Proposed Staff Recommendation Consent Calendar for September 26, 2013

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

ENGINEERING AND OPERATIONS COMMITTEE
Authorize the General Manager to award a professional services contract in an amount not-to-exceed $150,000 to Richard Brady & Associates for controls and electrical engineering as-needed services for a period of five years.

9-  3. Reimbursement agreement for construction of new facilities related to future contract purchases of treated water from the Water Authority - Carlsbad Desalination Project.
Authorize the General Manager to execute an agreement with the Carlsbad Municipal Water District for reimbursable costs for construction of new facilities related to future contract purchases of treated water from the Water Authority - Carlsbad Desalination Project. Increase the FY 2014/2015 Capital Improvement Program appropriation and lifetime budget for the Carlsbad Desalination Project by $124,300 for reimbursable costs related to future contract purchases of treated water from the Carlsbad Desalination Project.

Adopt the draft Energy Management Policy.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
9-  5. Approve course of action related to quagga mussel legislation at federal level.
Send written comments during the U.S. Fish and Wildlife Service public comment period opposing a proposed categorical exclusion under the National Environmental Policy Act for the USFWS to add quagga mussels to the injurious wildlife list under the federal Lacey Act. Authorize the Water Authority’s legislative advocates to participate in a coalition effort to evaluate legislative options for addressing the proposed NEPA categorical exclusion issue relating to quagga mussels and the Lacey Act.
WATER PLANNING COMMITTEE

9-6. Professional services contract to Hazen & Sawyer Environmental Engineers and Scientists for refinement and enhancement of the County Water Authority-Municipal and Industrial Needs long-range water demand forecast model. Authorize the General Manager to award a professional services contract to Hazen & Sawyer Environmental Engineers and Scientists for a not-to-exceed contact amount of $459,160 for refinement and enhancement of the CWA-MAIN long-range demand forecast.

9-7. Adopt 2013 Integrated Regional Water Management Plan. Adopt Resolution 2013-_____ adopting the 2013 San Diego Integrated Regional Water Management Plan. Authorize the General Manager to enter into contracts to distribute funding from the San Diego Region’s Proposition 84, Round 1 integrated regional water management grant to Olivenhain Municipal Water District, San Elijo Lagoon Joint Powers Authority, Rural Communities Assistance Corporation, County of San Diego, City of San Diego, City of Santee, Jacobs Center for Neighborhood Innovation and San Diego Coastkeeper.

9-8. Resolution approving the Third Addendum to the City of Carlsbad Precise Development Plan and Desalination Project Final Environmental Impact Report (State Clearinghouse No. 2004041081); adopting a Mitigation Monitoring and Reporting Program; approving the project; authorizing Filing of a Notice of Determination; and authorizing the General Manager to Execute Amendments to the Design Build Agreement with Poseidon Resources (Channelside) LP. It is recommended the Board adopt Resolution No. 2013-__ that: Finds that only minor technical changes are being made to the previously approved project. Approves the Third Addendum to the City of Carlsbad Precise Development Plan and Desalination Project Final Environmental Impact Report. Adopts the Mitigation Monitoring and Reporting Program. Approves the revised Project. Authorizes filing a Notice of Determination. Authorizes the General Manager to execute required amendments to the Design Build Agreement for Product Water Pipeline Improvements Relating to the Carlsbad Seawater Desalination Project necessary to build the approved Project.
September 25, 2013

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Information)

Background
The MWD committees and board met on September 9 and 10. The next regular MWD board and committee meetings are scheduled for October 7 and 8.

Discussion
This section summarizes discussions held and key decisions made at the September MWD committee and board meetings, as reported by the MWD delegates. The Water Authority delegation supported six (6) of eight (8) action items approved by the MWD board. The delegates opposed authorization to implement new conservation program initiatives for the following reasons: 1) there is no legal or factual basis for recovering the program costs from transportation rates rather than supply rates; 2) a lack of a baseline for program participation, causing regional monies to fund a retail mandate; and 3) the changes focus on spending funds, rather than increasing conservation results. Also, consistent with their April action, the delegates did not support MWD’s Foundational Action Funding Program for the reasons articulated in April. The delegates made clear that notwithstanding the delegates’ objection to MWD programs due to policy differences, the Water Authority reserves the right to seek a fair share of MWD subsidies when its ratepayers are being required to fund these programs. The delegates submitted letters on both the conservation and foundational actions funding programs to MWD and their letters can be found on Attachment 1 and Attachment 2, respectively.

Attachment 3 is a copy of MWD’s September committee and board meeting agendas.

Communications and Legislation Committee
The committee received reports on state and federal legislative activities. Executive Legislative Representative Kathy Cole gave an update on AB 1331, Clean Drinking Water & Climate Change Response Act of 2014, which would replace the current $11 billion water bond measure slated for the November 2014 ballot with a $6.5 billion general obligation bond measure. Cole said that a review of the bill’s language found inconsistencies to MWD’s 2014 Water Bond Priorities, such as sustainability not being linked to the co-equal goals of water supply reliability and Delta ecosystem restoration. She added that MWD will work with the California State and Assembly Water Bond Working Group to help shape the language. On a side note, Cole reported that SB 42 (Wolk, D-Davis) proposes a $5.6 billion state water bond and is supported by the five Delta counties and multiple environmental organizations. Cole added that a joint informational hearing of the Senate Natural Resources and Water and Environmental Quality Committees will be held on Tuesday, September 24, 2013. The subject is titled “Setting the Stage for a 2014 Water Bond: Where Are We and Where Do We Need To Go?”

Interim Deputy General Manager for External Affairs Dee Zinke reported that the annual strategic planning retreat for member agency legislative coordinators will be held on October 24, 2013. The focus is to have a legislative plan presented to the board for action in December. Zinke also said that the 50th anniversary of the Diemer Treatment Plant would be celebrated on Friday October 5, 2013.
**Engineering and Operations Committee**

The committee and board approved one item related to the rehabilitation of prestressed concrete cylinder pipe (PCCP) portions of the Second Lower Feeder and to develop a system-wide hydraulic model. Staff reported that a similar program, but this one with a focus on the rehabilitation of reinforced concrete, welded steel, and cast iron lines, will be presented for committee and board consideration in October. Staff also provided a three-part report related to the Capital Investment Program, which included the end of year summary for the fiscal year 2013 CIP budget and minor capital projects program and an update on the CIP five-year projection (for fiscal years 2014 through 2018). Staff said that over 350 CIP projects were underway at various design and construction stages for fiscal year 2013; expenditures through June 2013 were below budget at $125.6 million (of the $257 million CIP budget for fiscal year 2013). Staff reported that a major contributor to the variance was the competitive bid related to the Weymouth Oxidation Retrofit Program construction contract, which was more than $100 million less than budget.

The committee also received a report on water system operations. Staff indicated plans to withdraw about 500,000 acre-feet of stored water in calendar year 2013 from MWD’s Diamond Valley Lake, Central Valley groundwater, and Lake Mead Intentionally Created Surplus programs to meet demands. Responding to Director Evans’ (Western Municipal Water District) inquiry, Chief Operating Officer Debra Man said that the action would drawdown MWD’s storage to about 2.2 million acre-feet. Staff also reported on the California Department of Public Health proposed drinking water standard for chromium-6 of 10 parts per billion (ppb); MWD’s levels of chromium 6 are typically less than 1 ppb. Staff said that a letter was distributed to its member agencies surveying the potential impacts to their operations that would result from this potential new standard.

**Finance and Insurance Committee**

The committee and board approved an item related to the annexation of Meadowood to the Water Authority and MWD. In lieu of the monthly Treasurer’s Report, staff introduced its outside investment management firms – Reams Asset Management and Hillswick Asset Management. Both firms summarized their respective performance and portfolio structure and offered their viewpoints on the current market environment (such as low interest rates) that resulted in the underperformance of their managed portfolios. The net investment losses for the quarter, ending June 30, 2013, were $1.1 million and $1.6 million for Reams and Hillswick, respectively. Both firms also discussed their market strategies going forward.

Chief Financial Officer Gary Breaux reported that water sales through August 2013 were 33,900 acre-feet higher than budgeted, resulting in almost $24 million (or 9 percent) ahead of budget. Breaux said that next month, staff will present to the committee the final audit results for fiscal year 2013 prepared by KPMG, MWD’s external auditors. Related to last month’s selection of California Employers’ Retirement Benefit Trust (CERBT) as MWD’s Other Post-Employment Benefit trust provider, Chair Grunfeld (Los Angeles) reported that staff was able to get CERBT to modify the terms on portability; CERBT went from a three-year lock-in period plus 90-day notice before MWD could transition to another firm to allowing 150 days with no charge to terminate.

**Legal and Claims Committee**

General Counsel Marsha Scully reported that MWD and Coachella Valley Water District are preparing to file a motion to dismiss the complaint in litigation brought by the Navajo Nation. Last April, it was reported that the Navajo Nation lawsuit challenging the Secretary of the Interior’s operations on the Lower Colorado River was reactivated following the failure of settlement
negotiations. In closed session, the committee received reports on the Consolidated Salmonid cases, existing litigation *Oscar Renda Contracting, Inc. v. MWD*, and on the Water Authority rate lawsuits with MWD. The Water Authority delegates were not present for the discussions related to the rate litigation. The committee and board authorized increases to two consulting agreements – with Criterium Consulting Group and Lachel and Associates for a new not-to-exceed amount of $200,000 for each agreement – related to the *Oscar Renda Contracting, Inc. v. MWD* case.

Director Ackerman (Municipal Water District of Orange County) requested that staff return to the committee with an informational item on consequences of breaching confidentiality (on confidential committee and board agenda items).

**Organization, Personnel and Technology Committee**
The committee heard a report on MWD’s Information Technology Strategic Plan and information technology activities for the period ending June 30, 2013.

**Real Property and Asset Management Committee**
The committee and board approved one item related to a long-term lease with the Los Angeles County Metropolitan Transportation Authority at MWD’s headquarters building.

**Water Planning and Stewardship Committee**
The committee and board approved two items. The first item authorized staff to enter into funding agreements for the Foundational Actions Funding Program (FAF Program); as reported earlier, the delegates opposed this action at the board. The resources provided by the FAF Program are intended to accelerate implementation of low-risk projects by member agencies should supply vulnerabilities and uncertainties prove greater than expected. The FAF projects are expected to be initiated by January 31, 2014 and completed by February 1, 2016. Directors Dick (Municipal Water District of Orange County) and Edwards (Foothill Municipal Water District) expressed support for expanding the program into a second round of funding. Grunfeld asked staff to provide a breakdown of awarded funds by member agency.

The second item approved by this committee and the board authorized adjustments to MWD’s conservation program, which the delegates opposed (discussed earlier in this memo). Debra Weinstein, Director of Policy for Tree People (an environmental non-profit organization), addressed the committee expressing support for the subsidies program. She also emphasized the viability of rain barrels as an integral part of conservation and expressed desire to see the program expand to include stormwater projects. Water Resources Manager Deven Upadhyay acknowledged receiving a letter from the Water Authority opposing the implementation of the new conservation initiatives. He clarified that the subsidies targeted at fitness centers for the replacement of toilets and urinals would actually cost less than $100 per acre-foot (the board letter stated a cost of $300) because there is a higher use of toilets and urinals at fitness centers than at homes and businesses. Upadhyay also indicated that staff intends to return to the committee for action on similar program adjustments that focus on recycled water through the Local Resources Program. In response to an inquiry from Edwards, staff said that the subsidies are provided directly to the fitness centers rather than the member agencies and confirmed that the subsidies will also cover costs for installation. In response to a question by Director Steiner, staff said that the Water Authority service area is eligible to participate in all new and enhanced programs resulting from this board action. Edwards suggested that MWD approach the Marine Corp Recruiting Depot (MCRD) in San Diego with the program
because more water is consumed at MCRD then at local fitness centers; Upadhyay said that approval of the item, which includes a public section component, will allow staff to work with MCRD.

The committee received a report on the existing cyclic storage agreements between MWD and two of its member agencies – Upper San Gabriel Valley Municipal Water District and Three Valleys Municipal Water District. Staff plans to return to the committee for action with proposed modifications to the existing agreements, which as structured, charges a subsidized replenishment rate for water purchased; MWD discontinued its replenishment rate as of January 2013. The committee also heard reports on Bay-Delta and Colorado River matters. Bay Delta Initiatives Manager Steve Arakawa reported that MWD retained Dr. Chris Thornberg of Beacon Economics to review various Bay Delta Conservation Program (BDCP) economic reports; including economic analyses by Dr. David Sunding and proposals by Restore the Delta. Special Projects Manager Meena Westford reviewed the Colorado River Basin Supply and Demand Study completed in December 2012. The study defines current and future imbalances in water supply and demand in the Colorado River Basin and the adjacent areas of the Basin States that receive Colorado River water through 2060, and develops and analyzes adaptation and mitigation strategies to resolve those imbalances.

Board
Steiner introduced Director Hogan and the board approved his assignment to the Organization, Personnel, and Technology and Real Property and Asset Management Committees. In closed session, the board received a report on action plans by the Department Heads.

Prepared by: Debbie Discar-Espe, Senior Water Resources Specialist
Approved by: Communications and Legislation Committee by Vincent Mudd
Finance and Insurance Committee by Fern Steiner
Engineering and Operations Committee by Fern Steiner
Legal and Claims Committee by Vincent Mudd and Fern Steiner
Organization, Personnel and Technology Committee by Michael Hogan
Real Property and Asset Management Committee by Michael Hogan
Water Planning and Stewardship Committee by Fern Steiner

Attachment 1: Opposition Letter to Board Item 8-3, September 9, 2013
Attachment 2: Opposition Letter to Board Item 8-2, September 10, 2013
Attachment 3: MWD Committee and Board meetings, September 9 and 10, 2013
September 9, 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 90054-0153

Re: Board Memo 8-3 – OPPOSE
Authorization to implement New Conservation Program Initiatives

Dear Chair Foley:

The Water Authority and its member agencies have a long record of leadership in water conservation planning and implementation. Today, our region’s per capita use is far below the state mandated goal of 167 gallons per capita per day for 2020. While we strongly support increasing water conservation in the MWD service territory, we are unable to support Board Item 8-3 to implement new conservation program initiatives, for reasons described below.

No cost of service basis for use of Water Stewardship Rate. The Water Stewardship Rate – 100% of which is allocated to transportation service – is the funding source for these conservation expenditures. There is no legal or factual basis for recovering the costs of water conservation (including recycled water) from transportation rather than supply rates. The Water Authority also objects to these expenditures to the extent that the Water Authority and its ratepayers have been and remain disqualified from eligibility to receive Water Stewardship Rate Subsidies.

Lack of baseline for program participation. The 2009 Delta legislative package requires all retail agencies to meet a 20% water conservation target by 2020. MWD in its 2010 IRP included an objective to increase the region’s water conservation target by an additional 200,000 acre-feet beyond the state mandate. MWD is unable to measure whether any of these objectives are being met because none of the MWD conservation programs, existing or proposed, include a “baseline” member agencies must meet before qualifying for MWD funding. The lack of a baseline results in regional dollars being spent on meeting individual retail agencies’ state mandate, thus penalizing the good behavior of those agencies that are meeting the state mandate, as required by law.

A public agency providing a safe and reliable water supply to the San Diego region
Program changes focus on how to spend money, rather than on increasing conservation results. No data or study information was provided to justify increasing the subsidy level from $195 to $300 per acre foot for the public agency landscape program and the targeted fitness center incentive program.

We encourage MWD to develop and implement a water conservation program that is more appropriate for its role as a wholesale water provider. Conservation program funding for MWD should be limited to conservation projects of those member agencies that have made the investments necessary to reach or exceed the 20x2020 retail mandate. From a cost of service perspective, funding should be based on a demonstration of need and avoided water supply cost. The current MWD conservation subsidy programs, even with the modifications proposed in Board Memo 8-3, fail to meet cost of service requirements and are more appropriate at the retail level where the statewide conservation mandate has been imposed.

Sincerely,

Michael Hogan
Director

Keith Lewinger
Director

Vincent Mudd
Director

Fern Steiner
Director

cc: Jeff Kightlinger, MWD General Manager
    San Diego County Water Authority Board of Directors and Member Agencies
September 10, 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 90054-0153

RE: Board Memo 8-2: Authorize staff to enter into funding agreements for Foundational Actions Funding Program proposals – OPPOSE

Dear Chairman Foley and Members of the Board:

For the reasons stated in detail in our April 8, 2013 letter to you (Attachment 1, incorporated herein by reference), we write to express opposition to Board Memo 8-2.

As we have stated in the past – in the context of the Rate Structure Integrity provision and otherwise – in spite of its objections, the Water Authority reserves its right to seek a fair share of MWD subsidies so long as MWD’s rates to pay for the subsidies are imposed on the Water Authority.

We acknowledge and appreciate that the Rate Structure Integrity language has not been included as part of the Foundational Actions program to fund these local projects.

Sincerely,

Michael Hogan
Director
Keith Lewinger
Director
Vincent Mudd
Director
Fern Steiner
Director

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

Attachment: April 8, 2013 letter from Water Authority’s MWD Delegates to Chairman Foley
RE Board Item 9-1 – proposed Foundational Actions Funding Program
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
Finance and Insurance Committee

Meeting with Board of Directors*

September 9, 2013

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

* 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 August 19, 2013

3. MANAGEMENT REPORTS
   a. Report on investment activity
   b. Financial highlights
4. CONSENT CALENDAR ITEMS — ACTION

7-1 Adopt final resolutions for annexation and water standby charge levy for Meadowood Annexation to San Diego County Water Authority and to Metropolitan Water District. (F&I)

Recommendation:

Option #1:

Review and consider information provided in the certified EIR and adopt the Lead Agency’s findings related to the proposed actions and

a. Adopt resolution granting SDCWA’s request for approval of Meadowood Annexation concurrently to SDCWA and Metropolitan and establish Metropolitan’s terms and conditions for the annexation, conditioned upon approval by San Diego Local Agency Formation Commission, and upon receipt of annexation fee of $1,172,420; and

b. Adopt resolution to impose water standby charge at a rate of $11.51 per acre, or per parcel of less than one acre, within the proposed annexation area.

5. OTHER BOARD ITEMS — ACTION

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Oral report on Swap Program

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.

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.

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

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.
Water Planning and Stewardship Committee
Meeting with Board of Directors*

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

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

Monday, September 9, 2013
Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Agenda Item</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>10:00 a.m.</td>
<td>Rm. 2-456</td>
<td>WP&amp;S</td>
</tr>
<tr>
<td>11:30 a.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>
<tr>
<td>1:30 p.m.</td>
<td>Rm. 2-145</td>
<td>RP&amp;AM</td>
</tr>
</tbody>
</table>

* 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 August 19, 2013

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   8-2 Authorize staff to enter into funding agreements for Foundational Actions Funding Program proposals. (WP&S)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and direct staff to enter into funding agreements for the recommended 16 proposals totaling $3.3 million.

8-3 Authorization to implement New Conservation Program Initiatives. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the project is categorically exempt from CEQA and authorize implementation of
a. New conservation program initiatives effective October 1, 2013; and
b. New policy on providing Conservation Credits Program funding to projects conserving recycled water.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Report on Greater Los Angeles County IRWMP
b. Report on Cyclic Agreements

7. MANAGEMENT REPORTS

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

8. FOLLOW-UP ITEMS

None
9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: 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.

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

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

Meeting with Board of Directors*

**September 9, 2013**

11:30 a.m. -- Room 2-145

---

<table>
<thead>
<tr>
<th>Monday, September 9, 2013</th>
<th>Meeting Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
</tr>
<tr>
<td>9:00 a.m.</td>
<td>Rm. 2-145</td>
</tr>
<tr>
<td>10:00 a.m.</td>
<td>Rm. 2-456</td>
</tr>
<tr>
<td>11:30 a.m.</td>
<td>Rm. 2-145</td>
</tr>
<tr>
<td>1:00 p.m.</td>
<td>Rm. 2-456</td>
</tr>
<tr>
<td>1:30 p.m.</td>
<td>Rm. 2-145</td>
</tr>
</tbody>
</table>

---

* 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 August 19, 2013**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None
4. OTHER BOARD ITEMS — ACTION

8-1 Appropriate $5.1 million; and authorize: (1) preliminary design to rehabilitate prestressed concrete cylinder pipe (PCCP) portions of the Second Lower Feeder; (2) agreement with Black & Veatch for engineering services; (3) agreement with ICF International for preparation of environmental documentation; and (4) agreement with DHI, Inc. for a system-wide hydraulic model (Approp. 15471). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and

a. Appropriate $5.1 million;

b. Authorize preliminary design to rehabilitate PCCP portions of the Second Lower Feeder;

c. Authorize agreement with Black & Veatch in an amount not to exceed $1.78 million to provide engineering services;

d. Authorize increase of $800,000 to the agreement with ICF International, for a new not-to-exceed total of $950,000, to prepare environmental documentation; and

e. Authorize agreement with DHI, Inc. in an amount not to exceed $975,000 to develop a system-wide hydraulic model.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. CIP Quarterly Report for June 2013

b. Update on seismic upgrade projects at the Diemer plant

7. MANAGEMENT REPORTS

a. Water System Operations Manager’s report

b. Engineering Services Manager’s report
8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: 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.

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

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

Meeting with Board of Directors*

September 9, 2013

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

Monday, September 9, 2013

Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Department</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>10:00 a.m.</td>
<td>Rm. 2-456</td>
<td>WP&amp;S</td>
</tr>
<tr>
<td>11:30 a.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>
<tr>
<td>1:30 p.m.</td>
<td>Rm. 2-145</td>
<td>RP&amp;AM</td>
</tr>
</tbody>
</table>

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

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

1. Opportunity for members of the public to address the committee on matters within the 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 July 8, 2013

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

None
5. **BOARD INFORMATION ITEMS**

None

6. **COMMITTEE ITEMS**

a. ITSP oral update (period ending June 2013)

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 make 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.

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](http://www.mwdh2o.com).

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

Meeting with Board of Directors*

September 9, 2013

1:30 p.m. -- Room 2-145

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 July 23, 2013

3. CONSENT CALENDAR ITEMS -- ACTION

   None

4. OTHER BOARD ITEMS -- ACTION

   8-5 Authorize entering into a long-term lease with the Los Angeles County Metropolitan Transportation Authority at Metropolitan Headquarters Building in Los Angeles County. (RP&AM)
   [Conference with real property negotiators; Los Angeles County Assessor Parcel No. 5409-023-930; agency negotiators: Gilbert Ivey, John Clairday, Bryan Otake, and Nancy Webb; negotiating parties: Los Angeles County Metropolitan Transportation Authority; under negotiation: price and terms of payment; to be heard in closed session pursuant to Gov. Code Section 54956.8]
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.

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

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

Meeting with Board of Directors*

September 10, 2013

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

Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Event</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>12:00 p.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
</tr>
</tbody>
</table>

Tuesday, September 10, 2013

* 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 August 20, 2013**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   8-6 Report on existing litigation, *Oscar Renda Contracting, Inc. v. MWD*, Superior Court for the County of Riverside, Case No. RIC 1213525; and authorize increase in maximum amount payable under contracts with (1) Criterium Consulting Group for consulting services by $100,000 for an amount not to exceed $200,000; and (2) Lachel and Associates, Inc. for consulting services by $100,000 for an amount not to exceed $200,000. (L&C)

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

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(d)(1)]

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.

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

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

Meeting with Board of Directors*

September 10, 2013

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

---

**Meeting Schedule**

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Activity</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>12:00 p.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 August 20, 2013**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   None
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.

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.

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

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

   (a) Invocation: Jose R. Sanchez, Jr., Unit Manager V, Office of the Chief Financial Officer

   (b) Pledge of Allegiance: Director Dan Griset

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 Meetings for August 13 and 20, 2013. (Copies have been mailed to each Director)
      Any additions, corrections, or omissions
B. Report on Directors' meetings attended at Metropolitan expense for month of August

C. Introduction of new Director, Michael T. Hogan, from San Diego County Water Authority
   (a) Report on credentials by General Counsel
   (b) File credentials
   (c) File Oath

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 August

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

   7-1 Adopt final resolutions for annexation and water standby charge levy for Meadowood Annexation to San Diego County Water Authority and to Metropolitan Water District. (F&I)
Recommendation:

Option #1:

Review and consider information provided in the certified EIR and adopt the Lead Agency’s findings related to the proposed actions and

a. Adopt resolution granting SDCWA’s request for approval of Meadowood Annexation concurrently to SDCWA and Metropolitan and establish Metropolitan’s terms and conditions for the annexation, conditioned upon approval by San Diego Local Agency Formation Commission, and upon receipt of annexation fee of $1,172,420; and
b. Adopt resolution to impose water standby charge at a rate of $11.51 per acre, or per parcel of less than one acre, within the proposed annexation area.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Appropriate $5.1 million; and authorize: (1) preliminary design to rehabilitate prestressed concrete cylinder pipe (PCCP) portions of the Second Lower Feeder; (2) agreement with Black & Veatch for engineering services; (3) agreement with ICF International for preparation of environmental documentation; and (4) agreement with DHI, Inc. for a system-wide hydraulic model (Approp. 15471). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and

a. Appropriate $5.1 million;
b. Authorize preliminary design to rehabilitate PCCP portions of the Second Lower Feeder;
c. Authorize agreement with Black & Veatch in an amount not to exceed $1.78 million to provide engineering services;
d. Authorize increase of $800,000 to the agreement with ICF International, for a new not-to-exceed total of $950,000, to prepare environmental documentation; and
e. Authorize agreement with DHI, Inc. in an amount not to exceed $975,000 to develop a system-wide hydraulic model.
8-2 Authorize staff to enter into funding agreements for Foundational Actions Funding Program proposals. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and direct staff to enter into funding agreements for the recommended 16 proposals totaling $3.3 million.

8-3 Authorization to implement New Conservation Program Initiatives. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the project is categorically exempt from CEQA and authorize implementation of

a. New conservation program initiatives effective October 1, 2013; and
b. New policy on providing Conservation Credits Program funding to projects conserving recycled water.

8-4 Withdrawn

8-5 Authorize entering into a long-term lease with the Los Angeles County Metropolitan Transportation Authority at Metropolitan Headquarters Building in Los Angeles County. (RP&AM)

[Conference with real property negotiators; Los Angeles County Assessor Parcel No. 5409-023-930; agency negotiators: Gilbert Ivey, John Clairday, Bryan Otake, and Nancy Webb; negotiating parties: Los Angeles County Metropolitan Transportation Authority; under negotiation: price and terms of payment; to be heard in closed session pursuant to Gov. Code Section 54956.8]

8-6 Report on existing litigation, Oscar Renda Contracting, Inc. v. MWD, Superior Court for the County of Riverside, Case No. RIC 1213525; and authorize increase in maximum amount payable under contracts with (1) Criterium Consulting Group for consulting services by $100,000 for an amount not to exceed $200,000; and (2) Lachel and Associates, Inc. for consulting services by $100,000 for an amount not to exceed $200,000. (L&C)

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

None

10. DEPARTMENT HEADS PERFORMANCE EVALUATIONS

10-1 Report on action plans by Department Heads
/Public employees' performance evaluation; to be heard in closed session pursuant to Gov. Code Section 54957/

11. FUTURE AGENDA ITEMS

12. 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.

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

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

End of Session

The Legislature adjourned just after midnight on September 13. In terms of previous end of sessions, this year was less chaotic but still had its share of last minute ‘gut/amends.’ All legislation that was not sent to the Governor by September 13 will be considered a two-year bill. The Governor has until October 13 to sign or veto legislation sent to him. The Legislature will reconvene on January 7, 2014.

Water Bond

As reported previously, the Legislature has been grappling with rewriting the 2014 water bond. There are two water bond proposals in print, SB 42 by Senator Wolk, and AB 1331 by Assemblymember Rendon. There is a third legislative vehicle, SB 40 by Senator Pavley, which is a spot bill for a potential water bond. Given that there was no action by the end of the legislative year, nothing is likely to happen until after the legislature returns in January. The Legislature has until sometime in July/early August to pull the current water bond and replace it with something else for the November 2014 ballot. The Senate held an informational hearing on the two water bond proposals on September 24th.

Added to this mix is the effort of ACWA to push its framework for a water bond proposal. Secretary Laird is purported to have said that the Administration is not supportive of a revised water bond at this time. There is speculation that this is based on concerns that a 2014 water bond would be used as a referendum on the Bay Delta Conservation Plan (BDCP).
**Sponsored Legislation**

SB 322, the Water Authority’s sponsored legislation dealing with recycled water, has cleared the legislature and is awaiting consideration by the Governor. Initial meetings with the Governor's staff have been good, but they had contemplated requesting amendments to the bill that would have made the coordination of the expert panel/advisory group not specific to a State agency (currently, the bill requires California Department of Public Health, CDPH to conduct the expert panel/advisory group). The reason for this request is the desire of the Governor to take the public drinking water program away from CDPH and shift it to the State Water Resources Control Board (SWRCB) - this shift will likely occur as part of a reorganization process and through the State budget.

The request for amendments came too late in the legislative process, since SB 322 had already cleared the Assembly and was awaiting a concurrence vote in the Senate, and the deadline for amending bills had passed. The good news is that the Governor's staff supports the policy of the bill and the goal will be to ensure that any cleanup needed for SB 322 will be handled through the reorganization process in 2014. We have been reaching out to the various stakeholders that worked on SB 322 in order to get support letters to the Governor on SB 322, requesting his signature.

**Other Legislation**

As reported last month, there was significant action during the final weeks of the legislative session on AB 145 which addresses the issue of moving the public drinking water program from CDPH to the SWRCB. The Senate had serious concerns with the technical aspects of AB 145 and the measure ended up being held on the Senate Appropriations suspense calendar, and thus became a two-year bill.

That said, there were efforts to revive AB 145 in a scaled back version, in a new legislative vehicle, AB 1393 which would have simply moved the drinking water fund from CDPH to SWRCB. In my discussions with the Administration on SB 322, I was told that the Governor would not support a partial fix to the CDPH problem and that the Governor intended to move forward with a reorganization process for CDPH, and that this process would likely start as part of the Governor's 2014 January budget proposal. AB 1393 ended up not moving during the final days of session. One point of interest to the SDCWA Board - at last month's meeting there was direction to attempt and seek amendments to AB 145 that would create an appeals process to the SWRCB Board. The Administration and a variety of environmental justice groups would like to see an appeals process, but this concept seems to be resoundingly opposed by a majority of stakeholders in the water community. The concern stems from the fact that if an appeals process is created to the SWRCB Board itself, that trying to limit it only to applicants will be difficult to maintain. This may be an issue that the SDCWA Board will want to revisit.
Washington, DC

Budget Stalemate Continues

Fiscal Year 2014 will begin on October 1 with no appropriations enacted. Negotiations on a temporary continuing resolution to keep federal agencies open have broken down and a deal, when there is one, may not come until the last possible minute, or even after a government shutdown. A budget deal is likely to continue post-sequestration level spending cuts enacted in 2012. Should a shutdown occur, federal agencies will not provide payments for most discretionary programs. Federal employees will not be able to process any non-emergency regulatory or grant reviews, including environmental reviews.

A second fight looms in mid-October when the U.S. Treasury is expected to reach its limit on borrowing authority. Congressional Republicans have indicated they will demand several concessions on a yet-to-be-agreed-upon list of spending and/or policy changes in exchange for supporting a raise in the debt limit. President Obama stated he would not negotiate conditions on the debt limit.

House Committee Approves Water Authorization Bill

The House Transportation & Infrastructure Committee unanimously approved “Water Resources Reform and Development Act” (WRRDA) legislation. The bill would authorize funding and regulatory programs for the Corps of Engineers, but does not contain a water infrastructure financing program similar to a bill passed earlier this year by the Senate. It is not certain at this time if supporters of such a program will try to add it during debate in the full House. The bill would also de-authorize $12 billion in previously approved projects (the bill does not list specific projects that would be cut). According to members of the House leadership, the full House is expected to consider the bill in October.

Reclamation Commissioner Nominated for Interior Post

The nomination of Michael Connor to be Deputy Secretary of the Interior was sent to the full Senate after unanimous approval in committee. The full Senate is expected to vote on his nomination before Thanksgiving.

Senate Begins, and Then Postpones, Consideration of Energy Efficiency Bill

The Senate launched debate on the Energy Savings and Industrial Competitiveness Act (S. 1392, or “Shaheen-Portman”), but it was pulled from the floor due to unrelated amendments that were filed. Senator Tom Udall (D-NM) filed an amendment that would create a “Smart Water Resource Pilot Program” to provide grants to promote water and energy efficiency, conservation, and new water-management technologies. In all, more than 80 amendments have been filed and no agreement has been reached on which ones will be considered. It is possible the bill will be brought back for debate in October or November.
Water Resiliency Bill Reintroduced In Senate

Sen. Ben Cardin (D-MD) reintroduced legislation (Water Infrastructure Resiliency and Sustainability Act, S. 1508) designed to help water and wastewater utilities adapt to changing climate conditions. The bill is similar to a House bill (HR 765) introduced by Representative Lois Capps of California.

Both bills would establish a competitive EPA program to assist systems seeking to address changing hydrological conditions. They would also authorize funding to support water conservation and efficiency improvements; green infrastructure measures that protect source water quality or reduce flood vulnerability; relocation or modification of existing infrastructure that is or will be impaired by changing hydrological conditions, including rising sea levels; water reuse, recycling or desalination projects that serve existing communities; efforts to enhance a utility’s energy efficiency or to utilize renewable energy in the management and treatment of water; and local or regional studies that identify specific climate-related risks to given communities.

Following Hurricane Sandy, Congress approved a response package that included funding for resiliency projects in New York and New Jersey. Nonetheless, the twin bills are not expected to advance soon in either chamber.