Proposed Staff Recommendation Consent Calendar for April 25, 2013

ADMINISTRATIVE AND FINANCE COMMITTEE

9-  1. Treasurer’s report.
    Note and file the monthly Treasurer’s report.

9-  2. Selection of firms to renew the Water Authority’s pre-qualified underwriting pool, the selection of a new liquidity facility to support the commercial paper program and the addition of a dealer to commercial paper program dealers.
    Approve the recommended underwriter pool. Approve the selection of J.P. Morgan as the liquidity provider to replace Barclays Capital. Approve the addition of Morgan Stanley as a dealer for commercial paper program. Adopt Resolution 2013-___ authorizing the issuance and sale of short-term revenue certificates and authorizing and approving certain actions in connection therewith.

ENGINEERING AND OPERATIONS COMMITTEE

    Accept Shimmick/Obayashi Joint Venture Change Orders 38 through 40 for an increase of $101,046; and authorize the General Manager to reduce the contract value by $2,294,828 to reconcile final unit price quantities for roller compacted concrete and increase marina quarry unit price quantities, decreasing the authorized contract amount from $141,116,106.70 to $138,922,324.70.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

9-  4. Adopt priorities for the renegotiation of a water bond.
    Adopt priorities for the renegotiation of a water bond.

9-  5. Adopt positions on various state bills.
    1. Adopt a position of Oppose Unless Amended on AB 380 (Dickinson)
    2. Adopt a position of Oppose on AB 543 (Campos)
    3. Adopt a position of Oppose on AB 823 (Eggman)
    4. Adopt a position of Oppose on AB 953 (Ammiano)
    5. Adopt a position of Oppose Unless Amended on SB 436 (Jackson)
    6. Adopt a position of Oppose on SB 617 (Evans)
April 25, 2013

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Information)

Background
The MWD committees and board met on April 8 and 9. The next regular MWD board and committee meetings are scheduled for May 13 and 14.

Discussion
This section summarizes discussions held and key decisions made at the April MWD committee and board meetings, as reported by the MWD delegates. The Water Authority delegation supported nine of 11 action items approved by the MWD board. The Finance and Insurance Committee deferred an item related to contracting with the California Employees’ Retiree Benefit Trust Program to administer and invest MWD’s pre-funding of Other Post-Employment Benefits (OPEB), to afford board time to consider other options for the trust administrator.

Attachment 1 is a copy of MWD’s April board meeting agendas.

Communications and Legislation Committee
The committee and board approved three action items, including the adoption of policy principles related to modernization of the California Environmental Quality Act (CEQA). Staff reported that Governor Brown and legislative leaders identified the modernization of CEQA as a top priority for the 2013/2014 state legislative session. The adopted policy principles included process improvements and reforms to minimize abuses of the legal process. Also approved was staff’s recommendation to support AB 1156 (V. Manuel Perez, D-Coachella) – Palo Verde Irrigation District Act, which would limit the voting rights in PVID elections to the assessed value of the land, excluding the value of any improvements. The third action item was related to SB 135 (Padilla, D-Pacoima) – Earthquake Early Warning System. Staff’s recommendation was to support SB 135, in concept, which was moved by Director Gray (West Basin). Directors Camacho (Inland Empire Utilities Agency) and Barbre (Municipal Water District of Orange County) raised concern that the bill does not include a funding source. Barbre pointed out that by taking a position of support, even if only in concept, may result in MWD being identified as a potential funding source. Subsequently, Director Mudd amended the motion to state that there be “no authorization to commit MWD to fund the warning system,” which was approved.

The committee also received reports on state and federal legislative activities.

Engineering and Operations Committee
The committee and board approved four consent items, including authorization for the preliminary design to refurbish eight radial gates on the Colorado River Aqueduct. Additionally, the committee and board approved an action item for the preliminary design, permitting, and right-of-way planning of access and pipeline improvements in Orange County.
Staff also provided updates on the Colorado River Source Water Protection and the Seismic Assessment of the MWD headquarters building status. MWD Union Station headquarters, completed in 1998, was built as an “essential facility.” Since its occupancy, several structural deficiencies were discovered. In a preliminary assessment done in 2010, staff found that although the building was safe to occupy, the headquarters did not meet current code requirement for an essential facility. This month, staff reported on the assessment status and remaining tasks, including retrofit options.

**Finance and Insurance Committee**

The committee and board received reports on MWD’s investment activity and financial highlights. Controller DeBacker reported that revenues are tracking $83 million above budget due to higher water sales and resulting power revenues. Expenditures are expected to be under budget by $132 million as a result of lower power costs on the State Water Project (SWP) and Colorado River as well as SWP Contract adjustments from the prior year and the Springing Amendment, and rate management credits. Director Peterson (Las Virgenes Municipal Water District) voiced concern that MWD may experience a “huge hit” due to dry conditions, questioning the possibility that MWD demands may reach 2.0 million acre-feet (MAF) impacting its ability to supply enough water for these higher-than-anticipated demands. General Manager Kightlinger stated that it is very unlikely for MWD to sell this much water, as sales are tracking 100 thousand acre-feet (TAF) above budget (1.70 MAF) for the fiscal year. If sales were to reach 2.0 MAF, Kightlinger reassured the committee that MWD has adequate water in storage to meet demands.

An updated MWD five-year financial forecast was presented this month in response to Director Lewinger’s request. Chief Financial Officer Breaux reported that reserves have made a “big recovery” due to higher water sales. During the April 2012 budget and rate-setting process, staff had projected reserves would be only slightly above the Board-adopted minimum levels over the following five years; however, staff is now projecting that, by the end of this fiscal year, MWD will have added $275 million to its reserves since FY 2011 and will exceed its maximum level by $36 million.

In connection to the action item to adopt resolutions imposing Readiness-to-Serve (RTS) and Capacity Charges for calendar year 2014 (CY 2014), Lewinger observed that MWD’s financial conditions have improved considerably since adopting its rates last year, and noted that the charges the board was asked to approved this month were based on outdated information. As a result of these changed circumstances, Lewinger moved to table the adoption of the resolutions and suggested that the board reexamine rates and charges, including the CY 2014 RTS and Capacity Charges as well as the adopted 5 percent average rate increase for CY 2014 (see Attachment 2). Director Wilson seconded the motion. Directors Wunderlich (Beverly Hills), Evans (Western Municipal Water District), Peterson, DeJesus (Three Valleys Municipal Water District), and Murray (Los Angeles Department of Water and Power) supported the adoption of the RTS and Capacity Charges, arguing the charges provide a source of fixed revenues and the board should carry out the budget it adopted. At the same time, several directors also implied they would be willing to reexamine the volumetric rates that were adopted for CY 2014, but at a later undefined date. Lewinger’s motion failed and the committee and board adopted the resolutions imposing the higher RTS and Capacity Charges for FY 2014.
The committee deferred action on an item authorizing an agreement with the California Employees’ Retiree Benefit Trust (CERBT) Program to pre-fund Other Post-Employment Benefits (OPEB), which relate primarily to retirees’ medical benefits. As of January 2011, MWD's unfunded OPEB liability was about $545 million (please see this month's Board Memo titled “Metropolitan Water District’s Unfunded Liabilities for Other Post-Employment Benefits and Pension” for more information). Barbre supported the management of MWD’s unfunded OPEB liability, but was hesitant to establish a trust through CERBT as it is managed by CalPERS. According to Barbre, CalPERS has a “mixed investment track record;” he added that MWD should not “throw all [its] eggs in one basket.” Wilson amended his original motion of supporting staff’s recommendation to allow staff an additional month to examine other trust options and present them at the committee’s May meeting. Wilson’s motion was seconded by DeJesus and approved by the committee.

The committee postponed review of the Swap Policy and outstanding Swaps until its May meeting.

**Legal and Claims Committee**

The committee discussed in closed session the litigation with the Water Authority and the Consolidated Delta Smelt and Salmonid Cases and received a status report on existing and anticipated litigation regarding plumbing leaks allegedly caused by copper corrosion.

**Organization, Personnel and Technology Committee**

The committee and board approved one consent item to appropriate $1.39 million to upgrade PeopleSoft, a software program used to process payroll, track employee-related information, and monitor required job training. Additionally, the committee heard two reports. The first provided an update on the AFSCME Class/Comp Study. In late 1990’s, attempts to complete a class and compensation study were unsuccessful. Through the 2005 Memorandum of Understanding (MOU) with AFSCME, MWD committed to conduct a study; however, that effort also was unsuccessful. Another study commenced in 2007, and was recently completed. Following a “Fact-Finding” process, staff reported that MWD began implementing the study’s recommendations, such as putting into place new salary grades and job descriptions. A component of the agreement that staff negotiated included salary increases for some employees that were considered to be underpaid, resulting in additional costs of $1.7 million annually. However the agreement did not include adjustments for staff’s salaries that may be currently over-compensated, allowing these employees to continue to be eligible for cost-of-living adjustments. Many directors expressed disappointment that this agreement was not brought to the Board for discussion or approval prior to implementing changes. Staff reported that these actions do not require current board authorization because they were agreed to in the 2005 MOU by the governing board at that time. The second report was heard in closed session and focused on cyber security.

**Water Planning and Stewardship**

The committee and board approved the Foundational Actions Funding Program, which has been discussed over the last few months. The Water Authority delegates submitted a letter opposing this program mainly because this program is unbudgeted and there is insufficient evidence that this program offers regional benefits to ratepayers (Attachment 3).
The committee received a report on MWD’s Water Surplus and Drought Management Plan. The net total of SWP supplies is anticipated to be 694 TAF. As previously reported, the Department of Water Resources (DWR) had been operating the Delta pumps in a more restrictive mode this year, the SWP’s export loss (deliveries curtailed) was 550 TAF, as of the end of March 2013 (10 TAF more than reported last month); of the SWP’s impacts, MWD’s loss is about 275 TAF. In response to Director Record’s request to provide a financial value to these losses, Water Resource Manager Upadhyay valued the water lost due to pumping restrictions at $300 per acre-foot. Staff reported that demands (including the Water Authority’s QSA supplies) are trending at 1.85 MAF for the calendar year; however, as the hot and dry summer months lie ahead, it is possible that demands may reach 1.95 MAF. Staff anticipates pulling about 300 TAF from storage, leaving approximately 2.45 MAF in storage, excluding emergency storage. However, despite sufficient storage reserves, Upadhyay said that staff may acquire Yuba Accord supplies if the 12-month rolling demand and losses remains static. Upadhyay added that more discussion on seeking alternative supplies will take place at the committee’s May meeting.

The committee also heard a report on the State Water Project (SWP) Contract with an emphasis on the financial provisions of the contract to provide a knowledge base for discussions and decision-making related to the Bay Delta Conservation Plan (BDCP) and its financing. In response to Director Griset’s (Santa Ana) questions related to the expiration of State Water Contracts in 2035, Kightlinger said that there are many ways that the BDCP could be financed, including extending SWP contracts beyond 2035. Lewinger sought clarification on the SWP Contract reconciliation process, stating that he understood that the DWR “estimates how to apportion their budget between water supply, recreation, and flood control; and then within water supply between conservation, transportation, and power” to establish their rates for the following calendar year; then at the end of that following calendar year, DWR compares actuals to the estimates, makes adjustments, and credits the contractors. Interim Resource Implementation Manager Donhoff confirmed Lewinger’s understanding of DWR’s reconciliation process, adding that DWR uses 60 percent allocation to calculate its statement of charges.

Strategic Water Initiatives Manager Patterson reported that two of the three parts of the public draft of the BDCP were released. On March 14, the first four chapters were released with a public hearing on March 20. The second release, consisting of the following three chapters, was released on March 27, followed by a public hearing on April 4. In response to Director Steiner’s question about financial commitments from Central Valley Project and SWP contractors on the BDCP, Patterson implied that the contractors are still supportive. He elaborated, stating that the contractors are operating within the $240 million planning budget to reach a decision point.

The final five chapters are anticipated to be released on April 22. The administrative draft of the Environmental Impact Statement for the coordinated long-term operation of the Central Valley Project was made available to cooperative agencies, including MWD, but not to the general public. MWD staff is reviewing the draft and will provide comments.

The Delta Stewardship Council met on March 28 and 29 and incorporated the public comments on the draft Delta Plan, the draft Environmental Impact Report, and the draft rule-making package.
Patterson said that it is anticipated that these drafts will be finalized in May and, by July, will begin implementing the plans detailed in those documents.

Additionally, the committee received reports on Colorado River matters. Colorado River Manager Hasencamp said that river’s water supply has dropped and April’s runoff forecast was the lowest ever issued at 38 percent. Hasencamp reported that upstream users are impacted heavily by the shortage. He reported that the City of Denver issued Stage 2 drought emergency regulations and implemented several water conservation strategies. Conversely, in the lower basin, “it’s business as usual,” but Hasencamp said that there is reason to be concerned; if next year is dry as well, then both Lake Mead and Lake Powell will reach their lowest levels simultaneously for the first time. These historically low levels could lead to shortage declarations and restrictions.

The Bureau of Reclamation released its 2012 Decree accounting report, confirming that MWD stored 63 TAF of water it took from Nevada; MWD will repay two-thirds of that water at a later date. Director Fleming voiced concern about MWD’s storage in Lake Mead if multiple agencies were to pull water from their storage accounts. Kightlinger replied that staff will be bringing back options on where MWD may pull water out of various storage programs.

**Board Meeting**
Director Cynthia Kurtz (City of Pasadena) was inducted to the Board of Directors. She was assigned to the Communications and Legislation Committee and the Finance and Insurance Committee.

Prepared by: Liz Mendelson, Assistant Water Resources Specialist
Approved by: Communications and Legislation Committee by Keith Lewinger and Vincent Mudd
Finance and Insurance Committee by Keith Lewinger and Doug Wilson
Engineering and Operations Committee by Fern Steiner
Legal and Claims Committee by Vincent Mudd and Fern Steiner
Organization, Personnel and Technology Committee by Doug Wilson
Water Planning and Stewardship Committee by Keith Lewinger and Fern Steiner

Attachment 1: MWD’s Committee and Board meeting agendas and Summary of Actions, April 2013.
Attachment 3: Letter on Approve Foundational Actions Funding Program, April 8, 2013.
The Metropolitan Water District’s Finance and Insurance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Finance and Insurance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Finance and Insurance Committee will not vote on matters before the Finance and Insurance Committee.

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

2. Approval of the Minutes of the meeting of the Finance and Insurance Committee held March 11, 2013

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

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

8-1 Adopt resolutions imposing Readiness-to-Serve Charge and Capacity Charge effective January 1, 2014. (F&I)

8-2 Approve execution of the agreement with the California Employees’ Retiree Benefit Trust Program for administration and investment of pre-funding for Other Post Employment Benefits. (F&I)

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Review of Swap Policy and outstanding Swaps

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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

Date of Notice: March 27, 2013
Water Planning and Stewardship Committee
Meeting with Board of Directors*
April 8, 2013
10:30 a.m. – Room 2-456

<table>
<thead>
<tr>
<th>Monday, April 8, 2013</th>
<th>Meeting Schedule</th>
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<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
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<td>Dirs. Computer Training</td>
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<td>9:00 a.m.</td>
<td>Rm. 2-145</td>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-456</td>
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<td>WP&amp;S</td>
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<td>12:00 p.m.</td>
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<td>E&amp;O</td>
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<td>1:30 p.m.</td>
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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 March 11, 2013

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   8-4 Approve Foundational Actions Funding Program. (WP&S)

Date of Notice: March 27, 2013
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on Water Surplus Drought Management
b. Review of State Water Contract

7. MANAGEMENT REPORTS

a. Bay-Delta Matters
b. Colorado River Matters
c. Water Resource Management Manager's report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Date of Notice: March 27, 2013
Engineering and Operations Committee

Meeting with Board of Directors*

April 8, 2013

12:00 p.m. -- Room 2-145

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**E&O Committee**
T. Evans, Chair
G. Brown, V. Chair
T. Babcock
B. Barbre
M. Camacho
D. De Jesus
A. Grunfeld
E. Little
S. Lowenthal
J. Morris
G. Peterson
R. Record
D. Sanchez
F. Steiner
B. Wright

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**Monday, April 8, 2013**
**Meeting Schedule**

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<td>Rm. 2-446</td>
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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

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

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

2. **Approval of the Minutes of the meeting of the Engineering and Operations Committee held March 11, 2013**

3. **CONSENT CALENDAR ITEMS — ACTION**

   7-1 Appropriate $310,000; and authorize preliminary design to refurbish eight radial gates on the Colorado River Aqueduct (Approp. 15438). (E&O)

   7-2 Appropriate $300,000; and authorize final design of cathodic protection system for the Allen-McColloch Pipeline (Approp. 15441). (E&O)

   7-3 Appropriate $135,000; and authorize preliminary design of inlet flash mix chemical containment for the Henry J. Mills Water Treatment Plant (Approp. 15452). (E&O)

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Date of Notice: March 27, 2013
7-4  Appropriate $1.52 million; and authorize: (1) preliminary design of repairs to the Lakeview Pipeline; and (2) agreement with LSA Associates in an amount not to exceed $500,000 for environmental documentation (Approp. 15480). (E&O)

4. OTHER BOARD ITEMS — ACTION

8-3  Appropriate $3.3 million; and authorize: (1) preliminary design, permitting, and right-of-way planning of access and pipeline protection improvements in the Orange County region; and (2) agreements with (a) Carollo Engineers, Inc. in an amount not to exceed $400,000; and (b) Riggs and Riggs, Inc. in an amount not to exceed $100,000 (Approp. 15474). (E&O)

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Colorado River Source Water Protection Update

b. Update on Metropolitan’s Seismic Assessment Program

7. MANAGEMENT REPORTS

a. Water System Operations Manager’s report

b. Engineering Services Manager’s report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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Date of Notice: March 27, 2013
Organization, Personnel and Technology Committee

Meeting with Board of Directors

April 8, 2013

1:30 p.m. -- Room 2-456

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 March 11, 2013

3. CONSENT CALENDAR ITEMS — ACTION

   7-5 Appropriate $1.39 million for the PeopleSoft Upgrade (Approp. 15484). (OP&T)

4. OTHER BOARD ITEMS — ACTION

   None

Date of Notice: March 27, 2013
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Update on AFSCME Class/Comp Study

b. Oral update on Cyber Security
   [Any discussion of threats to public services or facilities to be heard in closed session. Conference with Cheryl Santor, Information Security Services Team Manager and Derrek Jones, WSO Security Manager—threat to public services or facilities; may be heard in closed session pursuant to Gov. Code Section 54957(a)]

7. FOLLOW-UP ITEMS

None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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Date of Notice: March 27, 2013
REVISED AGENDA
Legal and Claims Committee
Meeting with Board of Directors*

April 9, 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 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 March 12, 2013

3. CONSENT CALENDAR ITEMS — ACTION

Withdrawn 7-6 Approve writing-off of uncollectible cleanup and repair costs. (L&C)

REVISED: Date of Notice: April 4, 2013
4. OTHER BOARD ITEMS — ACTION

Report on the status of existing and anticipated litigation regarding plumbing leaks allegedly caused by copper corrosion: (1) Lennar Homes of California, Inc. v. MWD, et al., Case No. 30-2012-00543908; (2) Briosa Owners Association v. Moulton Niguel Water District, et al., Case No. 30-2012-00586258; (3) Cantora community Association v. MWD, et al., Case No. 30-2012-00619294; (4) Cypress Point Condominium Association v. MWD, et al., Case No. 30-2012-00619476; and (5) Lisa Williams and Shawn Williams v. Irvine Ranch Water District, et al., Case No. 30-2012-00616648. (L&C)

[Conference with legal counsel—existing and anticipated litigation; to be heard in closed session pursuant to Gov. Code Sections 54956.9(d)(1) and (d)(2)]

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.

[citation corrected]

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

Citation corrected

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.

[citation corrected]

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

7. FOLLOW-UP ITEMS

None

8. FUTURE AGENDA ITEMS

REVISED: Date of Notice: April 4, 2013
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*

April 9, 2013
10:00 a.m. -- Room 2-456

C&L Committee
L. Ackerman, Chair
G. Peterson, V. Chair
J. Abdo
R. Apodaca
S. Ballin
B. Barbre
M. Camacho
D. Fleming
L. Friedman
G. Gray
D. Griset
K. Lewinger
S. Lowenthal
J. Morris
V. Mudd
K. Murray
R. Record

Tuesday, April 9, 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>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>
</tr>
<tr>
<td>11:30 a.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
</tr>
</tbody>
</table>

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

* 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 March 12, 2013

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   8-5 Support, in concept, SB 135 (Padilla, D-Pacoima) -- Earthquake Early Warning System. (C&L) (To be mailed separately)

   8-6 Adopt policy principles on the California Environmental Quality Act. (C&L) (To be mailed separately)

Date of Notice: March 27, 2013
8-7 Express support for AB 1156 (V. Perez, D-Coachella) – Palo Verde Irrigation District Act. (C&L) (To be mailed separately)

5. BOARD INFORMATION ITEMS

   None

6. COMMITTEE ITEMS

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

7. MANAGEMENT REPORT

   a. External Affairs Management 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.

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Date of Notice: March 27, 2013
1. Call to Order
   (a) Invocation: Drew Jacobs, Senior Occupational Safety & Health Specialist, Water System Operations
   (b) Pledge of Allegiance: Director Leticia Vasquez

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 March 12, 2013. (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 March

Date of Notice: March 27, 2013
C. Induction of new Director, Cynthia Kurtz, from city of Pasadena
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

D. Approve 30-day leave of absence for Director Keith Lewinger, effective May 8, 2013

E. Presentation of 5-year service pin to Director Linda Ackerman, representing Municipal Water District of Orange County

F. Approve committee assignments

G. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Appropriate $310,000; and authorize preliminary design to refurbish eight radial gates on the Colorado River Aqueduct (Approp. 15438). (E&O)

Date of Notice: March 27, 2013
Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriately $310,000; and
b. Authorize preliminary design to refurbish or replace eight radial gates on the Colorado River Aqueduct.

7-2 Appropriate $300,000; and authorize final design of cathodic protection system for the Allen-McColloch Pipeline (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriately $300,000; and
b. Authorize final design of a cathodic protection system for the Allen-McColloch Pipeline.

7-3 Appropriate $135,000; and authorize preliminary design of inlet flash mix chemical containment for the Henry J. Mills Water Treatment Plant (Approp. 15452). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriately $135,000; and
b. Authorize preliminary design of inlet flash mix chemical containment for Modules Nos. 3 and 4 at the Mills plant.

7-4 Appropriate $1.52 million; and authorize: (1) preliminary design of repairs to the Lakeview Pipeline; and (2) agreement with LSA Associates in an amount not to exceed $500,000 for environmental documentation (Approp. 15480). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriately $1.52 million;
b. Authorize preliminary design of repairs to the Lakeview Pipeline; and
c. Authorize agreement with LSA Associates, in an amount not to exceed $500,000, for preparation of environmental documentation.
7-5 Appropriate $1.39 million for the PeopleSoft Upgrade (Approp. 15484). 
(OPS&T)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriate $1.39 million; and
b. Authorize the PeopleSoft HCM and ELM upgrade.

7-6 Approve writing off of uncollectible cleanup and repair costs. (L&C)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Approve the determination that the four reimbursable projects 
discussed in the board letter are not collectible; and
b. Approve the write-off of such claims in the current fiscal year.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Adopt resolutions imposing Readiness-to-Serve Charge and Capacity 
Charge effective January 1, 2014. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination and the following resolutions:
 a. Resolution to impose the Readiness-to-Serve Charge; and
 b. Resolution to impose the Capacity Charge.

8-2 Approve execution of the agreement with the California Employees' Retiree 
Benefit Trust Program for administration and investment of pre-funding for 
Other Post Employment Benefits. (F&I)

Date of Notice: March 27, 2013
Recommendation:

Option #1:

Adopt the CEQA determination and approve contracting with CERBT to administer and invest Metropolitan’s pre-funding of OPEB benefits.

8-3 Appropriate $3.3 million; and authorize: (1) preliminary design, permitting, and right-of-way planning of access and pipeline protection improvements in the Orange County region; and (2) agreements with (a) Carollo Engineers, Inc. in an amount not to exceed $400,000; and (b) Riggs and Riggs, Inc. in an amount not to exceed $100,000 (Approp. 15474). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriate 3.3 million;
b. Authorize preliminary design, permitting, and right-of-way planning for access improvements and pipeline protection in the Orange County region;
c. Authorize professional services agreement with Carollo Engineers, Inc. in an amount not to exceed $400,000; and
d. Authorize professional services agreement with Riggs and Riggs, Inc. in an amount not to exceed $100,000.

8-4 Approve Foundational Actions Funding Program. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Approve the proposed Foundational Actions Funding Program; and
b. Direct staff to issue a Request for Proposals.

8-5 Support, in concept, SB 135 (Padilla, D-Pacoima) – Earthquake Early Warning System. (C&L) (To be mailed separately)

8-6 Adopt policy principles on the California Environmental Quality Act. (C&L) (To be mailed separately)

8-7 Express support for AB 1156 (V. Perez, D-Coachella) – Palo Verde Irrigation District Act. (C&L) (To be mailed separately)
8-8 Report on the status of existing and anticipated litigation regarding plumbing leaks allegedly caused by copper corrosion: (1) Lennar Homes of California, Inc. MWD, et al., Case No. 30-2012-00543908; (2) Briosa Owners Association v. Moulton Niguel Water District, et al., Case No. 30-2012-005862a58; (3) Cantora community Association v. MWD, et al., Case No. 30-2012-00619294; (4) Cypress Point Condominium Association v. MWD, et al., Case No. 30-2012-00619476; and (5) Lisa Williams and Shawn Williams v. Irvine Ranch Water District, et al., Case No. 30-2012-00616648.  (L&C)

[Conference with legal counsel—existing and anticipated litigation; to be heard in closed session pursuant to Gov. Code Sections 54956.9(a) and (b)]

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: March 27, 2013
April 8, 2013

John (Jack) V. Foley and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90065-0153

RE: Board Memo 8-1: Adopt resolutions imposing Readiness-to-Serve Charge and Capacity Charge effective January 1, 2014 — REQUEST TO TABLE OR IN THE ALTERNATIVE, OPPOSE

Dear Chairman Foley and Members of the Board:

We write to request that the board TABLE the proposed resolutions to increase Readiness-to-Serve and Capacity Charges to be effective January 1, 2014, and request that staff bring back alternative water rates and charges, including a reduction of the planned 5% water rate increase for Calendar Year (CY) 2014. In the alternative, should the board decline to take such action, we wish to be on record to OPPOSE increasing the Readiness-to-Serve Charge and Capacity Charge as described in Board Memo 8-1 and the associated resolutions, for the reasons stated in this letter.

The charges the board is being asked to increase were proposed and voted on based on budget and sales estimates that have proven to be materially at variance with actual costs and water sales. In fact, MWD over-collected revenues in Fiscal Year 2012 by almost $100 million. And, it is projecting that it will add another $178 million to its reserves by end of this fiscal year primarily as a result of over-collection in two of its supply categories: State Water Project and Demand Management Program. As a result of these over-collections, MWD’s reserves will exceed the board-established maximum levels by $36 million this year.

To move ahead with increases in the Readiness-To-Serve and Capacity charges — when we know for a fact that MWD is collecting substantially more revenues than its budget or cost of service supports — is a disservice to the cities and ratepayers we serve, many of whom are struggling with their own budgets and to make ends meet. Cost of service requirements including but not limited to Proposition 26 require MWD to be more accountable than this to the agencies and ratepayers it serves.
Chairman Foley and Members of the Board  
April 8, 2013  
Page 2

MWD does not need a 5% water rate increase for CY 2014; it should reconsider the planned increase and instead produce a more reasonable estimation of its water sales, costs and required revenues, including increases if any for the Readiness-to-Service Charge and Capacity Charge. We also request that MWD return to the longstanding practice of adopting water rates and charges on an annual basis so that it may better plan to avoid the dramatic over- and under-collection of revenues such as it has experienced over the past several years.

Sincerely,

Keith Lewinger  
Director

Vincent Mudd  
Director

Fern Steiner  
Director

Doug Wilson  
Director

cc: Jeff Kightlinger, MWD General Manager  
San Diego County Water Authority Board of Directors and Member Agencies
April 8, 2013

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

RE: Board Item 8-4: Approve Foundational Actions Funding Program -- OPPOSE

Dear Chairman Foley and Members of the Board:

We write to OPPOSE the “Foundational Actions Funding Program,” described in Board memo 8-4, for all of the reasons described in our March 7, 2013 letter, a copy of which is attached.

As unbudgeted expenditures, these costs were not included in the cost of service analysis purporting to support the water rates and charges that will actually be used to pay these costs. Moreover, there is no evidence to support MWD’s claim that these expenditures provide a direct or regional benefit to any water ratepayers other than those who actually receive subsidies. MWD’s proposed “program” and financial practices are not sufficient to meet the requirements of Proposition 26.

While we can see the appeal of this funding from MWD to an agency in these days of constrained budgets, this board has a responsibility to all of MWD’s water ratepayers to ensure that MWD’s water rates and charges are no higher than necessary. This certainly cannot be said of these unbudgeted, unallocated costs. Especially when MWD’s “core resources plan is on track and is well-positioned to meet future demands,” as clearly stated in the Board memo.

Sincerely,

Keith Lewinger
Director

Vincent Mudd
Director

Fern Steiner
Director

Doug Wilson
Director

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

A public agency providing a safe and reliable water supply to the San Diego region
March 7, 2013

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

RE: Board Item 9-1 – Proposed Foundational Actions Funding Program

Dear Chairman Foley and Members of the Board:

We write to express our opposition to the concept of spending unbudgeted MWD ratepayer dollars on a “Foundational Actions Funding Program,” as described in Board Memo 9-1. We would also like to express again our frustration with management’s continued reliance on a badly outdated 2010 Integrated Resources Plan (IRP) to justify this and other unnecessary spending programs.

MWD’s 2010 IRP was based on providing a core water supply to meet 1.9 million to 2 million acre feet of MWD demand. In addition, the IRP includes the development of an extra “buffer” supply of as much as 500,000 acre feet of water annually -- over and above dry-year demand. On top of these supplies lie the so-called “foundational actions” deemed necessary to address future supply vulnerabilities and uncertainties.

MWD’s 2012 IRP implementation report published last October listed 10 action items MWD itself is carrying out under the foundational actions. This month’s memo also states that MWD’s core resources plan is “on track and is well positioned to meet future demands within an expected range of future conditions.” In light of these facts, it is difficult to understand why MWD is recommending additional unbudgeted expenditures to develop more local projects that it does not need and that would further dampen its own water sales. Aside from the moniker, these “foundational actions” will lead to the same kind of local projects MWD continues to subsidize through its Local Resource Projects program. The mere statement that, “the future is uncertain and under some conditions, additional water resources may need to be developed” is insufficient to justify any of these expenditures.

The State Auditor recently noted that MWD’s water sales are down by 25%, and that, as a result of reduced sales and other factors, MWD’s water rates have increased dramatically. In
addition, the updated Southern California Association of Governments (SCAG) Regional Transportation Plan shows significant demographic changes from previous estimates. Specifically, MWD’s service area within SCAG jurisdiction shows demographic projections for the year 2025 include 1.2 million fewer people, 194,000 fewer households, 550,000 fewer jobs and a 4% reduction in median real household income than SCAG’s previous projections. All these factors will further reduce retail water demands below those projected in MWD’s IRP and 2010 Regional Urban Water Management Plan.

We renew past requests that management bring back to the board – so that the information will be available at the same time the board is being asked to approve expenditures on “foundational actions” – the following information:

- An update to the IRP that reflects current sales data and trends and the development of local water supplies by member agencies and others that were not accounted for in the 2010 IRP;
- An analysis and quantification of the nature and extent of the “uncertainty” and “unforeseen risks” the “foundational actions” are intended to address, over and above the spending programs called for in the IRP including the BDCP, conservation and local projects.

The types of projects that are enumerated as being the subject of the “foundational actions” are local water supply projects that will, when developed, represent a permanent reduction in MWD’s water sales. With demands already reduced and with the proposed Bay Delta Conservation Plan on the drawing board, please address this next month in a board memo why management is nonetheless recommending these expenditures be made at this time.

Although we disagree with MWD establishing an unbudgeted program when there is clearly no justification, if the board chooses to adopt the program, it must make clear that the funding would be provided to all member agencies without any “rate structure integrity” constraints that are currently embedded in the LRP funding agreements.

The program criteria should also be revised to reflect the purported purpose of the foundational actions, i.e., approaches to long term water supply uncertainty. The criteria, as described on page 3 of the board memo, fail to do so or otherwise provide a substantive basis to distinguish between applicants for this new subsidy program. Furthermore, the program’s process for project selection must be revised to assure that the technical experts on the selection panel are required to file FPPC Form 700 disclosure forms pursuant to MWD’s Local Conflict of Interest Code. Conflict of interest laws are designed to preclude participation in governmental decisions where there may be a direct or indirect effect on a decision-maker’s financial interests. Requiring disclosure of such interests by members of the selection panel will help assure compliance with conflict of interest laws.
Finally, we also request that management provide an analysis of the regional benefit of the “Foundational Actions Funding Program” sufficient to meet the requirements of Proposition 26.

Sincerely,

Keith Lewinger
Director

Vincent Mudd
Director

Fern Steiner
Director

Doug Wilson
Director

cc: Jeff Kightlinger, MWD General Manager
   San Diego County Water Authority Board of Directors and Member Agencies
April 25, 2013

Attention: Imported Water Committee

Colorado River Board Representative’s Report (Information)

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

Background
This report covers activities from the April 10, 2013 CRB meeting.

Discussion
The CRB heard informational reports from CRB staff on activities discussed below:

Water Supply and Reservoir Operations
As of April 1, 2013 total system storage was 31.87 million acre-feet (maf), or 53 percent of capacity, which is about 5.69 maf less than a year ago. Lake Mead is 52 percent full, with 13.47 maf and Lake Powell is at 48% capacity with 11.65 maf. March 2013 releases from Hoover, Davis, and Parker Dams averaged 16,050, 15,560 and 11,060 cubic feet per second (cfs), respectively. Planned releases for April are 18,600, 17,900 and 13,330 cfs, respectively. Conditions along the Colorado River continue to point towards another dry year. February was very dry and conditions did not improve in March. With snowpack in the Upper Colorado River Basin below average, the time window for additional accumulation continues to shrink as summer approaches.

The Western States Water Council and the California Department of Water Resources are sponsoring a workshop entitled, “Improving Drought Prediction at Seasonal to Inter-Annual Timescales” from April 29 through May 1 in San Diego. The workshop will include breakout sessions and facilitated group discussions associated with techniques for improving the predictability of drought conditions. More information can be found at www.westernstateswater.org

Bi-national Discussions
On March 20, 2013, bi-national working group meetings were held in Tijuana, Mexico to discuss progress relating to specific projects identified in Minute 319. The Minute provides surplus and shortage guidelines for Mexico, funds wildlife habitat, develops a pilot program to conserve water in Mexico that would become available to U.S. users, and allows Mexico to store water in Lake Mead. Projects being discussed include the Rosarito Desalination Plant, Mexico’s Environmental Pilot Program that is intended to restore pulse flows through the delta areas, and a turn-out on the All American Canal among others. Group discussions continued on April 9 through the 10 in Yuma, Arizona where representatives from Mexico and the U.S. discussed the implementation of joint-environmental pilot projects.
Colorado River Basin Water Supply and Demand Study
The Basin States, Reclamation, and other stakeholder groups continue work on developing a plan to implement the “Future Considerations and Next Steps” components of the Colorado River Basin Water Supply and Demand Study. Public workshops were held on March 25 in Salt Lake City and March 26 in Phoenix to help provide more information and clarification regarding the technical complexity of the study. In addition, an informational public webinar was held on April 3. Over 200 people participated in the webinar. In the near future small work groups will be formed to concentrate on “Municipal Conservation and Reuse” and “Agricultural Conservation and Transfers” as contemplated by the Basin Study.

Prepared by:       Dan Denham, Principal Water Resources Specialist
Reviewed by:      Halla Razak, Colorado River Program Director
Approved by:      Michael T. Hogan, CRB Representative

Attachment:       Summary Water Report, Colorado River Basin
<table>
<thead>
<tr>
<th>RESERVOIR STORAGE (as of March 31)</th>
<th>April 1, 2013</th>
<th>March 1, 2013</th>
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<tr>
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<td>Lake Mead</td>
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<td>Lake Mohave</td>
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<td>Lake Havasu</td>
<td>0.572</td>
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<tr>
<td>Total System Storage</td>
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<td>53</td>
</tr>
<tr>
<td>System Storage Last Year</td>
<td>37.561</td>
<td>63</td>
</tr>
</tbody>
</table>

- WY 2013 Precipitation (Basin Weighted Avg) 10/01/12 through 4/01/13: 74 percent (13.3")
- WY 2013 Current Basin Snowpack (Basin Weighted Avg) on day of 4/01/13: 73 percent (11.4")

(Above two values based on average of data from 116 sites.)

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<tr>
<th>March 1, 2013</th>
<th>February 19, 2013</th>
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<tbody>
<tr>
<td></td>
<td>MAF % of Normal</td>
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<tr>
<td>March 18, 2013 Forecast of Unregulated Lake Powell Inflow</td>
<td>3.300</td>
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<tr>
<td>2013 April through July unregulated inflow</td>
<td>5.227</td>
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</table>
ARIZONA, CALIFORNIA, NEVADA, MEXICO
FORECAST OF END OF YEAR CONSUMPTIVE USE
FORECAST BASED ON USE TO DATE AND APPROVED ANNUAL WATER ORDERS /1
(ACRE-FEET)

WATER USE SUMMARY

<table>
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<tr>
<th>Use To Date CY2013</th>
<th>Forecast Use CY2013</th>
<th>Approved Use CY2013</th>
<th>Excess to Approved Use CY2013</th>
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<td></td>
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<td>1,487,688</td>
<td>7,337,715</td>
<td>7,212,308</td>
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<tr>
<td></td>
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<td></td>
<td>25,406</td>
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</table>

MEXICO IN SATISFACTION OF TREATY (Including downward deliv)
TO MEXICO AS SCHEDULED: 42,976
MEXICO IN EXCESS OF TREATY: 20,559
BYPASS PURSUANT TO MINUTE 242 29,138

TOTAL LOWER BASIN & MEXICO: 2,009,724

1) Incorporates Jan-June 2012 monthly data and 77 daily reporting stations
   which may be revised after provisional data reports are distributed by the USGS.

2) These values reflect adjusted apportionments. See Adjusted Apportionment
   calculation on each state page.

3) Includes unmeasured returns based on estimated consumptive use/diversion
   ratios by user from studies provided by Arizona Dept. of Water Resources,
   Colorado River Board of California, and Reclamation.

Graph notes: Jan 1 forecast use is scheduled use in accordance with the Annual Operating Plan's state entitlements, available unused entitlements, and
over-run paybacks. A downward sloping line indicates use at a lower rate than scheduled, upward sloping is above schedule, and a flat line indicates a
use rate equal to schedule. Lower priority users such as CAP, MWD, and Robt B. Griffith may adjust use rates to meet state entitlements as higher priority
use deviates from schedule. Abrupt changes in the forecast use line may be due to a diversion schedule change or monthly updating of provisional realtime diversions.
<table>
<thead>
<tr>
<th>WATER USER</th>
<th>Use</th>
<th>Forecast</th>
<th>Estimated Use</th>
<th>Excess to Estimated Use</th>
<th>Diversion</th>
<th>Forecast</th>
<th>Approved Diversion</th>
<th>Excess To Approved Diversion</th>
</tr>
</thead>
<tbody>
<tr>
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**CALIFORNIA ADJUSTED APPORTIONMENT CALCULATION**
- California Basic Apportionment: 4,400,000
- Payback of OPP Overrun (IID, F1 Mojave): -62,083
- Intentionally Created Surplus Water (IID): -25,000
- Creation of Extraordinary Conservation CWS (MWD): -200,000
- Total State Adjusted Apportionment: —
- Excess to Total State Adjusted Apportionment: 0

**ISG ANNUAL TARGET COMPARISON CALCULATION**
- Priorities 1, 2, 3b Use (PVD + YPRD + Isla + PVD Mesa): 498,161
- MWD Adjustment: -78,161
- Total California Agricultural Use (PVD + YPRD + Isla + IID + CVWD): 3,467,262
- California Agricultural Paybacks: -62,000
- Misc. PPRs Covered by IID and CVWD: 14,500
- California ICS Creation (IID ICS): 25,000
- Total Use for Target Comparison: 3,398,601
- ISG Annual Target (Exhibit B): 3,462,000
- Amount over/under ISG Annual Target: (93,399)

**NOTES:**
1. Ranche 5
2. Yuma Indian Reservation assumed to be included in Priority 2
3. Click on California Schedules and Approvals above for incoming diversion schedules and approvals.
4. Fort Yuma Indian Reservation includes Yuma Project Reservation Division Indian Unit, Ranch 5, an estimate of domestic use and pumps.
5. Includes MWD Adjustment, California Agricultural Use and Paybacks, IID-CVWD covered PPRs, and taking out the MWD-CVWD Exchange

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**ID FORECAST**

**CWWD FORECAST**

**CA PRIORITIES 162 FORECAST**

**YUMA PROJECT, RESERVATION DIVISION FORECAST**

**PVFD FORECAST**
## ARIZONA WATER USERS
### FORECAST OF END OF YEAR CONSUMPTIVE USE
### FORECAST BASED ON USE TO DATE AND APPROVED ANNUAL WATER ORDERS
### Apache Schedules and Approvals
### Hubbell Use Records (Water Accounting Reports)

<table>
<thead>
<tr>
<th>WATER USER</th>
<th>Use To Date CY2013</th>
<th>Forecast Use CY2013</th>
<th>Estimated Use CY2013</th>
<th>Excess to Estimated Use CY2013</th>
<th>Diversion To Date CY2013</th>
<th>Forecast Diversion CY2013</th>
<th>Approved Diversion CY2013</th>
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| TOTAL ARIZONA | 6,908,182 | 2,797,846 | 2,795,157 | -77,685 | 778,343 | 3,055,986 | 3,133,900 | - |
| CAP | 410,906 | 1,530,335 | - | - | 410,906 | 1,530,335 | - | - |
| ALL OTHERS | 180,280 | 1,227,311 | 1,255,828 | -29,526 | 1,225,351 | 2,125,351 | 2,183,229 | - |
| YUMA MESA DIVISION, GILA PROJECT | 33,020 | 175,707 | 250,000 | -74,263 | 336,757 | - |

### ARIZONA ADJUSTED APPOINTMENT CALCULATION

- Arizona Basic Appointment: 2,800,000
- Payback of OPEP overruns - (Cocopah and Bealite): -809
- Total State Adjusted Appointment: 2,799,991
- Excess to Total State Adjusted Appointment: -809

Estimated Allowable Use for CAP: 1,574,242

### NOTES:
- Click on Arizona Schedules and Approvals above for incoming diversion schedules and approvals.
<table>
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<tr>
<th>WATER USER</th>
<th>Use To Date CY2013</th>
<th>Forecast Use CY2013</th>
<th>Estimated Use CY2013</th>
<th>Excess to Estimated Use CY2013</th>
<th>Diversion To Date CY2013</th>
<th>Forecast Diversion CY2013</th>
<th>Approved Diversion CY2013</th>
<th>Excess To Approved Diversion CY2013</th>
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<td>TOTAL NEVADA</td>
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<td>300,000</td>
<td>-37,451</td>
<td>83,108</td>
<td>472,009</td>
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Tributary Conservation & Imported Intentionally Created Surplus
Total Requested Tributary Conservation Intentionally Created Surplus 37,000
Total Requested Imported Conservation Intentionally Created Surplus 9,000
5% System Cut for Creation of Intentionally Created Surplus 2,900
Total Intentionally Created Surplus Left in Lake Mead 43,700

NEVADA ADJUSTED APPORTIONMENT CALCULATION
Nevada Basic Apportionment 300,000
Excess to Total State Adjusted Apportionment -37,451

NOTES:
- Divisions and uses that are pending approval are noted in red italics.
- Water users with a consumptive use entitlement - Excess to Estimated Use column indicates overrun/underrun of entitlement. Dash in this column indicates water user has a diversion entitlement.
- Water user with a diversion entitlement - Excess to Approved Diversion column indicates overrun/underrun of entitlement. Dash in this column indicates water user has a consumptive use entitlement.

Click on Nevada Schedules and Approvals above for incoming diversion schedules and approvals.
Figure 1. Total Colorado River Basin Storage as of April 2013

* A resurvey of Lake Powell changed the MUC and MOL in June 1991
Figure 2. Lakes Powell and Mead Monthly Pool Elevation Levels

**Lake Powell Monthly Pool Elevation Level (Feet)**

- Maximum (3700 feet)
- Upper Elevation Balancing Tier (3645 feet)
- Lower Elevation Balancing Tier (3525 feet)

3555.90 ft. in March 2005, lowest since 1569 during the initial filling of Lake Powell.

**Lake Mead Monthly Pool Elevation Level (Feet)**

- Maximum (1229 feet)
- Surplus (1145 feet)
- Normal Condition
- Shortage (1075 feet)

1081.94 ft. in November 2010, lowest since 1937 during the initial filling of Lake Mead.
Figure 3. SNOTEL Water-Year-To-Date (WYTD) SWE for the CO headwaters basin
Figure 4. NOAA National Weather Service Monthly Precipitation Maps for February and March 2013

Monthly Precipitation for February 2013
(Averaged by Hydrologic Unit)

% Average
- > 150%
- 120 - 150%
- 110 - 120%
- 100 - 110%
- 90 - 99%
- 70 - 89%
- 50 - 69%
- < 50%
- Not Reported

Monthly Precipitation for March 2013
(Averaged by Hydrologic Unit)

% Average
- > 150%
- 120 - 150%
- 110 - 120%
- 100 - 110%
- 90 - 99%
- 70 - 89%
- 50 - 69%
- < 50%
- Not Reported
Figure 5. USDA United States Drought Monitor Map

U.S. Drought Monitor

March 26, 2013
Valid 7 a.m. EDT

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu/

Drought Impact Types:
D = Delineates dominant impacts
S = Short-Term, typically <6 months (e.g., agriculture, grasslands)
L = Long-Term, typically >6 months (e.g., hydrology, ecology)

Released Thursday, March 28, 2013
Author: Anthony Artusa, NOAA/NWS/NCEP/CPC

U.S. Drought Monitor

West

March 26, 2013
Valid 7 a.m. CDT

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu

Intensity:
- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Conditions (Percent Area)

Current
19.44 80.56 63.42 41.27 15.74 2.49

Last Week (02/15/2013 thru)
22.56 77.44 60.65 41.16 15.22 2.13

3 Months Ago (02/16/2012 thru)
24.26 75.74 69.42 40.80 18.03 2.15

Start of Calendar Year (01/01/2013 thru)
24.35 75.65 68.31 45.04 15.51 2.15

Start of Water Year (10/1/2012 thru)
15.12 84.88 77.15 43.65 16.85 1.77

One Year Ago (03/26/2012 thru)
38.04 61.96 47.33 22.70 3.39 0.04

NoData
Sacramento

Legislation and Budget

As reported last month, the legislative policy committees are in full swing hearing bills that may or may not have substantive language fully developed yet. The deadline for policy committees to pass fiscal bills is May 3rd and the following week is the deadline for non-fiscal bills. Many legislative proposals are moving through these early stages of the process with simple commitments to address language issues, with significant changes not coming until the floor vote or possibly the first policy hearing in the second house.

The Governor will release the May revision to his January budget proposal in mid-May (sometime around May 14). With Democratic majorities in both houses, we anticipate the Budget being passed close to or even possibly on-time, which is June 15th per the State Constitution or July 1st given the deadlines regarding the flow of money.

Water Bond

The speculation continues as to what might or might not happen this year as it relates to the reframing of the 2014 water bond. ACWA has been going through an internal process looking at reframing/rewriting the water bond. We are working closely with ACWA and other stakeholders to ensure that San Diego's interests are represented in whatever develops for a new bond proposal. Both the Senate President pro Tempore and the House Speaker have said in public settings that a new look at a water bond won't occur until other issues, such as the budget and health care expansion, are considered. Given that roughly half of the Assembly members are new and were not present for the processes that unfolded during the development of the original water bond in 2009, the Assembly will be amending three vehicles to reflect three components of the water bond (infrastructure, safe drinking water, and Delta/watersheds) and serve as an education
process for the new legislative members. We don't anticipate significant action until August (if it all) on the rewrite of the water bond.

**Sponsored Legislation**

SB 322, our sponsored legislation dealing with recycled water, is set for its first policy committee hearing on May 1st. We have been working very closely with policy staff to address concerns with the proposal specifically related to definition changes proposed by the bill. One of the behind the scenes issues has been to ensure that the bill wasn't double referred to multiple policy committees - a double referral would have made it nearly impossible to have cleared two committees by the policy deadline. We have also spent significant time working with various stakeholders such as State Water Resources Control Board, California Department of Public Health, environmental groups, and water quality groups.

**Washington, DC**

**President Submits Budget Request; Appropriators Get to Work**

President Obama sent Congress a $3.8 trillion budget request for FY2014. Under the proposal, he would continue the downward trend in funding for EPA’s Drinking Water and Clean Water State Revolving Funds (SRFs). The FY14 request would cut funding for the Drinking Water SRF to $817 million and the Clean Water SRF to $1.095 billion. The FY13 continuing resolution enacted last month funded the SRFs at $908.7 million and $1.452 billion, respectively. However, the FY13 funding level will be further reduced approximately $140 million due to sequestration.

The FY14 request also seeks $152.5 million for the Central Valley Project (CVP) and $37 million for California Bay-Delta Restoration Fund activities. This latter figure includes $25.5 million to address the Bay-Delta ecosystem; $9.9 million for smarter water supply and use, and $1.7 million for a renewed federal-state partnership.

Meanwhile, the respective chairs of the Senate and House Appropriations Committees vowed to try and restore regular order to the appropriations process and hope to have individual spending bills before their chambers this summer. Passing these bills will not be easy, either in each chamber or to send a final bill to the President.

Both the House and Senate budget resolutions propose that appropriators write the 12 spending bills with a total allocation of no more than $966 billion in 2014, a drop from the $1.043 trillion that appropriators had to work with when they wrote the fiscal 2013 bills. This is also significantly less than the post-sequester total of $984 billion they had to work with earlier this year. This lower total will require more cuts to discretionary programs beyond those necessitated by the sequester. While the possibility of a “grand bargain” addressing tax reform and increased revenue might relax some of the pressure for further cuts, it is difficult at this time to imagine raising discretionary funding much beyond current levels.
Jewell Confirmed as Secretary of the Interior

The Senate confirmed Sally Jewell as Secretary of the Interior on an 87-11 vote. She was sworn in on April 12.

California Fails to Spend EPA Dollars

As reported in the Sacramento Bee, the U.S. Environmental Protection Agency declared California to be out of compliance with the Safe Drinking Water Act for failing to spend $455 million that should have been spent to improve local drinking water systems. The program is administered on behalf of EPA by the California Department of Public Health, using funds allocated by Congress. In issuing its notice, EPA criticized the scope of the state’s funding backlog and its’ project selection process. EPA gave the state 60 days to submit a corrective action plan. If the state does not or the plan is not acceptable, the EPA may suspend payments to the state under the program.

Senate Water Financing Program Hits Snag

The Congressional Budget Office estimated the proposed “Water Infrastructure Finance and Innovation Act” (WIFIA) would cost the federal government $260 million over the next five years and reduce federal revenues by $135 million over the next ten. In a federal budget environment averse to new spending, supporters are scrambling to address the finding. The WIFIA proposal is part of the larger Water Resources Development Act (S. 601), which was scored by CBO at a cost of $12.5 billion over the next decade. In order to keep the WIFIA proposal budget neutral, Senate staff is considering adding language that would prohibit utilities from using any tax-exempt financing on WIFIA projects as a temporary fix until a better solution can be found.