>Los Angeles Department of Water &amp; Power</td>
<td>Harbor Water Recycling Project</td>
<td>15,500</td>
<td>2018</td>
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<td></td>
<td>Los Angeles Department of Water &amp; Power</td>
<td>TI AWTF and Distribution System Water Recycling Project</td>
<td>10,000</td>
<td>2019</td>
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<td>Los Angeles Department of Water &amp; Power</td>
<td>Tillman Groundwater Replenishment System</td>
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<td>Long Beach</td>
<td>Seawater Desalination Project</td>
<td>5,000</td>
<td>2025</td>
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<td>Pasadena</td>
<td>Joint Water Pollution Control Plant</td>
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<td>Three Valleys Municipal Water District</td>
<td>Additional Project</td>
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<td>Torrance</td>
<td>Expanded Recycle Water and Goldworthy Desalter</td>
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<td>Upper San Gabriel Valley MWD</td>
<td>Groundwater Reliability Improvement Program</td>
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<td>Upper San Gabriel Valley MWD</td>
<td>Joint Water Pollution Control Plant</td>
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<td>West Basin Municipal Water District</td>
<td>Joint Water Pollution Control Plant</td>
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<td>West Basin Municipal Water District</td>
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<td>West Basin Municipal Water District</td>
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<tr>
<td></td>
<td>Various</td>
<td>Projects under 5,000 acre-feet combined</td>
<td>64,288</td>
<td>2012 - 2025+</td>
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<td>Orange</td>
<td>Municipal Water District of Orange County</td>
<td>Wells 21 and 22</td>
<td>7,900</td>
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<td>OCWD Groundwater Replenishment System</td>
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<td>Municipal Water District of Orange County</td>
<td>SMWD Chiquita Reclamation Project</td>
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<td>Municipal Water District of Orange County</td>
<td>Irvine Ranch WD Strand Ranch - Dry Year Yield</td>
<td>16,666</td>
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<td>Municipal Water District of Orange County</td>
<td>IRWD Wells 51, 52, 53, 21 &amp; 22 Potable</td>
<td>12,700</td>
<td>2018</td>
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<td>Municipal Water District of Orange County</td>
<td>Huntington Beach - Seawater Desalination Project</td>
<td>56,000</td>
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<td>San Juan Capistrano - Seawater Desalination Project</td>
<td>16,000</td>
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<td>19,228</td>
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<td>Riverside</td>
<td>Eastern Municipal Water District</td>
<td>Eastern Regional Reclaimed Water System</td>
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<td>Eastern Municipal Water District</td>
<td>EMWD Indirect Potable Reuse</td>
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<td>Eastern Municipal Water District</td>
<td>Perris Desalter</td>
<td>5,585</td>
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<td>Hemet Citrus In-Lieu Project</td>
<td>5,000</td>
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<td>Western Municipal Water District</td>
<td>City of Riverside Recycled Water Program</td>
<td>41,400</td>
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<td>Western Municipal Water District</td>
<td>Chino Basin Desalter 3</td>
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<td>Rancho California Reclamation</td>
<td>13,800</td>
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<td>Western Municipal Water District</td>
<td>Arlington Basin Groundwater Desalter Project</td>
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<td>Projects under 5,000 acre-feet combined</td>
<td>1,125</td>
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<td>San Bernardino</td>
<td>Inland Empire Utilities Agency</td>
<td>Chino Basin Desalter 2</td>
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<td>Inland Empire Utilities Agency</td>
<td>Carbon Canyon/IJEA Regional Recycled Water Distribution System</td>
<td>25,000 - 50,000</td>
<td>2015 - 2020</td>
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<td>San Diego</td>
<td>Oceanside</td>
<td>Mission Basin Desalter</td>
<td>5,600</td>
<td>2016</td>
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<tr>
<td></td>
<td>Otay Water District</td>
<td>Rosarito Beach Desalination</td>
<td>28,000</td>
<td>After 2020</td>
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<tr>
<td></td>
<td>San Diego County Water Authority</td>
<td>Water Purification Project</td>
<td>16,800 - 89,600</td>
<td>2020 - 2035</td>
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<td></td>
<td>San Diego County Water Authority</td>
<td>Carlsbad - Seawater Desalination Project</td>
<td>56,000</td>
<td>2020</td>
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<td></td>
<td>San Diego County Water Authority</td>
<td>MCB Camp Pendleton - Seawater Desalination Project</td>
<td>56,000 - 168,000</td>
<td>After 2020</td>
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<td>Sweetwater Authority</td>
<td>Reynolds Desalination Facility Phase II</td>
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<td>Various</td>
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<td>32,962</td>
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<td>Ventura</td>
<td>Calleguas Municipal Water District</td>
<td>Oxnard GREAT Program</td>
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<td>Calleguas Municipal Water District</td>
<td>Camrosa Santa Rosa Basin Desalter</td>
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<td>Calleguas Municipal Water District</td>
<td>South Las Posas Desalter</td>
<td>5,000</td>
<td>2020</td>
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<tr>
<td></td>
<td>Various</td>
<td>Projects under 5,000 acre-feet combined</td>
<td>11,018</td>
<td>2012 - 2025+</td>
</tr>
</tbody>
</table>

This project list was developed based upon projects identified in each agency’s 2010 Urban Water Management Plan and includes 415,000 acre-feet of planned projects as well as nearly 800,000 acre-feet of additional potential projects identified by the agencies. Of the up to 1.2 million acre-feet of supplies, MWD has incorporated only 103,000 acre-feet in its 2010 Regional Urban Water Management Plan to offset demands on MWD.
The Metropolitan Water District's Finance and Insurance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Finance and Insurance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Finance and Insurance Committee will not vote on matters before the Finance and Insurance Committee.

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

2. Approval of the Minutes of the meeting of the Finance and Insurance Committee held November 5, 2012

3. MANAGEMENT REPORTS
   a. Report on investment activity
   b. Financial highlights

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

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Discussion of Options for Fixed Revenue Sources

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

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Joint Meeting of the
Water Planning and Stewardship Committee
and
Special Committee on Bay-Delta
Meeting with Board of Directors*

December 10, 2012

9:30 a.m. -- Room 2-456

<table>
<thead>
<tr>
<th>Monday, December 10, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meeting Schedule</strong></td>
</tr>
<tr>
<td>7:00-8:00 a.m. Rm. 2-413</td>
</tr>
<tr>
<td>Dirs. Computer Training</td>
</tr>
<tr>
<td>9:00 a.m. Rm. 2-145</td>
</tr>
<tr>
<td>F&amp;I</td>
</tr>
<tr>
<td>9:30 a.m. Rm. 2-456</td>
</tr>
<tr>
<td>Jt. WP&amp;S and Bay-Delta</td>
</tr>
<tr>
<td>12:00 p.m. Rm. 2-145</td>
</tr>
<tr>
<td>E&amp;O</td>
</tr>
<tr>
<td>1:00 p.m. Rm. 2-456</td>
</tr>
<tr>
<td>OP&amp;T</td>
</tr>
</tbody>
</table>

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

* The meeting of the Metropolitan Water District's Water Planning and Stewardship Committee and Special Committee on Bay-Delta 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 and the Special Committee on Bay-Delta 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 and the Special Committee on Bay-Delta will not vote on matters before the Water Planning and Stewardship Committee and the Special Committee on Bay-Delta.

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

Date of Notice: November 28, 2012
WATER PLANNING AND STEWARDSHIP COMMITTEE

2. PUBLIC HEARING
   a. Review of Metropolitan’s achievements in conservation, recycling and groundwater recharge

3. Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held November 5, 2012

4. CONSENT CALENDAR ITEMS — ACTION
   
   7-1 Authorize entering into a Local Resources Program agreement with Three Valleys Municipal Water District and California State Polytechnic University, Pomona, for the Cal Poly Pomona Water Treatment Plant. (WP&S)

   7-2 Authorize execution of Memorandum of Understanding for the Greater Los Angeles County Integrated Regional Water Management Plan Leadership Committee and join other IRWM groups in our service area if invited by member agencies. (WP&S)

5. OTHER BOARD ITEMS — ACTION
   
   8-1 Approve adjustments to member agency Tier 1 limits and eliminate the Replenishment Service program; and authorize amendments to the Administrative Code. (WP&S)

6. BOARD INFORMATION ITEMS
   
   None

7. COMMITTEE ITEMS
   
   a. Oral report on Water Surplus and Drought Management
8. MANAGEMENT REPORTS
   a. Bay-Delta Matters
   b. Colorado River Matters
   c. Water Resource Management Manager's report

9. FOLLOW-UP ITEMS
   None

10. FUTURE AGENDA ITEMS

SPECIAL COMMITTEE ON BAY-DELTA

11. Approval of the Minutes of the meeting of the Special Committee on Bay-Delta held September 25, 2012

12. COMMITTEE ITEMS
   a. Review analysis of July 2012 joint state and federal Bay Delta Conservation Plan proposal
   b. Update on Delta Stewardship Council Delta Plan and environmental documents
   c. Update on Delta Science
   d. Bay-Delta Manager’s report

13. FUTURE AGENDA ITEMS

14. ADJOURNMENT
NOTE:

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Engineering and Operations Committee
Meeting with Board of Directors*

December 10, 2012
12:00 p.m. -- Room 2-145

---

### Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
<td>Dirs. Computer Training</td>
</tr>
<tr>
<td>9:00 a.m.</td>
<td>Rm. 2-145</td>
<td>F&amp;I</td>
</tr>
<tr>
<td>9:30 a.m.</td>
<td>Rm. 2-456</td>
<td>Jt. WP&amp;S and Bay-Delta</td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>Rm. 2-145</td>
<td>E&amp;O</td>
</tr>
<tr>
<td>1:00 p.m.</td>
<td>Rm. 2-456</td>
<td>OP&amp;T</td>
</tr>
</tbody>
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* The Metropolitan Water District’s Engineering and Operations Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act.

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

2. **Approval of the Minutes of the meeting of the Engineering and Operations Committee held November 5, 2012**

3. **CONSENT CALENDAR ITEMS — ACTION**

   7-3 Appropriate $1.85 million; and authorize (1) final design of a pilot lining repair project on the Etiwanda Pipeline; and (2) agreement with Helix Environmental Planning, Inc. for environmental documentation in an amount not to exceed $400,000 (Approp. 15441). (E&O)

   7-4 Appropriate $1.35 million; and authorize (1) final design to replace wastewater systems at four Colorado River Aqueduct pumping plants; and (2) professional services agreement with MWH Americas in an amount not to exceed $900,000 (Approp. 15385). (E&O)

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Date of Notice: November 28, 2012
7-5 Appropriate $640,000; and award $323,580 construction contract to Team West Contracting Corporation to replace standby generators at the Temescal and Corona Power Plants (Approp. 15441). (E&O)

7-6 Appropriate $880,000; and award $473,000 contract to Fibrwrap Construction, Inc. for PCCP joint repairs on the Sepulveda Feeder (Approp. 15471). (E&O)

7-7 Appropriate $770,000; and authorize (1) final design of a solids transfer system for the Joseph Jensen Water Treatment Plant; (2) agreement with Los Angeles Department of Water and Power for Metropolitan use of solids lagoons at the Aqueduct Filtration Plant; and (3) agreement with Los Angeles Department of Recreation and Parks for its use of ball fields at the Jensen plant (Approp. 15371). (E&O)

4. OTHER BOARD ITEMS — ACTION

8-2 Appropriate $5.5 million; and award $3,606,445 contract to W. M. Lyles Co. for seismic upgrades to the finished water reservoir and east washwater tank at the Robert B. Diemer Water Treatment Plant (Approp. 15380). (E&O)

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Engineering Services Succession and Workforce Development Plan

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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REVISED AGENDA

Organization, Personnel and Technology Committee

Meeting with Board of Directors*

December 10, 2012

1:00 p.m. -- Room 2-456

* 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 committees' jurisdiction** (As required by Gov. Code Section 54954.3(a))

2. **Approval of the Minutes of the meeting of the Organization, Personnel and Technology Committee held November 5, 2012**

3. **CONSENT CALENDAR ITEMS — ACTION**
   
   None

4. **OTHER BOARD ITEMS — ACTION**
   
   None

REVISED: Date of Notice: December 4, 2012
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Report on Pension Reform

b. Update on CalPERS Actuary Report

c. Update on Information Technology Strategic Plan for period ending September 2012

Added
d. Human Resources’ report of monthly activities

7. FOLLOW-UP ITEMS

None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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REVISED: Date of Notice: December 4, 2012
Legal and Claims Committee  
Meeting with Board of Directors*

December 11, 2012  
9:00 a.m. -- Room 2-145

**Meeting Schedule**

<table>
<thead>
<tr>
<th>Time</th>
<th>Room</th>
<th>Activity</th>
</tr>
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<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
<td>Dirs. Computer Training</td>
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<tr>
<td>9:00 a.m.</td>
<td>Rm. 2-145</td>
<td>L&amp;C</td>
</tr>
<tr>
<td>10:00 a.m.</td>
<td>Rm. 2-456</td>
<td>C&amp;L</td>
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<tr>
<td>11:30 a.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
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</table>

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

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

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

2. **Approval of the Minutes of the meeting of the Legal and Claims Committee held November 5, 2012**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   **8-4** Authorize increase of $300,000 for a total of $900,000 in maximum amount payable under contract with Latham & Watkins LLP; and report on State Water Quality Control Board permit proceedings for the Sacramento Regional County Sanitation District’s Wastewater Treatment Plant and existing litigation *Sacramento Regional County Sanitation District v. California Regional Water Quality Control Board, Central Valley Region, et al.*, Sacramento County Superior Court Case No. 34-2011-80001028. (L&C)

   [Conference with legal counsel—existing litigation (one or more matters); to be heard in closed session pursuant to Gov. Code Section 54956.9(a)]

Date of Notice: November 28, 2012
5. **BOARD INFORMATION ITEMS**

None

6. **COMMITTEE ITEMS**

a. General Counsel's report of monthly activities

b. Report on *Consolidated Delta Smelt Cases*, USDC Case No. 1:09-CV-407 LJO-DLB; and *Consolidated Salmonid Cases*, USDC Case No. 1:09-CV-1053 LJO-DLB.

   *Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(a)*

C. Report on *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, San Francisco County Superior Court Case No. CPF-10-510830 and No. CPF-12-512466.

   *Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(a)*

7. **FOLLOW-UP ITEMS**

None

8. **FUTURE AGENDA ITEMS**

9. **ADJOURNMENT**

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Date of Notice: November 28, 2012
Communications and Legislation Committee

Meeting with Board of Directors*

December 11, 2012

10:00 a.m. -- Room 2-456

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<table>
<thead>
<tr>
<th>Meeting Schedule</th>
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<tr>
<td>7:00-8:00 a.m.</td>
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1. Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held November 5, 2012

3. COMMITTEE CHAIR’S REPORT

4. CONSENT CALENDAR ITEMS — ACTION

   None

5. OTHER BOARD ITEMS — ACTION

   8-3 Adopt Legislative Strategy for 2013. (C&L)

---

Date of Notice: November 28, 2012
6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Report on activities from Washington, D.C.

b. Report on activities from Sacramento

c. 2012 General Election Recap

8. MANAGEMENT REPORT

a. External Affairs Management report

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Date of Notice: November 28, 2012
1. Call to Order
   (a) Invocation: Christine Myers, Senior Programmer Analyst, Business Technology Group
   (b) Pledge of Allegiance: Director Vincent Mudd

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS
   A. Approval of the Minutes of the Meeting for November 5, 2012. (A copy has been mailed to each Director)
      Any additions, corrections, or omissions
   B. Report on Directors' meetings attended at Metropolitan expense for month of November
C. Induction of new Director, Gail Pringle, from Calleguas Municipal Water District
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

D. Authorize preparation of Commendatory Resolution for former Director Lynne Heidel, representing San Diego County Water Authority

E. Approve committee assignments

F. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

B. General Counsel's summary of Legal Department activities for the month of November

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

D. Ethics Officer's summary of activities for the month of November

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Authorize entering into a Local Resources Program agreement with Three Valleys Municipal Water District and California State Polytechnic University, Pomona, for the Cal Poly Pomona Water Treatment Plant. (WP&S)
Recommendation:

Option #1:

Adopt the CEQA determination and authorize the General Manager to enter into a Local Resources Program agreement for the Cal Poly Pomona Water Treatment Plant with Three Valleys Municipal Water District and California State Polytechnic University, Pomona, for up to 250 acre-feet per year of recovered groundwater under terms included in the board letter.

7-2 Authorize execution of Memorandum of Understanding for the Greater Los Angeles County Integrated Regional Water Management Plan Leadership Committee and join other IRWM groups in our service area if invited by member agencies. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination and
  a. Authorize the General Manager to execute the MOU for the Greater Los Angeles County Region Integrated Regional Water Management (IRWM) Plan Leadership Committee; and
  b. Authorize the General Manager to execute MOUs to participate in other IRWM groups in Metropolitan’s service area if invited by member agencies and determined to be beneficial in implementing Metropolitan’s Integrated Water Resources Plan.

7-3 Appropriate $1.85 million; and authorize (1) final design of a pilot lining repair project on the Etiwanda Pipeline; and (2) agreement with Helix Environmental Planning, Inc. for environmental documentation in an amount not to exceed $400,000 (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
  a. Appropriate $1.85 million;
  b. Authorize final design of a pilot lining repair project on the Etiwanda Pipeline; and
  c. Authorize agreement with Helix Environmental Planning, Inc., in an amount not to exceed $400,000, for preparation of environmental documentation for the full-scale repairs.
Appropriate $1.35 million; and authorize (1) final design to replace wastewater systems at four Colorado River Aqueduct pumping plants; and (2) professional services agreement with MWH Americas in an amount not to exceed $900,000 (Approp. 15385). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
  a. Appropriate $1.35 million;
  b. Authorize final design for replacement of wastewater systems at four Colorado River Aqueduct pumping plants; and
  c. Authorize professional services agreement with MWH Americas in an amount not to exceed $900,000.

7-5

Appropriate $640,000; and award $323,580 construction contract to Team West Contracting Corporation to replace standby generators at the Temescal and Corona Power Plants (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
  a. Appropriate $640,000; and
  b. Award $323,580 contract to Team West Contracting Corporation to replace and relocate the standby generators at Temescal and Corona Power Plants.

7-6

Appropriate $880,000; and award $473,000 contract to Fibrwrap Construction, Inc. for PCCP joint repairs on the Sepulveda Feeder (Approp. 15471). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
  a. Appropriate $880,000; and
  b. Award $473,000 contract to Fibrwrap Construction, Inc. for prestressed concrete cylinder pipe joint repairs on the Sepulveda Feeder.
7-7 Appropriately $770,000; and authorize (1) final design of a solids transfer system for the Joseph Jensen Water Treatment Plant; (2) agreement with Los Angeles Department of Water and Power for Metropolitan use of solids lagoons at the Aqueduct Filtration Plant; and (3) agreement with Los Angeles Department of Recreation and Parks for its use of ball fields at the Jensen plant (Approp. 15371). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
   a. Appropriately $770,000;
   b. Authorize final design of a solids transfer system for the Jensen plant;
   c. Authorize agreement with Los Angeles Department of Water and Power for use of solids lagoons at the Aqueduct Filtration Plant; and
   d. Authorize agreement with Los Angeles Department of Recreation and Parks for its use of ball fields at the Jensen plant.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Approve adjustments to member agency Tier 1 limits and eliminate the Replenishment Service program; and authorize amendments to the Administrative Code. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination and
   a. Approve adjustments to member agency Tier 1 limits and elimination of the Replenishment Service program; and
   b. Authorize amendments to the Administrative code as shown in Attachment 2 to the board letter.

8-2 Appropriately $5.5 million; and award $3,606,445 contract to W. M. Lyles Co. for seismic upgrades to the finished water reservoir and east washwater tank at the Robert B. Diemer Water Treatment Plant (Approp. 15380). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriate $5.5 million; and
b. Award $3,606,445 contract to W. M. Lyles, Co. for seismic upgrades to the Diemer finished water reservoir and east washwater tank.

8-3 Adopt Legislative Strategy for 2013. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination and Legislative Strategy for 2013.

8-4 Authorize increase of $300,000 for a total of $900,000 in maximum amount payable under contract with Latham & Watkins LLP; and report on State Water Quality Control Board permit proceedings for the Sacramento Regional County Sanitation District’s Wastewater Treatment Plant and existing litigation Sacramento Regional County Sanitation District v. California Regional Water Quality Control Board, Central Valley Region, et al., Sacramento County Superior Court Case No. 34-2011-80001028. (L&C)

[Conference with legal counsel—existing litigation (one or more matters); to be heard in closed session pursuant to Gov. Code Section 54956.9(a)]

9. BOARD INFORMATION ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT
NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

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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Date of Notice: November 29, 2012
Summary Report for
The Metropolitan Water District of Southern California
Board Meetings
December 11, 2012

COMMITTEE ASSIGNMENTS

Director Vincent Mudd was assigned to the Legal and Claims Committee and the Communications and Legislation Committee. Director Gail Pringle was assigned to the Finance Committee and the Organization, Personnel and Technology Committee. (Agenda Item 5E)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Approved adjustments to member agency Tier 1 limits and elimination of the Replenishment Service program and authorized amendments to the Administrative Code as shown in Attachment 2 of the board letter. (Agenda Item 8-1)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $5.5 million; and awarded $3,606,445 contract to W. M. Lyles Co. for seismic upgrades to the Diemer finished water reservoir and east washwater tank. (Agenda Item 8-2)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Adopted the Legislative Strategy for 2013. (Agenda Item 8-3)

LEGAL AND CLAIMS COMMITTEE

Authorized increase of $300,000 for a total of $900,000 in maximum amount payable under contract with Latham & Watkins LLP; and reported in closed session on State Water Quality Control Board permit proceedings for the Sacramento Regional County Sanitation District’s Wastewater Treatment Plant and Sacramento Regional County Sanitation District v. California Regional Water Quality Control Board, Central Valley Region, et al., Sacramento County Superior Court Case No. 34-2011-80001028. (Agenda Item 8-4)

CONSENT CALENDAR

In other action, the Board:

Authorized the General Manager to enter into a Local Resources Program agreement for the Cal Poly Pomona Water Treatment Plant with Three Valleys Municipal Water District and California State Polytechnic University, Pomona, for up to 250 acre-feet per year of recovered groundwater under terms included in the board letter. (Agenda Item 7-1)
Authorized the General Manager to execute the Memorandum of Understanding (MOU) for the Greater Los Angeles County Region Integrated Regional Water Management (IRWM) Plan Leadership Committee; and authorized the General Manager to execute MOUs to participate in other IRWM groups in Metropolitan’s service area if invited by member agencies and determined to be beneficial in implementing Metropolitan’s Integrated Resources Plan.  *(Agenda Item 7-2)*

Appropriated $1.85 million; authorized final design of a pilot lining repair project on the Etiwanda Pipeline; and authorized agreement with Helix Environmental Planning, Inc., in an amount not to exceed $400,000, for preparation of environmental documentation for the full-scale repairs.  *(Agenda Item 7-3)*

Appropriated $1.35 million; authorized final design for replacement of wastewater systems at four Colorado River Aqueduct pumping plants; and authorized professional services agreement with MWH Americas in an amount not to exceed $900,000.  *(Agenda Item 7-4)*

Appropriated $640,000; and awarded $323,580 contract to Team West Contracting Corporation to replace and relocate the standby generators at Temescal and Corona Power Plants.  *(Agenda Item 7-5)*

Appropriated $880,000; and awarded $473,000 contract to Fibrwrap Construction, Inc. for prestressed concrete cylinder pipe joint repairs on the Sepulveda Feeder.  *(Agenda Item 7-6)*

Appropriated $770,000; authorized final design of a solids transfer system for the Jensen plant; authorized agreement with Los Angeles Department of Water and Power for use of solids lagoons at the Aqueduct Filtration Plant; and authorized agreement with Los Angeles Department of Recreation and Parks for its use of ball fields at the Jensen plant.  *(Agenda Item 7-7)*

**OTHER MATTERS**

Director Gail Pringle was inducted to the Board of Directors representing Calleguas Municipal Water District.  *(Agenda Item 5C)*

The Board authorized the preparation of Commendatory Resolution for former Director Lynn Heidel representing San Diego County Water Authority.  *(Agenda Item 5D)*

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

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

Meeting with Board of Directors*

January 7, 2013

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

<table>
<thead>
<tr>
<th>Monday, January 7, 2013</th>
<th>Meeting Schedule</th>
</tr>
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<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
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<tr>
<td></td>
<td>Dirs. Computer Training</td>
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<td>F&amp;I</td>
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<tr>
<td>10:00 a.m.</td>
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<td>WP&amp;S</td>
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<tr>
<td>11:30 a.m.</td>
<td>Rm. 2-145</td>
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1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** *(As required by Gov. Code Section 54954.3(a))*

2. **Approval of the Minutes of the meeting of the Finance and Insurance Committee held December 10, 2012**

3. **MANAGEMENT REPORTS**
   a. Report on investment activity
   b. Financial highlights
   c. 2013 Financing plans

4. **CONSENT CALENDAR ITEMS — ACTION**
   None

Date of Notice: December 27, 2012
5. OTHER BOARD ITEMS — ACTION

None

6. BOARD INFORMATION ITEMS

9-1 Six-month Financial Review. (F&I) (To be distributed at meeting)

7. COMMITTEE ITEMS

None

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Water Planning and Stewardship Committee

Meeting with Board of Directors*

January 7, 2013

10:00 a.m. – Room 2-456

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

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* The Metropolitan Water District’s 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 committee as advisory to the Board, members of the Board who are not assigned to the Water Planning and Stewardship Committee will not vote on matters before the Water Planning and Stewardship Committee.

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

2. **Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held December 10, 2012**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   None

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Date of Notice: December 27, 2012
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on Water Surplus and Drought Management
b. Oral report on QSA Issues—Part 2
c. Foundational Actions Progress and Proposed Funding Program

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: December 27, 2012
Engineering and Operations Committee
Meeting with Board of Directors*
January 7, 2013
11:30 a.m. -- Room 2-145

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

2. **Approval of the Minutes of the meeting of the Engineering and Operations Committee held December 10, 2012**

3. **CONSENT CALENDAR ITEMS — ACTION**

   **7-1** Appropriate $790,000; and authorize (1) preliminary design of seismic upgrades for the 6.9kV switch houses at the Colorado River Aqueduct pumping plants; and (2) $900,000 agreement with Ninyo & Moore for environmental services (Approp. 15438). (E&O)

   **7-2** Award $672,288.37 procurement contract to CDW to furnish data communication equipment (Approp. 15376). (E&O)
7-3  Appropriate $900,000; and authorize final design of sodium hypochlorite and sulfuric acid facilities at the F. E. Weymouth Water Treatment Plant (Approp. 15392). (E&O)

7-4  Appropriate $160,000; and authorize final design of a cathodic protection system for the Sepulveda Feeder (Approp. 15441). (E&O)

4. OTHER BOARD ITEMS — ACTION

8-1  Appropriate $14.5 million; and award $9,983,091 contract to J. F. Shea Construction, Inc. for filter surface wash upgrades at Module No. 1 of the Joseph Jensen Water Treatment Plant (Approp. 15542). (E&O)

5. BOARD INFORMATION ITEMS
None

6. COMMITTEE ITEMS
None

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

8. FOLLOW-UP ITEMS
None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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Local and Claims Committee
Meeting with Board of Directors*

January 8, 2013

8:30 a.m. -- Room 2-145

Meeting Schedule

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

2. Approval of the Minutes of the meeting of the Legal and Claims Committee held December 11, 2012

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

None

5. BOARD INFORMATION ITEMS

None

Date of Notice: December 27, 2012
6. COMMITTEE ITEMS

   a. General Counsel’s report of monthly activities

   b. Report on Consolidated Delta Smelt Cases, USDC Case No. 1:09-CV-407 LJO-DLB; and Consolidated Salmonid Cases, USDC Case No. 1:09-CV-1053 LJO-DLB.
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(a)]

   c. Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case No. CPF-10-510830 and No. CPF-12-512466.
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(a)]

7. FOLLOW-UP ITEMS

   None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

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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Communications and Legislation Committee

Meeting with Board of Directors*

January 8, 2013

9:30 a.m. -- Room 2-456

Tuesday, January 8, 2013
Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
<td>Dirs. Computer Training</td>
</tr>
<tr>
<td>8:30 a.m.</td>
<td>Rm. 2-145</td>
<td>L&amp;C</td>
</tr>
<tr>
<td>9:30 a.m.</td>
<td>Rm. 2-456</td>
<td>C&amp;L</td>
</tr>
<tr>
<td>11:30 a.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
</tr>
</tbody>
</table>

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

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

2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held December 11, 2012

3. COMMITTEE CHAIR’S REPORT

4. CONSENT CALENDAR ITEMS — ACTION

None

5. OTHER BOARD ITEMS — ACTION

None

Date of Notice: December 27, 2012
6. BOARD INFORMATION ITEMS
   None

7. COMMITTEE ITEMS
   a. Report on activities from Washington, D.C.
   b. Report on activities from Sacramento
   c. Report on 2014 Water Bond
   d. Report on Education Programs

8. MANAGEMENT REPORT
   a. External Affairs Management report

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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**Real Property and Asset Management Committee**

Meeting with Board of Directors*

January 22, 2013

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

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**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))

2. **Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held October 23, 2012**

3. **CONSENT CALENDAR ITEMS -- ACTION**

   **7-1** Authorize granting of two permanent easements to Southern California Edison on Metropolitan-owned properties in Los Angeles and Orange Counties. (RP&AM)

   **7-2** Authorize amendment of a long-term license agreement with Desert Sunlight Holdings, LLC on Metropolitan property in Riverside County. (RP&AM)

   **7-3** Affirm the General Manager’s determination that one parcel consisting of 8.426 acres in the unincorporated community of Mentone in San Bernardino County, a portion of Metropolitan Water District of Southern California’s Parcel No. INFED 1-24-150 (APN 0299-111-02), is surplus to Metropolitan's needs. (RP&AM)
4. OTHER BOARD ITEMS -- ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORT

a. Real Property Development and Management Manager's report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

NOTE:

At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

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

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Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

Date of Notice: January 16, 2013
Special Committee on Bay-Delta
Meeting with Board of Directors*

January 22, 2013

9:30 a.m. -- Room 2-456

<table>
<thead>
<tr>
<th>MWD Headquarters Building</th>
<th>700 N. Alameda Street</th>
<th>Los Angeles, CA 90012</th>
</tr>
</thead>
</table>

* The Metropolitan Water District’s Special Committee on Bay-Delta 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 Special Committee on Bay-Delta 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 Special Committee on Bay-Delta will not vote on matters before the Special Committee on Bay-Delta.

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

2. Approval of the Minutes of the meeting of the Special Committee on Bay-Delta held December 10, 2012

3. COMMITTEE ITEMS
   a. Update on Bay-Delta habitat restoration projects
   b. Update on Bay Delta Conservation Plan
   c. Update on the Delta Stewardship Council’s Delta Plan
   d. Bay-Delta Manager’s Report

Date of Notice: January 16, 2013
4. FUTURE AGENDA ITEMS

5. 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.

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Executive Committee

Meeting with Board of Directors*

January 22, 2013

11:00 a.m. -- Board Room

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

2. **Approval of the Minutes of the meeting of the Executive Committee held October 23, 2012**

3. **BOARD CHAIRMAN’S REPORT**

4. **CONSENT CALENDAR ITEMS – ACTION**

   None

5. **OTHER BOARD ITEMS – ACTION**

   None

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* The Metropolitan Water District’s Executive 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 Executive 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 Executive Committee will not vote on matters before the Executive Committee.

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

Date of Notice: January 16, 2013
6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Approve draft committee and Board meeting agendas, and schedule for February 2013
b. General Manager's report of Metropolitan's activities
c. General Counsel's report of Legal Department activities
d. General Auditor's report of Audit Department activities
e. Ethics Officer's report of Ethics Department activities

8. REPORTS FROM COMMITTEES

a. Finance and Insurance Committee
b. Water Planning and Stewardship Committee
c. Engineering and Operations Committee
d. Organization, Personnel and Technology Committee
e. Legal and Claims Committee
f. Communications and Legislation Committee

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT
NOTE: At the discretion of the Executive Committee and the Board, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee or the Board.

The Executive Committee may consider matters brought before other committees. The Agendas of other committees are available from the Board Executive Secretary.

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1. Call to Order
   
   (a) Invocation: Rosa Castro, Inspection Trip Specialist

   (b) Pledge of Allegiance: Director Gail Pringle

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS

   A. Approval of the Minutes of the Meeting for December 11, 2012. (A copy has been mailed to each Director)
      Any additions, corrections, or omissions

   B. Report on Directors’ meetings attended at Metropolitan expense for month of December

Date of Notice: December 27, 2012
C. Authorize preparation of Commendatory Resolution for Director Ted Grandsen, representing Calleguas Municipal Water District

D. Approve committee assignments

E. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

B. General Counsel's summary of Legal Department activities for the month of December

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

D. Ethics Officer's summary of activities for the month of December

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Appropriate $790,000; and authorize (1) preliminary design of seismic upgrades for the 6.9kV switch houses at the Colorado River Aqueduct pumping plants; and (2) $900,000 agreement with Ninyo & Moore for environmental services (Approp. 15438). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriate $790,000;

b. Authorize preliminary design of seismic upgrades for the 6.9kV switch houses on the Colorado River Aqueduct; and

c. Authorize agreement with Ninyo & Moore in an amount not to exceed $900,000 for site assessment services.
7-2 Award $672,288.37 procurement contract to CDW to furnish data communication equipment (Approp. 15376). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and award $672,288.37 procurement contract to CDW to furnish data communication equipment.

7-3 Appropriate $900,000; and authorize final design of sodium hypochlorite and sulfuric acid facilities at the F. E. Weymouth Water Treatment Plant (Approp. 15392). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriate $900,000; and
b. Authorize final design of sodium hypochlorite and sulfuric acid facilities at the Weymouth plant.

7-4 Appropriate $160,000; and authorize final design of a cathodic protection system for the Sepulveda Feeder (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriate $160,000; and
b. Authorize final design of current drain stations on the Sepulveda Feeder.

(END OF CONSENT CALENDAR)
8. OTHER BOARD ITEMS — ACTION

8-1  Appropriate $14.5 million; and award $9,983,091 contract to J. F. Shea Construction, Inc. for filter surface wash upgrades at Module No. 1 of the Joseph Jensen Water Treatment Plant (Approp. 15542).  (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and  
  a. Appropriate $14.5 million; and  
  b. Award $9,983,091 contract to J. F. Shea Construction, Inc. to construct the Jensen Module No. 1 Filter Surface Wash Upgrades.

9. BOARD INFORMATION ITEMS

9-1  Six-month Financial Review.  (F&I)  (To be distributed at meeting)

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

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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Date of Notice:  December 27, 2012
COMMITTEE ASSIGNMENTS

Director Fleming was appointed Chair of the Legal and Claims Committee; Director Wunderlich was appointed Vice Chair of the Legal and Claims Committee; Director Camacho was appointed Vice Chair of the Organization, Personnel and Technology Committee; Director Edwards was appointed Chair of the Audit and Ethics Committee; Director Friedman was appointed Vice Chair of the Audit and Ethics Committee; Director Pringle was assigned to the Audit and Ethics Committee; Directors Camacho and Pringle were assigned to the Real Property and Asset Management Committee; and Director Peterson was appointed Metropolitan’s Alternate Representative on the Colorado River Board. (Agenda Item 5D)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $14.5 million; and awarded a $9,983,091 contract to J. F. Shea Construction, Inc. to construct the Joseph Jensen Water Treatment Plant Module No. 1 Filter Surface Wash Upgrades (Approp. 15442). (Agenda Item 8-1)

CONSENT CALENDAR

In other action, the Board:

Appropriated $790,000; authorized preliminary design of seismic upgrades for the 6.9 kV switch houses on the Colorado River Aqueduct; and authorized agreement with Ninyo & Moore in an amount not to exceed $900,000 for site assessment services (Approp. 15438). (Agenda Item 7-1)

Awarded a $672,288.37 procurement contract to CDW to furnish data communication equipment (Approp. 15376). (Agenda Item 7-2)

Appropriated $900,000; and authorized final design of sodium hypochlorite and sulfuric acid facilities at the F. E. Weymouth Water Treatment Plant (Approp. 15392). (Agenda Item 7-3)

Appropriated $160,000; and authorized final design of current drain stations on the Sepulveda Feeder (Approp. 15441). (Agenda Item 7-4)

OTHER MATTERS

The Board authorized the preparation of Commendatory Resolution for Director Ted Grandsen, representing Calleguas Municipal Water District. (Agenda Item 5C)

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

Board letters related to the items in this summary are generally posted in the Board Letter Archive approximately one week after the board meeting. In order to view them and their attachments, please copy and paste the following into your browser http://edmsidm.mwdh2o.com/idmweb/home.asp.
Agenda Item 8-1 Approve adjustments to member agency Tier 1 limits and eliminate the Replenishment Service program; and authorize amendments to the Administrative Code

Statement by Director Keith Lewinger:

The Water Authority delegates' vote in favor of the recommendations in Board Memo 8-1 is intended solely in support of the elimination of replenishment service and to adjust member agency Tier 1 limits to account for the elimination of the program, such as was done in the case of the Interim Agricultural Water Program (IAWP). This vote is made with the understanding that the adjustment does not affect member agencies’ minimum purchase order commitment, but is being made solely for the purpose of calculating the Tier 1 allowance.

This vote is not intended and should not be construed as any agreement on the part of the Water Authority's delegates that the water rates contained in the Purchase Order or MWD Administrative Code accurately capture or charge the actual, reasonable and proportionate cost of the services MWD provides to its member agencies.

Mr. Chairman, I request that a copy of this statement be entered into the record of today’s committee meeting and tomorrow’s board meeting.
December 10, 2012

John V. Foley
Chairman of the Board
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

Re: SB 60 Annual Public Hearing and Report to the Legislature Regarding Adequacy of MWD’s Urban Water Management Plan
REQUEST TO INCLUDE INFORMATION IN REPORT TO LEGISLATURE

Dear Mr. Foley and Members of the Board of Directors,

We request that this letter and all of its attachments be made a part of today’s board record and included in Metropolitan Water District’s Annual Report to the Legislature regarding the adequacy of MWD’s Urban Water Management Plan to achieve increased emphasis on cost-effective conservation, recycled water and groundwater recharge as described in the MWD Act.

First, we attach and incorporate herein by reference the Water Authority’s December 13, 2011 letter on this subject, along with its attachments. We do not believe that the discussion of those documents by MWD in its 2011 Annual Report to the Legislature properly summarized the Water Authority’s expressed concerns. Specifically, we believe that the Draft Report continues to place too much emphasis on MWD subsidy programs rather than on the progress that has been made and the opportunity that exists to truly encourage and enhance conservation and local water supply development throughout Southern California.

The Water Authority recently compiled a list of projects which show the potential to develop up to 1.2 million acre-feet of local water supply in Southern California, including 415,000 acre-feet of planned projects and nearly 800,000 acre-feet of potential projects identified in MWD member agencies’ Urban Water Management Plans. And yet, MWD has incorporated only 103,000 acre-feet of these supplies in its Regional Urban Water Management Plan (RUWMP) as an offset to demands on MWD. As an example, MWD has not included the Water Authority’s seawater desalination project in Carlsbad — a fully permitted project that will produce up to 56,000 acre-feet of local water supply and which has now formally been approved by the Water Authority’s board of directors. A copy of this summary titled, Southern California’s Local Water Supply Development Plans (2012 - 2035) is attached. We request that it be included as an attachment to your 2012 Annual Report to the Legislature.

We do not believe that MWD has done the analyses necessary – either in its 2010 Integrated...
Mr. Foley and Members of the Board of Directors
December 10, 2012
Page 2

Resources Plan (IRP) or 2010 RUWMP – to support and enhance water conservation, recycled water and groundwater recharge in Southern California. As member agencies begin to break even on Local Resources Pro3gram incentives (another subject that should have been included in the Report, but was not), it is increasingly clear that the payment of subsidies is not a sound basis upon which to encourage local water supply development. Local water supply development will continue to occur without the payment of subsidies as the price of MWD’s imported water continues to escalate. Indeed, the greatest impediment to the development of local water supplies may very well be MWD’s own perpetuation of the myth that these projects will only be developed if MWD subsidizes them. Conservation is also at an all-time high throughout the Southland as a result of the substantially higher water rates being charged by MWD.

We also believe it is noteworthy that the entire San Diego region has been disqualified from any participation in MWD LRP programs as a result of its litigation challenging MWD’s water rates, even though MWD continues to collect more than $16 million annually from San Diego County water ratepayers to pay for these programs. The Legislature should be informed that the Water Authority is challenging MWD’s actions and the constitutionality and legal propriety of its “Rate Structure Integrity” clause in the lawsuit now pending in San Francisco Superior Court. This is not merely an “internal contracting policy” associated with MWD programs (see January 18, 2012 letter from Jeff Kightlinger to the Water Authority’s MWD Board Delegation attached hereto) – it is a matter of significant public policy relating to this Report to the Legislature about the adequacy of MWD programs to achieve the intended purposes of SB 60.

We request that this letter and all of its attachments be included in MWD’s 2012 Report to the Legislature.

Sincerely,

Keith Lewinger  
Director

Vincent Mudd  
Director

Fern Steiner  
Director

Doug Wilson  
Director

cc: MWD Board of Directors
    Jeff Kightlinger, General Manager
    San Diego County Water Authority Board of Directors

Attachments:
    1. Water Authority Delegates’ letter to MWD dated December 13, 2011, with attachments
    2. Southern California’s Local Water Supply Development Plans (2012 - 2035)
Sacramento

Happy New Year

The 2013/14 Legislative has begun in earnest with the release of the Governor's budget proposal for FY 2013-14. The good news with the passage of Proposition 30 last November is that the proposed budget is balanced with no deficit. In terms of specifics within the budget that impact the Water Authority, the most unexpected component was the inclusion of $12 million for Salton Sea restoration from Proposition 84 funding. The Legislature will begin holding budget hearings to review the Governor's proposal in late January/early February. For those member agencies that follow redevelopment issues, the Assembly Budget Committee plans to hold an oversight hearing sometime in mid-February to review how Department of Finance is handling the dissolution process.

Sponsored Legislation

The Sacramento lobbying team has begun working on the two sponsored bills as per the Board direction in December 2012. Language has been submitted to legislative counsel for both proposals and we have been doing outreach to various policy staff in both the Senate and Assembly as it relates to the advance treated purified drinking water proposal. We will have a more detailed report in February once language comes back from legislative counsel, authorships have been secured, and additional stakeholder meetings have occurred.

Washington, DC

Fiscal Cliff Partially Averted; Other “Mini Cliffs” Await Action

Working over the New Year’s holiday, Congress approved a series of measures to address the year-end tax hikes and spending cuts known as the fiscal cliff. While the package approved by Congress and signed by President Obama addressed numerous personal and corporate tax issues, it did not include a “grand bargain” on overhauling the tax code and entitlement spending. One
proposal to raise additional revenue – taxing municipal bond interest – was not included in the final agreement. The deal also delayed a fight over raising the nation’s debt limit and finalizing appropriations for FY2013. Federal agencies are operating on simple extensions of their FY2012 funding until March 27. At that time, authority to continue spending funds must be extended or cease until a longer deal is reached.

The New Year’s Day package delayed the across-the-board sequestration of as much as $85 billion set to take effect that day. The new deadline for these cuts is March 1. This will give Congress very little time to resolve how to avoid these cuts or to propose more targeted cuts. If Congress takes no further action, EPA is expected to take a $700 million cut to its budget, including $200 million for the Drinking Water and Clean Water State Revolving Funds.

**Cabinet Changes Continue**

Secretary of the Interior Ken Salazar and EPA Administrator Lisa Jackson joined the list of top officials leaving the Obama Administration. They join Secretary of State Hillary Clinton, Secretary of the Treasury Tim Geithner, Defense Secretary Leon Panetta, and Labor Secretary Hilda Solis. Energy Secretary Steven Chu is expected to announce his departure soon.

EPA Deputy Administrator Bob Perciasepe will serve as the Acting Administrator upon Jackson’s departure and is also reported to be on the short list to be nominated as her permanent replacement. Perciasepe was EPA’s top water official during the Clinton Administration and later led its air quality division. Other names mentioned to lead EPA include Assistant Administrator for Air and Radiation Gina McCarthy, former head of the White House Council on Environmental Quality Kathleen McGinty, California Air Resources Board Chairman Mary Nichols, and former Washington Governor Christine Gregoire.

At the Department of the Interior, Ken Salazar is stepping down as secretary by the end of March. No clear front-runner has emerged as a replacement, although some of the names mentioned include current Interior Deputy Secretary David Hayes, Christine Gregoire, former New Mexico Senator Jeff Bingaman, former North Dakota Senator Byron Dorgan, former Wyoming Governor Dave Freudenthal, and U.S. Representative Raúl Grijalva (D-AZ). Salazar has been personally involved on several fronts affecting water policy in the West leaving an open question as to what will happen to the momentum of several of these initiatives.

**Congressional Committee and Staff Changes**

The new session of Congress includes numerous changes among committee leaders and senior staff. In the Senate, the passing of Senator Daniel Inouye has led to the ascension of Barbara Mikulski (D-MD) to the chair of the Committee on Appropriations. Senator Diane Feinstein will remain as chair of the Subcommittee on Energy and Water Development.

Senator Barbara Boxer will continue in her role as chairman of the Environment & Public Works Committee, but she will be working with a new ranking member, Louisiana senator David Vitter. They are expected to work well together to promote investment in infrastructure, but disagree on environmental regulation and priorities. Oregon Senator Ron Wyden is the new chairman of the Energy and Natural Resources
Committee. While Wyden has been directly involved in discussions regarding the Klamath River, he has not staked out a clear position on other California water concerns and is expected to remain deferential to Senators Feinstein and Boxer in addressing California issues. Lisa Murkowski (R-AK) will remain the committee’s top Republican.

The House Committee on Transportation & Infrastructure has a new chairman, Bill Shuster (R-PA), and a few new subcommittee chairmen. Rep. Bob Gibbs (R-OH) will continue as chairman of the Subcommittee on Water Resources and the Environment, and John Anderson will continue to serve as staff director of the subcommittee. Rep. Nick Rahall (D-WV) and Rep. Tim Bishop (D-NY) will continue as ranking members of the full committee and water subcommittee.