Proposed Staff Recommendation Consent Calendar for April 24, 2014

ADMINISTRATIVE AND FINANCE COMMITTEE

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


Adopt Resolution 2014-__ authorizing the issuance and sale of short-term revenue certificates and authorizing and approving certain actions in connection therewith.

IMPORTED WATER COMMITTEE

Authorize the General Manager to enter into an assignment agreement with Renewable Resources Group (dba Homer, LLC,) to allow Homer, LLC, to use the Water Authority’s 5,000 acre-feet of recovery and return capacity in Semitropic-Rosamond Water Bank Authority’s Antelope Valley Water Bank groundwater conjunctive use program in calendar year 2014.

ENGINEERING AND OPERATIONS COMMITTEE

9- 5. Design services contract with ECORP Consulting, Inc. for Tijuana River Valley Wetland Mitigation project.
Accept Amendment 1 in the amount of $20,000, and approve Amendment 2 in the amount of $238,000, to provide design services for the Tijuana River Valley Wetland Mitigation project, increasing the contract amount from $480,000 to $718,000.

9- 6. Reimbursement agreement with Vallecitos Water District for new facilities related to future contract purchases of treated water from the Carlsbad Desalination Project.
Authorize the General Manager to execute an agreement with Vallecitos Water District for reimbursable costs related to the design and construction of new facilities to accommodate future treated water purchases from the Carlsbad Desalination Project. Increase the FY 2014/2015 Capital Improvement Program appropriation and lifetime budget for the Carlsbad Desalination Project by $220,000 for reimbursable costs related to future contract purchases of treated water from the Carlsbad Desalination Project.
LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

9- 7. Adopt positions on various state bills.
   1. Adopt a position of Support on AB 407 (V.M. Perez)
   2. Adopt a position of Support and Seek Amendments on AB 1636 (Brown)
   3. Adopt a position of Support on AB 1891 (Donnelly)
   4. Adopt a position of Support if Amended on AB 1983 (Gray)
   5. Adopt a position of Support if Amended on AB 2282 (Gatto)
   6. Adopt a position of Support and Seek Amendments on AB 2417 (Nazarian)
   7. Adopt a position of Support on AB 2434 (Gomez)
   8. Adopt a position of Support if Amended on AB 2554 (Rendon)
   9. Adopt a position of Support if Amended on SB 1250 (Hueso)
IMPORTED WATER COMMITTEE

AGENDA FOR

APRIL 24, 2014

REVISED

Elsa Saxod – Chair     John Linden
Mark Muir – Vice Chair   Ken Olson
Ken Williams – Vice Chair Bud Pocklington
Gary Arant            Dave Roberts
Gary Croucher          Fern Steiner
Betty Evans            Ronald Watkins
Michael Hogan          Doug Wilson
Keith Lewinger         Tom Wornham

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
    4-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
   1-A Metropolitan Water District Delegates report.  MWD Delegates
   (Information)  (supplemental materials)

   1-B Update on Metropolitan Water District’s 2014/15 and 2015/16 Budget and Rates and Charges.  (Information)

   Amy Chen
2. **Report on Public Records Act Litigation against Eastern Municipal Water District and Documents obtained through the Litigation.** (Information)  
   Dennis Cushman

3. **Colorado River Program.**  
   3-A Colorado River Board Representative’s report. (Information) (supplemental materials)  
   Doug S. Wilson

4. **Use of Water Authority’s Recovery and Return Capacity at Antelope Valley Water Bank during calendar year 2014.**  
   Staff recommendation: Authorize the General Manager to enter into an assignment agreement with Renewable Resources Group (dba Homer, LLC,) to allow Homer, LLC, to use the Water Authority’s 5,000 acre-feet of recovery and return capacity in Semitropic-Rosamond Water Bank Authority’s Antelope Valley Water Bank groundwater conjunctive use program in calendar year 2014. (Action)  
   Dennis Cushman

III. **INFORMATION**

1. Presentation on Salton Sea Mitigation and Restoration update.  
   Dan Denham

2. Metropolitan Water District Program report.  
   Amy Chen

IV. **CLOSED SESSION**

1. **CLOSED SESSION:**  
   Conference with Legal Counsel - Existing Litigation  
   Government Code §54956.9(d)(1)  
   SDCWA v Metropolitan Water District of Southern California; Case Nos. CPF-10-510830 and CPF-12-512466  
   Dan Hentschke

2. **CLOSED SESSION:**  
   Conference with Legal Counsel - Existing Litigation  
   Government Code §54956.9(d)(1) -  
   SDCWA v Eastern Municipal Water District; Riverside Superior Court Case No. RIC1300887  
   Dan Hentschke

3. **CLOSED SESSION:**  
   Conference with Legal Counsel - Initiation of Litigation  
   Government Code §54956.9(d)(4) – One Case / MWD Rates and Charges  
   Dan Hentschke
V. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: This meeting is called as an Imported Water Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
April 23, 2014

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Information)

Background
This report summarizes discussions held and key decisions made at the MWD committee and board meetings, as reported by the MWD delegates. The MWD committees and board met on April 7 and 8. The next regular MWD board and committee meetings are scheduled for May 12 and 13.

Discussion
The Water Authority delegation supported 13 of 14 action items approved by the MWD board (see Attachment 1 for the board summary). The delegates opposed adopting the biennial budget, associated rates and charges, and a 10-year financial forecast. During the board’s public comment, Water Authority Assistant General Manager Dennis Cushman provided testimony on the Water Authority’s requests for all information relied on by MWD’s board to form its 2015 and 2016 rates. Cushman said that while MWD provided two document productions, its untimely production of these documents left insufficient time for the public to review the information and provide additional comments before the MWD Board considers adoption of its 2015 and 2016 rates (see Attachment 2 for Cushman Testimony).

Attachment 3 is a copy of MWD’s April committee and board meeting agendas and summary report.

Agriculture and Business Outreach Committee
Westlands Water District Chief Deputy General Manager Jason Peltier shared his perspectives on the impacts of the state-wide drought to California’s agriculture industry. To cope with the reduction in imported water supplies, he said that some farmers have fallowed their lands, increased groundwater pumping when feasible, and considered water transfers among various users. Peltier stressed that a new plan for the Delta – such as the Bay Delta Conservation Plan (BDCP) – is needed. In response to Director Steiner’s inquiry on what Westlands is seeking from the BDCP in terms of export flows, Peltier said that Westlands “will not pay more money for less water; but will pay more money for more water.” Peltier added that Westlands farmers are willing to pay its share of the BDCP if they determine the project is viable. Peltier said that Westlands has already made investments towards the BDCP; however, the “viability of the BDCP, when looking at the water supply, cost, and assurances, is going to be a function of what the fish and wildlife agencies will allow” and that to-date “the [fish and wildlife] agencies are frozen in their ability to make a decision.” When asked how much of the cost Westlands is willing to pay, Peltier said the cost allocation discussion cannot start until there is a viable project. General Manager Kightlinger added that the nature of the conversation (between State Water and Central Valley Contractors) is multi-tiered – “got to have a viable project; got to define the split between the projects; generally the conversation is that the money follows the water.” Steiner asked if there are discussions among the agencies in the Central Valley about
paying more for the BDCP in order to obtain water reliability. Peltier responded that because the State Water Project (SWP) and Central Valley Project (CVP) are linked in many ways, there are “too many colliding things in that formula” to separate benefits by type (such as water, water quality, and reliability).

**Communications and Legislation Committee**
The committee and board approved a bundled-package of related water use efficiency and storage legislation, as well as legislation related to recycled water infrastructure and urban water management plans. The committee also heard a report on the 2014 Water Bond legislation. Staff said that recent polls show that the drought has raised awareness and support of a water bond among voters. In a Fairbank Poll conducted in late-January to early February, the results indicate that 82 percent of likely voters believe water supply challenges are severe enough to warrant immediate investments. The Clean Water Jobs Coalition also plans to conduct multiple surveys over the next months. The first survey, to be conducted this month, will focus on the existing bond, title, summary, and likely support/opposition positions. Staff said there is a total of 10 pending water bond measures (five in the Assembly and five in the Senate), all of which propose less total funding than included in the 2014 Water Bond, which previous polls demonstrated it would be too large to be passed by the voters. In response to Director Barbre’s (Municipal Water District of Orange County) inquiry, staff said that the Governor has not taken a position on any of the 10 water bond measures. The committee also received reports on other state and federal legislative activities.

**Engineering and Operations Committee**
The committee and board approved two items including authorizing agreements with Kennedy-Jenks Consultants, Richard Brady & Associates, Inc., Lee & Ro, Inc., and MARRS Services for design and construction inspection support services related to Capital Investment Plan projects. Chief Operating Officer Man indicated that staff will return to the committee on its findings related to potential savings if MWD were to assume a centralized construction procurement process as suggested by Director Touhey (Upper San Gabriel). Staff also reviewed current water system operations, including operational actions underway to minimize the impact of SWP reduction to MWD member agencies by shifting almost 200,000 acre-feet demand to Colorado River supplies. The committee also received an update on the Emergency Response Program.

**Finance and Insurance Committee**
During the committee’s public comment, Rich Nagel (General Manager, West Basin Municipal Water District) expressed support for staff’s recommendation related to the budget and rates, 10-year forecast, as well as the transfer of excess reserves to the Replacement and Refurbishment Fund, Other Post-Employment Benefits Trust, and Water Management Fund. Rick Hansen (General Manager, Three Valleys Municipal Water District) also endorsed staff’s recommendation and added that his agency would have supported the adoption of a three-year budget and rates “to maintain reliability.”

The committee and board approved the proposed biennial budget for fiscal years 2015 and 2016 (including the use of more than $350 million use of reserves over the maximum limit on June 30, 2014), proposed 10-year financial forecast, proposed revenue requirements, and recommended...
water rates and charges for calendar years 2015 and 2016. Touhey and later Director Blois (Calleguas Municipal Water District) expressed their preference for rate increase predictability and slow rate increases, rather than rate spikes. In response to Director Lewinger’s inquiry on what caused the rate spikes in 2009 and 2010, Kightlinger said that MWD was not covering the true cost of service, it had not raised rates for a significant period of time, and it had entered into a constrained supply period that necessitated reduction in water sales. Kightlinger added that part of the rate spikes also were caused by additional costs – Palo Verde Irrigation District land fallowing, exchange water, the canal linings – resulting from when MWD had to replace its Colorado River Aqueduct water through the Quantification Settlement Agreement. Kightlinger said that these “new costs” were previously “free” water (other than power and $0.25 an acre-foot for supply). Lewinger pointed out that there is no assurance that the 3 percent to 5 percent rate increases shown in the 10-year forecast would remain, and that the recommended rates do not provide a guarantee that there will be no future rate spikes. Lewinger reminded the committee that Chief Financial Officer Breaux reported that water sales were likely to meet or exceed budgeted water sales of 1.75 million acre-feet more than 60 percent of the time, resulting in more revenue than budgeted. Lewinger asked staff to return to the committee and board for a policy discussion on the creation of balancing accounts to deal with over-collection by rates. He added that this would ensure that excess revenues would be kept in balancing accounts of respective rates for future rate setting and avoiding subsidies between rates. Lewinger also pointed out that there are many ways to prevent the proposed 1.5 percent rate increase and still maintain fiscal stability, such as eliminating new staff positions or by modifying water sales to reflect trends. Breaux said for every 100,000 acre-feet sold, about $60 million in revenue is generated (MWD is trending 323,000 acre-feet above budget). Director Mudd added that agencies and organizations he conferred with indicated a preference for no rate increase based on the fact that MWD’s water sales resulted in reserves in excess of maximum levels. Director Wunderlich (Beverly Hills) expressed reluctance to make rate decisions based on political concerns rather than prudent financial decisions; he said the facts presented were compelling enough to adopt a zero percent rate increase in calendar year 2015. Qualifying his motion does not signify that the Water Authority agree with MWD’ method of deriving rates (which is the subject of the Water Authority’s rate litigation), Lewinger moved Option 2 (a zero percent increase in calendar year 2015 with a 1.5 percent increase in calendar year 2016), which was seconded by Wunderlich, but failed in the committee. The committee approved staff’s recommended rate actions.

Subsequent to the committee meeting, during the Board meeting’s public comment, the following community, business, and public agency leaders addressed the Board and opposed staff’s recommendation of an average rate increase of 1.5 percent in calendar year 2015 followed by another rate increase of 1.5 percent in calendar year 2016: Michael Bardin (General Manager, Santa Fe Irrigation District), Brett Sanders (General Manager, Lakeside Water District), DeAna Verbeke (Board Member, Helix Water District), Tom Kennedy (Director of Operations, Olivenhain Water District). Gary Arant (General Manager, Valley Center Municipal Water District) asked that MWD consider no rate increase in calendar year 2015 and a “wait and see” position for 2016. He said this would preserve MWD’s ability to allocate about $350 million of reserves (above the maximum target) to go to the Replacement and Refurbishment Fund, Other Post-Employment Benefits Trust and Water Management Fund to replenish storage
and purchase water transfers. Arant added that as a retail manager, it is difficult for him to explain to ratepayers that rates are increasing even though it is not necessary at this juncture. Those community, business, and public agency leaders that supported staff’s recommendation included: Frank Lopez (Senior Manager of Public Policy, Los Angeles Chamber of Commerce), David Pederson (General Manager, Las Virgenes Municipal Water District), John Rossi (General Manager, Western Municipal Water District), Elizabeth Shapiro (Director of Business Development and Investor Relations, BizFed (Los Angeles County Business Federation)), Martha Brown (Area Director, Building Industry Association of Southern California, Los Angeles/Ventura Chapter), and John Howland (Director of Government Relations, Central City Association, Los Angeles Region).

In light of Cushman’s testimony to defer board action related to the rates and charges, Lewinger moved that the budget and rates item be deferred to May to allow member agencies to digest the information MWD untimely provided to support its proposed 2015 and 2016 rates. The motion failed (Yes 27.16 percent, No 67.83 percent, and Abstain zero percent). On behalf of the Finance and Insurance Committee, Committee Chair Grunfeld (Los Angeles) moved staff’s recommendation, which was seconded. Director Lowenthal (Long Beach) made a substitute motion, seconded by Director Vasquez (Central Basin Municipal Water District), to hold the rates for one year; she expressed that the city of Long Beach’s water commission took this position because MWD has a “hefty sum in reserves.” Director Dear (West Basin Municipal Water District) offered a motion to table the substitute motion, seconded by Director Gray (West Basin Municipal Water District), which passed (Yes 66.72 percent, No 28.27 percent, and Abstain zero percent). Director Koretz (Los Angeles) asked why San Diego speakers opposed staff’s recommendation, while on the other hand Los Angeles business and community leadership, who typically advocate against increased taxes, were supporting staff’s recommendation. Steiner said the San Diego ratepayers and business community believe under MWD’s present circumstances – tracking of large excess reserves – a zero percent rate increase would not hurt its fiscal sustainability. Touhey said that the excess reserves are a result of increased water sales and that it is appropriate to replenish storage with the funds collected. Mudd countered, based off of staff’s reports that it was incorrect to say the excess reserves resulted from only water sales. The Board approved staff’s recommendation (Yes 69.60 percent, No 25.39 percent, and Abstain zero percent).

The committee also heard a report on MWD’s quarterly financial review. Staff said that water sales are trending over 2.02 million acre-feet of sales (323,000 acre-feet above the budgeted amount), translating to about $230 million in revenues over budget. Because the expenses are also tracking lower than budget, staff added that the projected reserve fund balance is now anticipated to be about $352 million over the maximum reserve target.

Legal and Claims Committee

General Counsel Scully reported on Anadarko Petroleum's settlement over its long-running litigation related to Tronox. Tronox was acquired by Anadarko in 2006, which had toxic environmental liabilities and tort claims attached to it. Anadarko agreed to pay $5.15 billion to the plaintiffs, which includes a manufacturing site near Henderson, Nevada that impacts MWD’s Colorado River supply. The settlement is considered the largest recovery for environmental
contamination on record. As a result, the committee and board approved increasing GeoPentech, Inc.'s contract by $100,000 to a new maximum amount payable of $200,000.

In closed session, the committee discussed the litigation with the Water Authority. The delegates did not participate in the rate case discussion. No action was reported.

**Organization, Personnel and Technology Committee**
The committee received three reports related to the Information Technology Strategic Plan, the annual report on Equal Employment Opportunity Programs, and the Quarterly Business Outreach Program.

**Real Property and Asset Management**
The board approved a long-term ground lease for parking and access in the city of Pomona. Real Property and Development Group Manager Clairaday reported on a MWD property – Sunset Garage – which was placed on its surplus list. Clairaday said that the Holy Hill Community Church had an option to purchase the garage for $2.9 million, but was unable to close escrow. He said that MWD was moving forward with marketing the property, but another faction of the church stepped forward and filed a “Lose Payment” action claiming that MWD had been negotiating with a party not empowered to negotiate on the church’s behalf. According to Clairaday, the action was brought forward by Holy Hill to avoid a foreclosure on the property.

**Water Planning and Stewardship Committee**
The committee heard a report on negotiations with the California Department of Water Resources (DWR) to extend the SWP contract and the resulting tentative agreement in principle. Upon finalization of the contract amendment with DWR, staff will return to the committee, and Board, for approval. In response to Steiner’s inquiry on how the BDCP fits into the extended contract, Water Resources Group Manager Upadhyay said DWR would be able to use the contractual provisions to seek reimbursement for capital expenditures, such as those envisioned under the BDCP. Following a discussion on whether the State Water Contractors, as a group, may issue debt, which Kightlinger said they could, Lewinger requested that staff report back to the committee on the possibility of SWP debt (issued by the SWC) being repaid through property taxes as a way to generate fixed revenue to pay the SWP’s fixed costs. Director Morris (San Marino) commented that since it would be property tax dedicated for debt repayment, it would require a two-thirds vote per Proposition 13.

The committee also received an update on 2014 water supply, demand, and storage conditions. Staff reported that 1.8 million acre-feet of water supplies from imported sources (the bulk of the supplies will come from water from storage) are available to meet projected demands of 2.03 million acre-feet for 2014. In basin storage would make-up the approximate 230,000 acre-feet gap between imported sources and demand. Upadhyay said that DWR remains conservative in its allocation despite the improved Northern Sierra hydrologic conditions. He added that DWR may increase allocation to 5 percent later this year (which it subsequently did on April 18). Steiner reiterated a previous request for staff to return to the committee with a plan on the use of MWD’s storage reserves and whether having a pre-established rule on storage withdrawals is appropriate. Kightlinger said staff will return for a discussion on storage; he also said that the
Water Surplus and Drought Management plan covers how MWD will withdraw and replenish storage; although, he acknowledged the plan does not talk about specific prescribed withdrawals within a specific year.

**Board Meeting**

Executive Director of Southern California Water Committee Richard Atwater (Foothill) was appointed to the Board of Directors.

Prepared by:  Debbie Discar-Espe, Senior Water Resources Specialist
Approved by:  Agricultural and Business Outreach Committee by Keith Lewinger
Communications and Legislation Committee by Keith Lewinger and Vincent Mudd
Finance and Insurance Committee by Keith Lewinger
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 Keith Lewinger and Fern Steiner

Attachment 1:  MWD Board Summary of Actions, April 8, 2014
Attachment 2:  Testimony of Dennis Cushman at Board Meeting, April 8, 2014
Attachment 3:  MWD’s committee and Board meeting agendas, April 7-8, 2014
PUBLIC HEARING

Public hearing for comments on the standby charge levy supporting Annexation No. 99 to Calleguas Municipal Water District and Metropolitan.

INDUCTION OF DIRECTOR

Richard Atwater representing Foothill Municipal Water District was inducted to the Board of Directors. (Agenda Item 5C)

COMMITTEE ASSIGNMENTS

Director Yvonne Arceneaux was assigned to the Engineering and Operations Committee and the Organization, Personnel and Technology Committee.

Director Richard Atwater was assigned to the Water Planning and Stewardship Committee, and the Legal and Claims Committee.

Director Camacho was assigned to the Water Planning and Stewardship Committee.

Director Glen Peterson was appointed to the Colorado River Board and Director Michael Touhey was appointed as Metropolitan’s alternate to the Colorado River Board. (Agenda Item 5E)

FINANCE AND INSURANCE COMMITTEE

Approved proposed biennial budget for fiscal years 2014/15 and 2015/16, proposed ten-year forecast, proposed revenue requirements for fiscal years 2014/15 and 2015/16, and recommended water rates and charges to be effective on January 1, 2015 and January 1, 2016 under Option #1; adopted resolutions fixing and adopting water rates and charges for 2015 and 2016; and received the General Manager’s Business Plan Strategic Priorities for FY 2014/15 and FY 2015/16. (Agenda Item 8-1)

ENGINEERING AND OPERATIONS COMMITTEE

Authorized agreements with Kennedy-Jenks Consultants and Richard Brady & Associates, Inc. to provide design services, each in an amount not to exceed $2 million per year for an initial term of two years, with an option to renew for an additional year; and authorized agreements with Lee & Ro, Inc., and MARRS Services to provide construction management and inspection services, each in an amount not to exceed $1 million per year for an initial term of two years, with an option to renew for an additional year. (Agenda Item 8-2)
LEGAL AND CLAIMS COMMITTEE

Reported on In Re Tronox Incorporated, et al., Chapter 11, United Stated Bankruptcy Court, Southern District of New York, Case No. 09-10156 (ALG); and authorized increase in maximum amount payable under contract with GeoPentech, Inc. for consulting services by $100,000 to a maximum of $200,000. (Agenda Item 8-3)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Authorized the General Manager to express the following positions on water use efficiency legislation:

- AB 2100 (Campos, D-San Jose) – Common interest developments: support
- SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support and seek amendments as described in the board letter.
- SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments: yard maintenance fines: drought: support
- AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes: support
- AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support. (Agenda Item 8-4)

Authorized the General Manager to express support, if amended, for AB 2282 (Gatto, D-Los Angeles) - Building Standards: Recycled Water Infrastructure. (Agenda Item 8-5)

Authorized the General Manager to support SB 1036, if amended as described in the board letter. (Agenda Item 8-6)

Authorized the General Manager to support SB 1420, if amended as described in the board letter. (Agenda Item 8-7).

Authorized the General Manager to support AB 2067. (Agenda Item 8-8)

Authorized the General Manager to express the following positions on storage legislation:

- H.R. 4125 (Costa, D-CA), Shasta Dam Expansion Act of 2014, support
- H.R. 4126 (Costa, D-CA), San Luis Reservoir Expansion Act of 2014, support and seek amendments as described in the board letter.
- H.R. 4127 (Costa, D-CA), Upper San Joaquin River Storage Act of 2014, support
- H.R. 3980 (McClintock, R-CA), Water Supply Permitting Coordination Act, support and seek amendments as described in the board letter. (Agenda Item 8-9)
CONSENT CALENDAR

In other action, the Board:

Appropriated $1.8 million; and authorized final design of the Lakeview Pipeline Intertie and Phase 1 of the Lakeview Pipeline Repairs. (Approps. 15480 and 15488) (Agenda Item 7-1)

Reviewed and considered information provided in the certified 2012 EIR and adopted the Lead Agency’s Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program, and authorized the General Manager to enter into a long-term lease to Rio Rancho Towne Center II, LLC. (Agenda Item 7-2)

OTHER MATTERS

Vice Chair Gloria Gray, representing West Basin Municipal Water District, received a 5-year service pin. (Agenda Item 5D)

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

Board letters related to the items in this summary are generally posted in the Board Letter Archive approximately one week after the board meeting. In order to view them and their attachments, please copy and paste the following into your browser http://edmsidm.mwdh2o.com/idmweb/home.asp.
Testimony of Dennis Cushman
Metropolitan Water District of Southern California
Board Meeting, April 8, 2014
Proposed Rates for Calendar Years 2015 and 2016

Good afternoon members of the board. I'm Dennis Cushman, assistant general manager of the San Diego County Water Authority. My associate, Debbie Espe, has provided Clerk of the Board Dawn Chin with 50 copies of two letters from the Water Authority, and one DVD containing an index and documents. We request our letters, the DVD and all of its contents be entered into the record of this proceeding.

On January 27, the Water Authority sent a letter requesting all information this board is relying upon for its decisions on the 2015 and 2016 rates. This request was made in accordance with California law that requires MWD to provide that information. On February 5, your General Counsel stated that the law that requires the information be provided “is not applicable to Metropolitan’s rates.”

On February 28, the Water Authority renewed its written request for the information. I stood before this board at the March 11 public hearing to testify on the proposed 2015 and 2016 rates and the information that the Water Authority requested in January had still not been provided. Following the March 11 public hearing, MWD made two document productions: the first on March 19 and the second after 4 p.m. last Friday. MWD’s untimely production of these documents - leaving little more than one business day before this board is set to adopt its 2015 and 2016 rates -- does not provide the Water Authority and the public a meaningful opportunity to review information this board is relying upon in the setting of its rates. Accordingly, the Water Authority requests the Board continue action on item 8-1 to the May 13 meeting.

I request that a written copy of this testimony also be included in the record of this proceeding. Debbie Espe will provide copies to Ms. Chin.

Thank you.
Finance and Insurance Committee
Meeting with Board of Directors*

April 7, 2014

9:00 a.m. -- Room 2-456

Monday, April 7, 2014
Meeting Schedule

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<tr>
<th>Time</th>
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<th>Agenda Item</th>
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<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
<td>Dirs. Computer Training</td>
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<td>9:00 a.m.</td>
<td>Rm. 2-456</td>
<td>F&amp;I</td>
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<td>Rm. 2-145</td>
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<td>12:00 p.m.</td>
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<td>Rm. 2-145</td>
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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

* 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 10, 2014

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

4. CONSENT CALENDAR ITEMS — ACTION
   None

Date of Notice: March 27, 2014
5. OTHER BOARD ITEMS — ACTION

8-1 Approve proposed biennial budget for fiscal years 2014/15 and 2015/16, proposed ten-year forecast, proposed revenue requirements for fiscal years 2014/2015 and 2015/2016, and recommended water rates and charges to be effective on January 1, 2015 and January 1, 2016; adopt resolutions fixing and adopting water rates and charges for 2015 and 2016; and transmit the General Manager’s Business Plan Strategic Priorities for FY 2014/15 and FY 2015/16. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt, and

a. Approve the FY 2014/15 and FY 2015/16 biennial budget and:
   i. Appropriate $2,163.5 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs;
   ii. Appropriate as continuing appropriation, $650.6 million for FY 2014/15 and 2015/16 debt service on Metropolitan general obligation and revenue bonds;
   iii. Authorize the use of $466.4 million in operating revenues to fund the Capital Investment Plan, and raise the end-of-fiscal year fund balance of the R&R Fund to $160 million on June 30, 2014 and thereafter; and
   iv. Authorize the use of reserves over target on June 30, 2014 in the manner set forth in the board letter.

b. Determine that the revenue requirement to be paid from rates and charges is $1,511.7 million in FY 2014/15 and $1,511.2 million in FY 2015/16;

c. Approve water rates effective January 1, 2015, and January 1, 2016, as shown under Option #1 in Table 2 of the board letter;

d. Adopt the Resolution Fixing and Adopting Water Rates to be effective January 2015 and 2016, in the form of Attachment 10 to the board letter, using the rates shown under Option #1 in Section 1 of the Resolution;

e. Adopt the Resolution Fixing and Adopting a Readiness-To-Serve Charge For Calendar Year 2015, in the form of Attachment 11 to the board letter, using the charge shown under Option #1 in Section 5 of the Resolution;

f. Adopt the Resolution Fixing and Adopting A Capacity Charge For Calendar Year 2015, in the form of Attachment 12 to the board letter, using the charge shown under Option #1 in Section 6 of the Resolution;

g. Approve the Ten-Year Financial Forecast; and

h. Determine that if the ad valorem tax rate restriction is not suspended, fixed revenues available to meet the fixed payment obligations of the SWC will continue to decline and, without other actions, the imbalance in fixed to variable revenues will increase. The revenue shortfall in the biennial budget will be made up from the R&R Fund.
6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Quarterly financial review

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Date of Notice: March 27, 2014
WP&S Committee
D. De Jesus, Chair
M. Touhey, Vice Chair
L. Ackerman
G. Brown
L. Dick
G. Gray
D. Griset
P. Koretz
K. Lewinger
S. Lowenthal
J. Morris
G. Peterson
J. Quiñonez
R. Record
F. Steiner

Water Planning and Stewardship Committee
Meeting with Board of Directors*
April 7, 2014
10:30 a.m. – Room 2-145

Monday, April 7, 2014
Meeting Schedule

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

* 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 committees 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 Water Planning and Stewardship Committee held March 10, 2014

3. CONSENT CALENDAR ITEMS — ACTION
   None

4. OTHER BOARD ITEMS — ACTION
   None

Date of Notice: March 26, 2014
5. BOARD INFORMATION ITEMS

9-1 State Water Project Contract Extension Tentative Agreement in Principle. (WP&S)

6. COMMITTEE ITEMS

a. Oral report on Water Surplus and Drought Management

7. MANAGEMENT REPORTS

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

8. FOLLOW-UP ITEMS

9. FUTURE AGENDA ITEMS

None

10. ADJOURNMENT

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Date of Notice: March 26, 2014
**REVISED AGENDA**

**Communications and Legislation Committee**

Meeting with Board of Directors*

**April 7, 2014**

**12:00 p.m.  -- Room 2-456**

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

2. **Approval of the Minutes of the meeting of the Communications and Legislation Committee held March 11, 2014**

3. **CONSENT CALENDAR ITEMS — ACTION**

None

**MWD Headquarters Building**  •  700 N. Alameda Street  •  Los Angeles, CA 90012
4. OTHER BOARD ITEMS — ACTION

Revised 8-4 Adopt recommended positions on water use efficiency legislation:
AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended; AB 2100 (Campos, D-San Jose) – Common interest developments: support; SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support if amended; SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments; yard maintenance fines: drought support; AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes; support; and AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and adopt the following positions on water use efficiency legislation: AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended; AB 2100 (Campos, D-San Jose) – Common interest developments: support; SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support if amended; SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments; yard maintenance fines: drought support; AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes; support; and AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support.

8-5 Express support, if amended, for AB 2282 (Gatto, D-Los Angeles) – Building Standards: Recycled Water Infrastructure. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to express Metropolitan’s support, if amended, for AB 2282.

8-6 Express support, if amended, for SB 1036 (Pavley, D-Agoura Hills) – Urban Water Management Plans. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to support SB 1036, if amended as described in the board letter.
8-7 Express support, if amended, for SB 1420 (Wolk, D-Davis) – Urban Water Management Plans. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to support SB 1420, if amended as described in the board letter.

8-8 Express support for AB 2067 (Weber, D-San Diego) – Urban Water Management Plans. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to support AB 2067.

Revised 8-9 Adopt the following positions on storage legislation:  H.R. 4125.(Costa, D CA) – Shasta Dam Expansion Act of 2014, support; H.R. 4126 (Costa, D CA) – San Luis Reservoir Expansion Act of 2014, support if amended; H.R. 4127 (Costa, D-C A) – Upper San Joaquin River Storage Act of 2014, support; H.R. 3980 (McClintock, R-CA) – Water Supply Permitting Coordination Act, support if amended. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to adopt the following positions on the storage legislation:  H.R. 4125 (Costa, D-CA), Shasta Dam Expansion Act of 2014, support; H.R. 4126 (Costa, D CA) – San Luis Reservoir Expansion Act of 2014, support if amended; H.R. 4127 (Costa, D-CA) – Upper San Joaquin River Storage Act of 2014, support; H.R. 3980 (McClintock, R-CA) – Water Supply Permitting Coordination Act, support if amended.

5. BOARD INFORMATION ITEMS

None
6. COMMITTEE ITEMS
   a. Report on activities from Washington, D.C.
   b. Report on activities from Sacramento
   c. Report on 2014 Water Bond legislation

7. MANAGEMENT REPORT
   a. External Affairs Management report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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**Organization, Personnel and Technology Committee**

Meeting with Board of Directors*

April 7, 2014

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

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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 February 10, 2014

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 Dec. 2013)

b. Annual report on EEO Policy and Affirmative Action Program

c. Report of Business Outreach Activities for the Second Quarter of fiscal year 2013/14

7. FOLLOW-UP ITEMS

None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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

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

2. Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held February 11, 2014

3. CONSENT CALENDAR ITEMS -- ACTION

7-2 Authorize a long-term ground lease to Rio Rancho Towne Center II, LLC for parking and access in the city of Pomona. (RP&AM)

Recommendation:

Option #1:

Review and consider information provided in the certified 2012 EIR and adopt the Lead Agency’s findings, SOC, and MMRP, and authorize the General Manager to enter into a long-term lease to Rio Rancho Towne Center II, LLC.
4. COMMITTEE ITEMS

None

5. MANAGEMENT REPORT

a. Real Property Development and Management Manager's Report

6. FUTURE AGENDA ITEMS

7. ADJOURNMENT

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Agriculture and Business Outreach Committee

Meeting with Board of Directors*

April 7, 2014

2:30 p.m. – Room 2-145

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

2. Approval of the Minutes of the meeting of the Agricultural and Business Outreach Committee held August 27, 2013.

3. CHAIRMAN’S REPORT

4. COMMITTEE ITEMS

   a. Report on the drought’s impact to California agriculture industry – Special Guest: Jason Peltier, Chief Deputy General Manager of Westlands Water District

   b. Report on Metropolitan’s High Volume Water Use customer outreach effort
5. **FUTURE BUSINESS ITEMS**

6. **ADJOURNMENT**

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Legal and Claims Committee
Meeting with Board of Directors*

April 8, 2014

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

Meeting Schedule

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

2. **Approval of the Minutes of the meeting of the Legal and Claims Committee held March 11, 2014**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   8-3 Report on *In Re Tronox Incorporated, et al.*, Chapter 11, United States Bankruptcy Court, Southern District of New York, Case No. 09-10156 (ALG); and authorize increase in maximum amount payable under contract with GeoPentech, Inc. for consulting services by $100,000 to a maximum of $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)]

Date of Notice: March 26, 2014
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. General Counsel’s report of monthly activities

b. Review of Administrative Code Section 6433 relating to Claims under Capital Construction Contracts

c. General Counsel’s Business Plan 2014/15


e. Report on status of seismic assessment of Metropolitan’s Headquarters Building at Union Station; discussion of legal strategies and options. [Conference with legal counsel—initiation of litigation (one potential case); to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(4)]

f. 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)]

g. 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

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Engineering and Operations Committee
Meeting with Board of Directors*

April 8, 2014
10:00 a.m. -- Room 2-456

* 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 10, 2014

3. CONSENT CALENDAR ITEMS — ACTION

7-1 Appropriate $1.8 million; and authorize final design of a drought response project to enhance water supply reliability for the Henry J. Mills Water Treatment Plant (Approps. 15480 and 15488). (E&O)
Recommendation:

Option #1:

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

a. Appropriate $1.8 million; and
b. Authorize final design of the Lakeview Pipeline Intertie and Phase 1 of the Lakeview Pipeline Repairs.

4. OTHER BOARD ITEMS — ACTION


Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not a project under CEQA, and

a. Authorize agreements with Kennedy-Jenks Consultants and Richard Brady & Associates, Inc. to provide design services, each in an amount not to exceed $2 million per year for an initial term of two years, with an option to renew for an additional year; and
b. Authorize agreements with Lee & Ro, Inc., and MARRS Services to provide construction management and inspection services, each in an amount not to exceed $1 million per year for an initial term of two years, with an option to renew for an additional year.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Update on Emergency Response Program

7. MANAGEMENT REPORTS

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

Date of Notice: March 26, 2014
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.
REVISED AGENDA

Regular Board Meeting

April 8, 2014

12:00 p.m. -- Board Room

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

1. Call to Order
   (a) Invocation: Director Larry Dick
   (b) Pledge of Allegiance: Director Steve Blois

2. Roll Call

3. Determination of a Quorum

PUBLIC HEARING

Comments on the standby charge levy supporting Annexation No. 99 to Calleguas Municipal Water District and Metropolitan

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))

REVISED: Date of Notice: April 2, 2014
5. OTHER MATTERS

A. Approval of the Minutes of the Meeting for March 11, 2014. (A copy has been mailed to each Director)
   Any additions, corrections, or omissions

B. Report on Directors' events attended at Metropolitan expense for month of March

Added

C. Induction of new Director, Richard Atwater, from Foothill Municipal Water District
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

D. Presentation of five-year service pin to Vice Chair Gloria Gray, representing West Basin Municipal Water District

E. Approve committee assignments

F. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

A. General Manager's summary of Metropolitan's activities for the month of 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 $1.8 million; and authorize final design of a drought response project to enhance water supply reliability for the Henry J. Mills Water Treatment Plant (Approps. 15480 and 15488). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $1.8 million; and

b. Authorize final design of the Lakeview Pipeline Intertie and Phase 1 of the Lakeview Pipeline Repairs.

7-2 Authorize a long-term ground lease to Rio Rancho Towne Center II, LLC for parking and access in the city of Pomona. (RP&AM)

Recommendation:

Option #1:

Review and consider information provided in the certified 2012 EIR and adopt the Lead Agency’s findings, SOC, and MMRP, and authorize the General Manager to enter into a long-term lease to Rio Rancho Towne Center II, LLC.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Approve proposed biennial budget for fiscal years 2014/15 and 2015/16, proposed ten-year forecast, proposed revenue requirements for fiscal years 2014/2015 and 2015/2016, and recommended water rates and charges to be effective on January 1, 2015 and January 1, 2016; adopt resolutions fixing and adopting water rates and charges for 2015 and 2016; and transmit the General Manager’s Business Plan Strategic Priorities for FY 2014/15 and FY 2015/16. (F&I)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt, and

a. Approve the FY 2014/15 and FY 2015/16 biennial budget and:
   i. Appropriate $2,163.5 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs;
   ii. Appropriate as continuing appropriation, $650.6 million for FY 2014/15 and 2015/16 debt service on Metropolitan general obligation and revenue bonds;
   iii. Authorize the use of $466.4 million in operating revenues to fund the Capital Investment Plan, and raise the end-of-fiscal year fund balance of the R&R Fund to $160 million on June 30, 2014 and thereafter; and
   iv. Authorize the use of reserves over target on June 30, 2014 in the manner set forth in the board letter.

b. Determine that the revenue requirement to be paid from rates and charges is $1,511.7 million in FY 2014/15 and $1,511.2 million in FY 2015/16;
c. Approve water rates effective January 1, 2015, and January 1, 2016, as shown under Option #1 in Table 2 of the board letter;
d. Adopt the Resolution Fixing and Adopting Water Rates to be effective January 2015 and 2016, in the form of Attachment 10 to the board letter, using the rates shown under Option #1 in Section 1 of the Resolution;
e. Adopt the Resolution Fixing and Adopting a Readiness-To-Serve Charge For Calendar Year 2015, in the form of Attachment 11 to the board letter, using the charge shown under Option #1 in Section 5 of the Resolution;
f. Adopt the Resolution Fixing and Adopting A Capacity Charge For Calendar Year 2015, in the form of Attachment 12 to the board letter, using the charge shown under Option #1 in Section 6 of the Resolution;
g. Approve the Ten-Year Financial Forecast; and
h. Determine that if the ad valorem tax rate restriction is not suspended, fixed revenues available to meet the fixed payment obligations of the SWC will continue to decline and, without other actions, the imbalance in fixed to variable revenues will increase. The revenue shortfall in the biennial budget will be made up from the R&R Fund.

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not a project under CEQA, and

a. Authorize agreements with Kennedy-Jenks Consultants and Richard Brady & Associates, Inc. to provide design services, each in an amount not to exceed $2 million per year for an initial term of two years, with an option to renew for an additional year; and

b. Authorize agreements with Lee & Ro, Inc., and MARRS Services to provide construction management and inspection services, each in an amount not to exceed $1 million per year for an initial term of two years, with an option to renew for an additional year.

Report on In Re Tronox Incorporated, et al., Chapter 11, United States Bankruptcy Court, Southern District of New York, Case No. 09-10156 (ALG); and authorize increase in maximum amount payable under contract with GeoPentech, Inc. for consulting services by $100,000 to a maximum of $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)]

Adopt recommended positions on water use efficiency legislation:
AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended; AB 2100 (Campos, D-San Jose) – Common interest developments: support; SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support if amended; SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments; yard maintenance fines: drought support; AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes; support; and AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support. (C&L)

Recommendation:

Option #1

Adopt the CEQA determination that the proposed action is not subject to CEQA and adopt the following positions on water use efficiency legislation: AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended; AB 2100 (Campos, D-San Jose) – Common interest developments: support; SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support if amended; SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments; yard maintenance fines: drought support; AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes; support; and AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support.
8-5  Express support, if amended, for AB 2282 (Gatto, D-Los Angeles) – Building Standards: Recycled Water Infrastructure. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to express Metropolitan’s support, if amended, for AB 2282.

8-6  Express support, if amended, for SB 1036 (Pavley, D-Agoura Hills) – Urban Water Management Plans. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to support SB 1036, if amended as described in the board letter.

8-7  Express support, if amended, for SB 1420 (Wolk, D-Davis) – Urban Water Management Plans. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to support SB 1420, if amended as described in the board letter.

8-8  Express support for AB 2067 (Weber, D-San Diego) – Urban Water Management Plans. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to support AB 2067.
Revised 8-9  Adopt the following positions on storage legislation: H.R. 4125 (Costa, D CA) – Shasta Dam Expansion Act of 2014, support; H.R. 4126 (Costa, D CA) – San Luis Reservoir Expansion Act of 2014, support if amended; H.R. 4127 (Costa, D-CA) – Upper San Joaquin River Storage Act of 2014, support; H.R. 3980 (McClintock, R-CA) – Water Supply Permitting Coordination Act, support if amended. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to adopt the following positions on the storage legislation: H.R. 4125 (Costa, D-CA), Shasta Dam Expansion Act of 2014, support; H.R. 4126 (Costa, D-CA) – San Luis Reservoir Expansion Act of 2014, support if amended; H.R. 4127 (Costa, D-CA) – Upper San Joaquin River Storage Act of 2014, support; H.R. 3980 (McClintock, R-CA) – Water Supply Permitting Coordination Act, support if amended.

9. BOARD INFORMATION ITEMS

9-1  State Water Project Contract Extension Tentative Agreement in Principle. (WP&S)

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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REVISED: Date of Notice: April 2, 2014
April 24, 2014

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 9, 2014 CRB meeting held in El Centro, California. The meeting also included a tour hosted by Imperial Irrigation District (IID).

Discussion
Tour
The CRB members and staff toured a variety of projects and sites throughout the Imperial Valley. Water conservation projects including distribution system efficiency projects, various types of new on-farm efficiency projects, and temporary land conversion to solar fallowing projects were seen, all of which are implemented for the Quantification Settlement Agreement (QSA) transfers. The tour visited locations associated with the environmental component of the QSA including Red Hill Bay restoration site at the Salton Sea and the Managed Marsh mitigation area. As a link to IID’s Salton Sea Restoration and Renewable Energy Initiative, the tour visited the Hudson Ranch geothermal power plant which demonstrated how geothermal power is generated and discussed the potential for future power generation in the larger scheme of Salton Sea restoration.

Following the tour, the CRB meeting was held and included informational reports from CRB staff on activities discussed below:

Drought Update
The Department of Water Resources has continued to issue weekly Drought Briefs (Attachment 1) which provide updates on current conditions and key action items for the drought. The April 1, 2014 Drought Monitor map for California indicates that 100% of the state is experiencing some level of drought with 70% in the extreme or exceptional drought levels. Statewide snowpack levels remain low at 32% of average as of April 1.

Water Supply and Reservoir Operations
As of March 31, 2014, total system storage was 28.19 million acre-feet (maf), or 47 percent of capacity, which is about 3.69 maf less than a year ago. Lake Mead was at 46 percent of capacity with 11.91 maf, and Lake Powell was at 39 percent capacity with 9.50 maf. As of March 17, unregulated inflow to Lake Powell forecasted for Water Year 2014 is 11.4 maf, or 105% of average. The Upper Basin snowpack was 112% of average and precipitation was at 101% of average for the water year. A more detailed water supply report is included as Attachment 2.
The Bureau of Reclamation (Reclamation) has released an initial draft of the preliminary data for calendar year 2013 Colorado River water accounting. The official accounting report is expected by May 15, 2014.

**Colorado River Basin Water Supply and Demand Study (Basin Study)**
The three Basin Study workgroups have shifted from data collection to data analysis as they prepare reports for Phase I of the Next Steps process established in the Basin Study.

**Minute 319**
A ceremony hosted by the Mexican delegation and la Comisión Internacional de Límites y Aguas (CILA) was held on March 27, 2014 at Morelos Dam to commemorate the release of the pulse flow down the Mexican Delta. The pulse flow of approximately 105,000 acre-feet is required by Minute 319 for environmental enhancement to re-water dry areas along the Colorado River delta riparian corridor to enhance active restoration, promote passive restoration, provide water for recruitment of native trees, and allow tree root development. The pulse flow began on March 23 and will continue for several weeks. As of April 6, the pulse flow had traveled approximately 60 miles down the river channel. The pulse flow will be followed by a base flow of approximately 52,000 acre-feet of water delivered from 2014 to 2017 to maintain restoration areas established by the pulse flow. Figure 1 shows the same location along the Colorado River channel before and during the pulse flow.

![Photo: The Nature Conservancy (March 20 and 27)](image)

**Figure 1.** The same location along the Colorado River channel below Morelos Dam before the pulse flow (left) and one week later during the pulse flow (right).

**Colorado River Basin Salinity Control Program**
A workgroup of Salinity Control Forum members met on March 25 to discuss strategies to address the existing funding shortfall issues that the program is facing and to ensure the
continued fiscal integrity of the Lower Basin Fund in maintaining an adequate revenue stream for implementation of the Salinity Control Program. Much of the shortfall is caused by less revenue than anticipated from Hoover Dam power generation (due to lower elevation levels and less water in Lake Mead) which provides a funding allocation to the Lower Basin Fund for the Salinity Control Program.

Glen Canyon Dam Adaptive Management Program
Reclamation and the National Park Service, as co-lead agencies, hosted a workshop on the Environmental Impact Statement (EIS) currently in development for the Long-Term Experimental Management Plan for Glen Canyon Dam. There are five distinct alternatives being analyzed in the EIS. At the workshop, modeling results were presented that indicate the Resource-Targeted Condition-Dependent option submitted by the Basin States was the best alternative to meet the resource goals of conserving humpback chub, managing trout populations, conserving sediment resources, protecting hydropower generation capacity, and protecting cultural and archaeological resources.

Prepared by: Kara Mathews, Assistant Water Resources Specialist
Reviewed by: Dan Denham, Colorado River Program Director
Approved by: Doug Wilson, CRB Representative

Attachment 1: CRB Drought Report
Attachment 2: CRB Water Supply Report
April 1, 2014

Ted Thomas, Information Officer – (916) 653-9712
Ted.Thomas@water.ca.gov
Doug Carlson, Information Officer – (916) 653-5114
Paul.Carlson@water.ca.gov

Despite Storms, Snowpack Still Far Below Normal
Drought Retains Grip as Summer Approaches

SACRAMENTO – Department of Water Resources snow surveyors today found the Sierra snowpack boosted by late-season storms, but still far below normal as the spring melt fast approaches.

Coupled with this winter’s scant rainfall, the meager snowpack -- containing only 32 percent of average water content for the date – promises a gloomy summer for California farms and many communities.

“We’re already seeing farmland fallowed and cities scrambling for water supplies,” said DWR Director Mark Cowin. “We can hope that conditions improve, but time is running out and conservation is the only tool we have against nature’s whim.”

(Visit Drought.Ca.Gov for an update on how the state is dealing with the drought.)

After a bone dry December and January, February and March storms brought some promise to the state, but have not broken the drought’s three-year grip as reservoirs, rainfall totals and the snowpack remain critically low.

Today’s manual and electronic readings – at the time of year the snowpack normally is at its peak before melting into streams and reservoirs – record the snowpack’s statewide water content at just 32 percent of average.

Electronic readings indicate that snowpack water content in the state’s northern mountains is 23 percent of normal. The electronic readings for the central and southern Sierra are 38 and 31 percent of normal, respectively.

This is dismal news for farms and cities that normally depend on the snowpack – often called California’s largest reservoir – for a third of their water. And reservoirs are not making up the difference.

Lake Oroville in Butte County, the State Water Project’s (SWP) principal reservoir, is at only 49 percent of its 3.5 million acre-foot capacity (64 percent of its historical average for the date). Shasta Lake north of Redding, California’s and the federal Central Valley Project’s (CVP) largest reservoir, is at 48 percent of its 4.5 million acre-foot capacity (60 percent of its historical average). San Luis Reservoir, a critical south-of-Delta reservoir for both the SWP and CVP, is a mere 42 percent of its 2 million acre-foot capacity (46 percent of average for this time of year).
due both to dry weather and Delta pumping restrictions to protect salmon and Delta smelt.

Snow surveyors from DWR and cooperating agencies manually measure snowpack water content on or about the first of the month from January through May to supplement and check the accuracy of real-time electronic readings. This year’s final manual survey is scheduled for May 1.

Results of today’s manual readings by DWR off Highway 50 near Echo Summit are as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Elevation</th>
<th>Snow Depth</th>
<th>Water Content</th>
<th>% of Long Term Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>7,600 feet</td>
<td>inches</td>
<td>inches</td>
<td>Missing</td>
</tr>
<tr>
<td>Phillips Station</td>
<td>6,800 feet</td>
<td>33.7 inches</td>
<td>8.1 inches</td>
<td>29</td>
</tr>
<tr>
<td>Lyons Creek</td>
<td>6,700 feet</td>
<td>inches</td>
<td>inches</td>
<td>Missing</td>
</tr>
<tr>
<td>Tamarack Flat</td>
<td>6,500 feet</td>
<td>inches</td>
<td>inches</td>
<td>Missing</td>
</tr>
</tbody>
</table>

On January 31, with no relief in sight after the winter’s first snow survey on January 3 found more bare ground than snow, DWR set its allocation of State Water Project water at zero. The allocation has not been increased.

The only previous zero allocation (water delivery estimate) was for agriculture in the drought year of 1991, but cities that year received 30 percent of requested amounts.

Despite the “zero” allocation, DWR has continued to deliver water essential for health and safety and nearly all people and areas served by the State Water Project also have other sources of water.

Deliveries could still be boosted by improving hydrology.

The final State Water Project allocation for calendar year 2013 was 35 percent of the slightly more than 4 million acre-feet requested by the 29 public agencies that collectively supply more than 25 million people and nearly a million acres of irrigated farmland. In 2012, the final allocation was 65 percent of the requested 4 million acre-feet. It was 80 percent in 2011, up dramatically from an initial allocation of 25 percent. The final allocation was 50 percent in 2010, 40 percent in 2009, 35 percent in 2008, and 60 percent in 2007. The last 100 percent allocation – difficult to achieve even in wet years because of Delta pumping restrictions to protect threatened and endangered fish – was in 2006.

Although 2013 was the driest calendar year on record for much of California, last-minute November and December storms in 2012 – the first year of the current drought – replenished major reservoirs to somewhat mitigate dry conditions. That comfortable reservoir cushion is now gone.

This year is on track to perhaps be California’s fifth or sixth driest year, with its final ranking to be determined.

NOTE: For video footage of today’s snow survey call or email DWR viceographer Albert Madrid at (916) 717-9833, Albert.Madrid@water.ca.gov.
Electronic snowpack readings are available on the Internet at:
http://cdec.water.ca.gov/cdecapp/snowapp/sweq.action

Electronic reservoir readings may be found at:
http://cdec.water.ca.gov/cdecapp/resapp/getResGraphsMain.action

For a broader snapshot of current and historical weather conditions, see DWR’s “Water Conditions” and “Drought” pages:

Water Conditions Page
http://www.water.ca.gov/waterconditions/

Drought Page
http://www.water.ca.gov/waterconditions/drought/

For simple, every day water conservation tips, click on “Save Our Water” here:

![Save Our Water](image)

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*The Department of Water Resources operates and maintains the State Water Project, provides dam safety and flood control and inspection services, assists local water districts in water management and water conservation planning, and plans for future statewide water needs.*
CURRENT CONDITIONS

Recent Precipitation: Significant rain and snow fell over the past week in California thanks to late season storms. Precipitation totals (in inches) from Monday, March 24 through Sunday night, March 30:

- Folsom: 1.80" in the last week. 14.06" since July 1, 70% of normal by this date.
- Fresno: 0.42" in the last week. 3.82" since July 1, 39% of normal by this date.
- Hetch Hetchy: 1.75" in the last week. 16.26" since July 1, 52% of normal by this date.
- Los Angeles: 0.01" in the last week. 5.47" since July 1, 42% of normal by this date.
- Modesto: 0.98" in the last week. 5.99" since July 1, 53% of normal by this date.
- Oroville: 2.40" in the last week. 18.28" since July 1, 65% of normal by this date.
- Pollock Pines: 3.68" in the last week. 22.86" since July 1, 50% of normal by this date.
- Redding: 3.00" in the last week. 20.32" since July 1, 69% of normal by this date.
- Sacramento: 0.96" in the last week. 8.11" since July 1, 43% of normal by this date.
- Shasta: 5.36" in the last week. 31.96" since July 1, 57% of normal by this date.
- Willits: 5.84" in the last week. 31.74" since July 1, 71% of normal by this date.

Near-term Outlook for Precipitation: Another storm will move across Northern California tonight (Monday) and tomorrow (Tuesday), with low-pressure conditions creating additional storms through Wednesday. Storms will move east beyond California between Wednesday and Friday as a high pressure, dry system builds over the region.

**As our state’s rainy season nears its end, much of California has received only about half of normal precipitation for this rainy season. Heavy rain and snow would have to fall throughout California most days in April to reach average annual rain and snowfall levels, which is highly unlikely. Even with such precipitation, California would remain in drought conditions, due to low water supplies in reservoirs from the two previous dry years.**

Snow survey: The most recent snowpack survey, conducted on February 27, recorded California snowpack at 24% of normal. A more recent update using automated devices shows snowpack at 29% of normal as of March 30. The next manual snowpack survey will be conducted tomorrow (Tuesday) on April 1.

Reservoir Levels (% capacity): Reservoir Levels as of March 30 are still low, including: Don Pedro 53%; Exchequer 23%; Folsom Lake 44%; Lake Oroville 48%; Millerton Lake 32%; New Melones 43%; Pine Flat 23%; San Luis 42%; Shasta 48%; and Trinity Lake 53%. An update of water levels at other smaller reservoirs is also available.

Vulnerable Water Systems: The California Department of Public Health is providing technical and funding assistance to help several communities facing near-term drinking water shortages and is monitoring water systems across the state to determine where else it can provide support. Updated information can be found at the CDPH Drinking Water Program website.
Fire Danger: 874 fires have been reported across the state since January 1, burning 2,353 acres. This year’s fire activity is well above the year-to-date average of 307 fires, burning 1,043 acres. 54 new fires were reported over the past week, most of which were kept small thanks to additional firefighters, fire engines and firefighting aircraft added during this dry winter.

KEY ACTION ITEMS FROM LAST WEEK

State Government

- State and Federal agencies work together to utilize recent precipitation: As California’s rainy season nears its end, recent rain and snow provide precious additional water for beneficial use. The Department of Water Resources and Bureau of Reclamation are working closely with the state and federal fish and wildlife agencies to consider actions that balance use of additional water for human, environmental and agricultural purposes. These agencies are conferring with stakeholders and may take action early this week to make use of this additional precipitation. These actions will be detailed on the Water Management Actions subpage of the state’s drought information clearinghouse, www.drought.ca.gov.

The Department of Water Resources and the Bureau of Reclamation are also expected to outline their longer-term water operations for the coming dry months to the State Water Board in the coming days, as they seek approvals from the Water Board that help to enable the state and federal water projects’ short and longer-term water operations.

- Water Board approves expedited water transfers in major area of the state: Water transfers between water users in the state and federal water projects became easier last week when the State Water Board approved a “consolidated places of use” petition from the Bureau of Reclamation and the Department of Water Resources. The decision allows water transfers to happen quickly between water users who utilize the state and federal projects. The petition was filed in late February and underwent a month-long mandatory public notice period before it could be approved.

- State and Federal Fish and Wildlife Agencies take action to preserve fish: The Department of Fish and Wildlife and the U.S. Fish and Wildlife Service began an operation to move fish by truck last week from the Coleman National Fish Hatchery in Redding to the Rio Vista area of the Delta. This operation aims to save nearly 30 million hatchlings and will take two to three weeks to complete. It is one of several such actions to preserve endangered fish species during the drought.

- State’s Drought Taskforce leaders travel to Santa Cruz: This Friday, April 4, leaders of the Governor’s Drought Task Force will conduct their third regional meeting with local officials in Santa Cruz. This meeting will include officials from Monterey, San Benito and Santa Cruz counties and provide the Taskforce real-time information on drought challenges that local communities face.

- State holds meeting with community groups on drought impacts: California Volunteers—state government’s volunteer and philanthropic outreach arm—and the California Endowment held an information gathering session last week in Salinas to better understand how foundation or corporate support for drought response can be directed. The next meeting of this effort will be held in Fresno in April.

- Public meetings on grants for agricultural water efficiency: The California Department of Food and Agriculture announced that it will hold two public meetings on April 11 and April 18 to help develop its $10 million grant program for farm-based water efficiency projects. This program is funded by cap and trade proceeds and expedited under the State’s recent emergency drought legislation.
• **Cost Data:** Cal OES continues to gather drought-related costs from state agencies and local governments, which is reported weekly to the Drought Taskforce.

• **Governor's Drought Task Force:** The Taskforce continues to meet daily to take actions that conserve water and coordinate state response to the drought.

**Local Government**

- **Local Emergency Proclamations:** A total of 37 local Emergency Proclamations have been received to date from city, county, tribal governments, and special districts:
  - **Counties:** Glenn, Inyo, Kern, Kings, Lake, Madera, Mendocino, Merced, Modoc, Santa Barbara, San Luis Obispo, San Joaquin, Siskiyou, Sonoma, Sutter, Tulare, Tuolumne, Yuba
  - **Cities:** Brooktrails Township-Mendocino County, City of Willits-Mendocino County, City of St. Helena-Napa County, City of Calistoga-Napa County, City of American Canyon-Napa County, City of Santa Barbara-Santa Barbara County
  - **Tribes:** Hoopa Valley Tribe in Humboldt County, Yurok Tribe in Del Norte County, Tule River Indian Tribe in Tulare County, Karuk Tribe in Siskiyou/Humboldt Counties, Sherwood Valley Pomo Indian Tribe
  - **Special Districts:** Lake Don Pedro Community Services District, Placer County Water Agency (PCWA), Twain Harte Community Services District, Carpenteria Valley Water District, Sonoma County Water Agency, Meiners Oaks Water District, Mariposa Public Utility District, and Goleta Water District.

- **Water Agency Conservation Efforts:** The Association of California Water Agencies has identified several hundred local water agencies that have implemented water conservation actions. These water agencies are responding to the drought by implementing conservation programs, which include voluntary calls for reduced water usage and mandatory restrictions where water shortages are worst.

- **County Drought Taskforces:** A total of 24 counties have established drought task forces to coordinate local drought response. These counties include: Butte, Kern, Madera, Mendocino, Merced, Modoc, Monterey, Nevada, Orange, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Siskiyou, Solano, Stanislaus, Sutter, Tehama, Tulare, and Tuolumne.

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**DROUGHT RELATED WEBSITES FOR MORE INFORMATION**

[Drought.CA.Gov](#): California's Drought Information Clearinghouse

- Governor's [Proclamation of Drought Emergency](#)
- State's Water Conservation Campaign, [Save our Water](#)
- Local Government [Clearinghouse and Toolkit](#)
- California Department of Food and Agriculture, [Drought information](#)
- California Department of Water Resources [Current Water Conditions](#)
- California Data Exchange Center, [Snow Pack/Water Levels](#)
- California State Water Resources Control Board, Water Rights, [Drought Info and Actions](#)
- California Natural Resources Agency, [Drought Info and Actions](#)
- California Department of Public Health, Drinking Water [CDPH Drinking Water Program](#)
- California State Water Project, [Information](#)
- USDA Drought Designations by County [CA County Designations](#)
- USDA Disaster and Drought Assistance Information [USDA Programs](#)
- Small Business Administration Disaster Support: [www.sba.gov/disaster](#)

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Weekly Drought Briefing  Monday, March 31, 2014
## LOWER COLORADO WATER SUPPLY REPORT

**River Operations**

**Bureau of Reclamation**

Questions: BCOOWaterops@usbr.gov

(702) 293-8373

http://www.usbr.gov/lc/region/g4000/weekly.pdf

<table>
<thead>
<tr>
<th>Current Storage</th>
<th>Content 1000 ac-ft (kaf) above mean sea level</th>
<th>Release (CFS)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LAKE POWELL</strong></td>
<td>39% 9,496 3574.75</td>
<td>8,200</td>
</tr>
</tbody>
</table>

* **LAKE MEAD**

46% 11,914 1101.99 20,500

* **LAKE MOHAVE**

92% 1,663 641.69 20,000

91% 562 447.05 17,100

<table>
<thead>
<tr>
<th>TOTAL SYSTEM CONTENTS **</th>
<th>47% 28,195</th>
</tr>
</thead>
</table>

* As of 03/30/2014

**SYSTEM CONTENT LAST YEAR**

53% 31,886

* Percent based on capacity of 26,120 kaf or elevation 1219.6 feet.

** TOTAL SYSTEM CONTENTS includes Upper & Lower Colorado River Reservoirs, less Lake Mead exclusive flood control space.**

<table>
<thead>
<tr>
<th>Salt/Verde System</th>
<th>57% 1,319</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painted Rock Dam</td>
<td>0% 0</td>
</tr>
<tr>
<td>Alamo Dam</td>
<td>6% 61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NEVADA</th>
<th>284</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOUTHERN NEVADA WATER SYSTEM</td>
<td>252</td>
</tr>
<tr>
<td>OTHERS</td>
<td>32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CALIFORNIA</th>
<th>4,115</th>
</tr>
</thead>
<tbody>
<tr>
<td>METROPOLITAN WATER DISTRICT OF CALIFORNIA</td>
<td>617</td>
</tr>
<tr>
<td>IRRIGATION DISTRICTS</td>
<td>3,390</td>
</tr>
<tr>
<td>OTHERS</td>
<td>107</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARIZONA</th>
<th>2,753</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTRAL ARIZONA PROJECT</td>
<td>1,509</td>
</tr>
<tr>
<td>OTHERS</td>
<td>1,244</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LOWER BASIN USE</th>
<th>7,152</th>
</tr>
</thead>
</table>

| DELIVERY TO MEXICO - 2014 (1.50 MAF Scheduled + Preliminary Yearly Excess) | 1,528 |

## OTHER SIGNIFICANT INFORMATION

**UNREGULATED INFLOW INTO LAKE POWELL - MARCH MID-MONTH FORECAST DATED 03/17/2014**

<table>
<thead>
<tr>
<th>Forecasted Water Year</th>
<th>Million Acre-Feet</th>
<th>% of Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>FORECASTED WATER YEAR 2014</td>
<td>11.403</td>
<td>105%</td>
</tr>
<tr>
<td>FORECASTED APRIL-JULY 2014</td>
<td>8.000</td>
<td>112%</td>
</tr>
<tr>
<td>FEBRUARY OBSERVED INFLOW</td>
<td>0.330</td>
<td>84%</td>
</tr>
<tr>
<td>MARCH INFLOW FORECAST</td>
<td>0.600</td>
<td>90%</td>
</tr>
</tbody>
</table>

| WATER YEAR 2014 PRECIP TO DATE | Upper Colorado Basin 101% (17.9") | Salt/Verde Basin 52% (8.6") |
| CURRENT BASIN SNOWPACK | 112% (17.3") | NA (NA) |

1 Delivery to Mexico forecasted yearly excess calculated using year-to-date observed and projected excess.
USDA United States Drought Monitor Map

April 1, 2014
(Released Thursday, Apr. 3, 2014)
Valid 8 a.m. EDT

Drought Impact Types:
- D1: Drought: short-term impacts
- D2: Drought: mid-term impacts
- D3: Drought: long-term impacts

Intensity:
- D1: Drought
- D2: Drought
- D3: Drought
- D4: Exceptional Drought

http://droughtmonitor.unl.edu/

U.S. Drought Monitor
West

April 1, 2014
(Released Thursday, Apr. 3, 2014)
Valid 8 a.m. EDT

Drought Conditions (Percent Area)

<table>
<thead>
<tr>
<th>Time</th>
<th>00/01</th>
<th>01/02</th>
<th>02/06</th>
<th>03/07</th>
<th>04/07</th>
<th>05/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>28.11</td>
<td>71.89</td>
<td>60.21</td>
<td>41.95</td>
<td>16.03</td>
<td>4.03</td>
</tr>
<tr>
<td>Last Week (03/03/14)</td>
<td>28.12</td>
<td>71.88</td>
<td>60.33</td>
<td>45.95</td>
<td>16.31</td>
<td>4.92</td>
</tr>
<tr>
<td>3 Month's Avg (02/01-02)</td>
<td>22.20</td>
<td>77.80</td>
<td>51.44</td>
<td>31.11</td>
<td>7.75</td>
<td>0.03</td>
</tr>
<tr>
<td>Start of Calendar Year (01/01/17)</td>
<td>22.20</td>
<td>77.80</td>
<td>51.44</td>
<td>31.11</td>
<td>7.75</td>
<td>0.03</td>
</tr>
<tr>
<td>Start of Water Year (10/01/12)</td>
<td>25.25</td>
<td>74.75</td>
<td>58.96</td>
<td>34.16</td>
<td>5.57</td>
<td>0.03</td>
</tr>
<tr>
<td>One Year Ago (04/02/13)</td>
<td>25.18</td>
<td>74.82</td>
<td>53.40</td>
<td>41.28</td>
<td>15.58</td>
<td>2.49</td>
</tr>
</tbody>
</table>

Intensity:
- D1: Drought
- D2: Drought
- D3: Drought
- D4: Exceptional Drought

http://droughtmonitor.unl.edu/
ARIZONA, CALIFORNIA, NEVADA, MEXICO
FORECAST END OF YEAR CONSUMPTIVE USE
FORECAST BASED ON USE TO DATE AND APPROVED ANNUAL WATER ORDERS /1
(ACRE-FEET)

WATER USE SUMMARY

<table>
<thead>
<tr>
<th>States</th>
<th>Use To Date CY2014</th>
<th>Forecast Use CY2014</th>
<th>Approved Use CY2014</th>
<th>Excess to Approval CY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>609,622</td>
<td>2,752,597</td>
<td>2,798,672</td>
<td>-47,075</td>
</tr>
<tr>
<td>California</td>
<td>932,456</td>
<td>4,121,257</td>
<td>4,020,262</td>
<td>100,995</td>
</tr>
<tr>
<td>Nevada</td>
<td>29,561</td>
<td>284,044</td>
<td>300,000</td>
<td>-15,956</td>
</tr>
<tr>
<td>States Total</td>
<td>1,571,639</td>
<td>7,157,898</td>
<td>7,119,934</td>
<td>37,964</td>
</tr>
</tbody>
</table>

MEXICO IN SATISFACTION OF TREATY (Including downward TO MEXICO AS SCHEDULED 549,617 1,500,000
BYPASS PURSUANT TO MINUTE 242 25,777 122,261
MEXICO IN EXCESS OF TREATY 5,685 28,185

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 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>CY2014 Use To Date</th>
<th>Forecast Use CY2014</th>
<th>Estimated Use CY2014</th>
<th>Excess to Estimated Use CY2014</th>
<th>Diversion To Date CY2014</th>
<th>Forecast Diversion CY2014</th>
<th>Approved Diversion CY2014</th>
<th>Excess To Approved Diversion CY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>CALIFORNIA PUMPERS</td>
<td>433</td>
<td>1,936</td>
<td>1,936</td>
<td>---</td>
<td>782</td>
<td>3,500</td>
<td>3,500</td>
<td>0</td>
</tr>
<tr>
<td>FORT MOJAVE INDIAN RESERVATION, CA</td>
<td>1,778</td>
<td>8,515</td>
<td>8,996</td>
<td>---</td>
<td>3,307</td>
<td>15,827</td>
<td>16,720</td>
<td>-893</td>
</tr>
<tr>
<td>CITY OF NEEDLES (includes LCWSP use)</td>
<td>432</td>
<td>1,931</td>
<td>1,931</td>
<td>0</td>
<td>608</td>
<td>2,720</td>
<td>2,720</td>
<td>0</td>
</tr>
<tr>
<td>METROPOLITAN WATER DISTRICT</td>
<td>238,432</td>
<td>620,785</td>
<td>546,660</td>
<td>---</td>
<td>239,182</td>
<td>624,519</td>
<td>549,763</td>
<td>---</td>
</tr>
<tr>
<td>COLORADO RIVER INDIAN RESERVATION, CA</td>
<td>769</td>
<td>3,444</td>
<td>3,444</td>
<td>---</td>
<td>1,320</td>
<td>5,909</td>
<td>5,909</td>
<td>0</td>
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<tr>
<td>PALO VERDE IRRIGATION DISTRICT</td>
<td>62,468</td>
<td>446,856</td>
<td>454,108</td>
<td>---</td>
<td>182,372</td>
<td>996,872</td>
<td>994,500</td>
<td>2,372</td>
</tr>
<tr>
<td>YUMA PROJECT RESERVATION DIVISION</td>
<td>12,152</td>
<td>49,319</td>
<td>47,886</td>
<td>---</td>
<td>20,986</td>
<td>99,886</td>
<td>102,700</td>
<td>-2,814</td>
</tr>
<tr>
<td>YUMA PROJECT RESERVATION DIVISION - INDIAN UNIT</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>10,119</td>
<td>47,841</td>
<td>49,100</td>
<td>-1,554</td>
</tr>
<tr>
<td>YUMA PROJECT RESERVATION DIVISION - BARD UNIT</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>10,867</td>
<td>52,046</td>
<td>53,600</td>
<td>-1,554</td>
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<tr>
<td>YUMA ISLAND PUMPERS</td>
<td>1,111</td>
<td>4,974</td>
<td>4,974</td>
<td>---</td>
<td>2,011</td>
<td>9,001</td>
<td>9,001</td>
<td>0</td>
</tr>
<tr>
<td>FORT YUMA INDIAN RESERVATION - RANCH 5</td>
<td>134</td>
<td>598</td>
<td>675</td>
<td>---</td>
<td>0</td>
<td>875</td>
<td>1,221</td>
<td>-346</td>
</tr>
<tr>
<td>IMPERIAL IRRIGATION DISTRICT</td>
<td>522,102</td>
<td>2,539,962</td>
<td>2,506,803</td>
<td>33,159</td>
<td>528,011</td>
<td>2,630,357</td>
<td>2,607,017</td>
<td>-23,340</td>
</tr>
<tr>
<td>SALTON SEA SALINITY MANAGEMENT</td>
<td>21,367</td>
<td>90,000</td>
<td>90,000</td>
<td>0</td>
<td>22,321</td>
<td>93,585</td>
<td>93,451</td>
<td>-136</td>
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<tr>
<td>COACHELLA VALLEY WATER DISTRICT</td>
<td>71,089</td>
<td>352,089</td>
<td>354,108</td>
<td>---</td>
<td>73,570</td>
<td>366,646</td>
<td>366,370</td>
<td>0</td>
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<tr>
<td>OTHER LCWSP CONTRACTORS</td>
<td>145</td>
<td>650</td>
<td>650</td>
<td>---</td>
<td>227</td>
<td>1,016</td>
<td>1,016</td>
<td>0</td>
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<tr>
<td>CITY OF WINTERHAVEN</td>
<td>15</td>
<td>69</td>
<td>69</td>
<td>---</td>
<td>23</td>
<td>104</td>
<td>104</td>
<td>0</td>
</tr>
<tr>
<td>CHEMEEHUEVI INDIAN RESERVATION</td>
<td>29</td>
<td>128</td>
<td>6,101</td>
<td>---</td>
<td>2,534</td>
<td>11,340</td>
<td>11,340</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL CALIFORNIA</td>
<td>932,456</td>
<td>4,121,257</td>
<td>4,026,233</td>
<td>95,024</td>
<td>1,077,254</td>
<td>4,862,156</td>
<td>4,765,332</td>
<td>100,995</td>
</tr>
<tr>
<td>FORT YUMA INDIAN RESERVATION /1</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>10,893</td>
<td>52,216</td>
<td>53,821</td>
<td>-1,605</td>
</tr>
</tbody>
</table>

**CALIFORNIA ADJUSTED APPORTIONMENT CALCULATION**

- California Basic Apportionment: 4,400,000
- Payback of IPPT Overrun (IID): -154,738
- Intentionally Created Surplus Water (IID): -25,000
- Creation of Extraordinary Conservation ICS (MWD): -200,000
- Total State Adjusted Apportionment: 4,020,262
- Excess to Total State Adjusted Apportionment: 100,995

**ISG ANNUAL TARGET COMPARISON CALCULATION**

- Priorities 1, 2, 3b Use (PVID+YPD+Island+PVID Mesa): 501,149
- MWD Adjustment: -81,149
- Total California Agricultural Use (PVID+YPD+Island+IID+CVWD): 3,393,200
- California Agricultural Paybacks: -154,738
- Misc. PPRs Covered by IID and CVWD: 14,500
- California ICS Creation (IID ICS): 25,000
- Total Use for Target Comparison: 3,196,813

**ISG Annual Target (Exhibit B):** 3,462,000

**Amount over/(under) ISG Annual Target:** 265,187

**NOTES:**

1/ Fort Yuma Indian Reservation includes Yuma Project Reservation Division Indian Unit, Ranch 5, an estimate of domestic use and pumpers.

2/ Includes MWD Adjustment, California Agricultural Use and Paybacks, IID-CVWD covered PPRs, and taking out the MWD-CVWD Exchange
### Arizona Water Users

**Forecast of End of Year Consumptive Use**

**Forecast Based on Use to Date and Approved Annual Water Orders**

#### Arizona Schedules and Approvals

| Historic Use Records (Water Accounting Reports) |

<table>
<thead>
<tr>
<th>WATER USER</th>
<th>Use To Date CY2014</th>
<th>Forecast Use CY2014</th>
<th>Excess to Estimated Use CY2014</th>
<th>Diversion To Date CY2014</th>
<th>Diversion Forecast CY2014</th>
<th>Approved Diversion CY2014</th>
<th>Excess to Approved Diversion CY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Pumpers</td>
<td>3,986</td>
<td>17,842</td>
<td>17,842</td>
<td>6,168</td>
<td>27,607</td>
<td>27,607</td>
<td>0</td>
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<tr>
<td>Lake Mead National Recreation Area, AZ</td>
<td>200</td>
<td>455</td>
<td>299</td>
<td>51</td>
<td>306</td>
<td>299</td>
<td>7</td>
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<td>Davis Dam Project</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>12</td>
<td>54</td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td>Bullhead City</td>
<td>1,152</td>
<td>7,946</td>
<td>8,522</td>
<td>2,239</td>
<td>12,379</td>
<td>12,720</td>
<td>-341</td>
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<td>Mohave Water Conservation</td>
<td>110</td>
<td>494</td>
<td>494</td>
<td>165</td>
<td>738</td>
<td>738</td>
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<td>Brookie Water LLC</td>
<td>47</td>
<td>212</td>
<td>212</td>
<td>71</td>
<td>317</td>
<td>317</td>
<td>0</td>
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<tr>
<td>Mohave Valley IDD</td>
<td>3,432</td>
<td>21,167</td>
<td>22,617</td>
<td>6,875</td>
<td>39,717</td>
<td>41,883</td>
<td>-2,166</td>
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<tr>
<td>Fort Mojave Indian Reservation, AZ</td>
<td>7,993</td>
<td>42,609</td>
<td>42,120</td>
<td>14,617</td>
<td>78,905</td>
<td>78,000</td>
<td>905</td>
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<td>Golden Shores Water Conservation District</td>
<td>53</td>
<td>239</td>
<td>239</td>
<td>80</td>
<td>357</td>
<td>357</td>
<td>0</td>
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<tr>
<td>Havasu National Wildlife Refuge</td>
<td>1,307</td>
<td>4,206</td>
<td>3,563</td>
<td>643</td>
<td>8,700</td>
<td>41,820</td>
<td>930</td>
</tr>
<tr>
<td>Lake Havasu City</td>
<td>1,240</td>
<td>8,494</td>
<td>9,083</td>
<td>2,813</td>
<td>14,513</td>
<td>14,650</td>
<td>-137</td>
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<td>Central Arizona Project</td>
<td>390,989</td>
<td>1,508,597</td>
<td>1,537,907</td>
<td>390,989</td>
<td>1,508,597</td>
<td>1,537,907</td>
<td>0</td>
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<tr>
<td>Town of Parker</td>
<td>89</td>
<td>376</td>
<td>357</td>
<td>181</td>
<td>935</td>
<td>935</td>
<td>0</td>
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<tr>
<td>Colorado River Indian Reservation, AZ</td>
<td>51,422</td>
<td>368,907</td>
<td>368,907</td>
<td>118,601</td>
<td>667,539</td>
<td>662,402</td>
<td>5,137</td>
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<tr>
<td>Ehrenburg Improvement Association</td>
<td>55</td>
<td>245</td>
<td>245</td>
<td>77</td>
<td>343</td>
<td>343</td>
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<tr>
<td>Cibola Valley Irrigation District</td>
<td>3,787</td>
<td>16,951</td>
<td>16,951</td>
<td>5,297</td>
<td>23,707</td>
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<tr>
<td>Cibola National Wildlife Refuge</td>
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<td>12,741</td>
<td>4,591</td>
<td>20,550</td>
<td>20,550</td>
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<tr>
<td>Imperial National Wildlife Refuge</td>
<td>585</td>
<td>2,619</td>
<td>2,619</td>
<td>944</td>
<td>4,224</td>
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<tr>
<td>Yuma Proving Ground</td>
<td>0</td>
<td>442</td>
<td>504</td>
<td>41</td>
<td>483</td>
<td>504</td>
<td>-21</td>
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<tr>
<td>Gila Monster Farms</td>
<td>1,236</td>
<td>5,440</td>
<td>5,244</td>
<td>2,071</td>
<td>9,323</td>
<td>9,156</td>
<td>167</td>
</tr>
<tr>
<td>Wellton Mohawk IDD</td>
<td>49,768</td>
<td>272,901</td>
<td>278,000</td>
<td>78,647</td>
<td>417,221</td>
<td>424,997</td>
<td>674</td>
</tr>
<tr>
<td>City of Yuma</td>
<td>2,231</td>
<td>14,694</td>
<td>16,451</td>
<td>4,572</td>
<td>24,321</td>
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<td>518</td>
<td>536</td>
<td>-18</td>
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<td>150</td>
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<td>12,383</td>
<td>9,593</td>
<td>51,254</td>
<td>51,963</td>
<td>-709</td>
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<td>41,966</td>
<td>42,991</td>
<td>15,452</td>
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<td>Fort Yuma Indian Reservation</td>
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<td>Yuma County Water Users’ Association</td>
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<td>250,000</td>
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<td>9,989</td>
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<td>55</td>
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<td>247</td>
<td>0</td>
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<tr>
<td>Return from South Gila Wells</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
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| TOTAL ARIZONA | 609,622 | 2,752,597 | 2,791,618 | 801,663 | 3,666,256 | 3,707,049 |
| CAP | 390,989 | 1,508,597 | 1,537,907 | 390,989 | 1,508,597 | 1,537,907 |
| ALL OTHERS | 218,633 | 1,244,000 | 1,253,711 | 2,157,659 | 2,169,142 |
| Yuma Mesa Division, Gila Project | 25,784 | 168,219 | 250,000 | 81,663 | 399,492 |

#### Arizona Adjusted Apportionment Calculation

- **Arizona Basic Apportionment:** 2,800,000
- **Payback of IOPP overruns (Cocopah, Beattie Farms):** -328
- **System Conservation Created in Arizona (YMIDD):**
- **Intentionally Created Unused Apportionment for MWD:**
- **Total State Adjusted Apportionment:** 2,799,872
- **Excess to Total State Adjusted Apportionment:** -47,075

**Estimated Allowable Use for CAP:** 1,562,578

**Notes:**

- Click on Arizona Schedules and Approvals above for incoming diversion schedules and approvals.
**NEVADA WATER USERS**

**FORECAST OF END OF YEAR CONSUMPTIVE USE**
**FORECAST BASED ON USE TO DATE AND APPROVED ANNUAL WATER ORDERS**

**Nevada Schedules and Approvals**

<table>
<thead>
<tr>
<th>WATER USER</th>
<th>Use Forecast Use</th>
<th>Estimated Use</th>
<th>Excess to Estimated Use</th>
<th>Diversion Forecast</th>
<th>Approved Diversion</th>
<th>Excess To Approved Diversion</th>
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<tr>
<td>LAKE MEAD NATIONAL RECREATION AREA, NV.</td>
<td>166</td>
<td>772</td>
<td>702</td>
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<td>168</td>
<td>772</td>
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<td>BASIC MANAGEMENT INC.</td>
<td>2,001</td>
<td>8,069</td>
<td>8,208</td>
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<td>2,001</td>
<td>8,069</td>
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<td>CITY OF HENDERSON (BMI DELIVERY)</td>
<td>2,752</td>
<td>16,348</td>
<td>15,878</td>
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<td>2,752</td>
<td>16,348</td>
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<td>CITY OF BOULDER CITY AT HOOVER DAM</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>---</td>
<td>0</td>
<td>0</td>
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<td>NEVADA STATE DEPT. OF FISH &amp; GAME</td>
<td>3</td>
<td>12</td>
<td>12</td>
<td>0</td>
<td>54</td>
<td>307</td>
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<td>PACIFIC COAST BUILDING PRODUCTS INC.</td>
<td>235</td>
<td>949</td>
<td>928</td>
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<td>235</td>
<td>949</td>
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<td>BOULDER CANYON PROJECT</td>
<td>9</td>
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<td>40</td>
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<td>16</td>
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<td>BIG BEND WATER DISTRICT</td>
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<td>2,061</td>
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<td>883</td>
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<td>BIG BEND CONSERVATION AREA</td>
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<td>FORT MOJAVE INDIAN TRIBE</td>
<td>394</td>
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<td>LAS VEGAS WASH RETURN FLOWS</td>
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<td>TOTAL NEVADA</td>
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<td>300,000</td>
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<td>ALL OTHERS</td>
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<td>NEVADA USES ABOVE HOOVER</td>
<td>28,417</td>
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<td>NEVADA USES BELOW HOOVER</td>
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<td>10,433</td>
<td>---</td>
<td>1,144</td>
<td>5,909</td>
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</table>

**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: -2,300
- 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: -15,956

**NOTES:**
- Click on Nevada Schedules and Approvals above for incoming diversion schedules and approvals.
- Diversions 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.
April 24, 2014

Attention: Imported Water Committee

Report on Public Records Act Litigation Against Eastern Municipal Water District and Documents Obtained Through the Litigation (Information).

Purpose
This memo, along with its attachments, summarizes the findings of an 18-month effort to obtain public records from the Eastern Municipal Water District relating to a secret public relations campaign in San Diego County it developed on behalf of the Metropolitan Water District of Southern California and its member agencies.

Background
The findings from this Public Records Act request echo previous efforts by MWD and some of its member agencies to target the Water Authority with secretive and deceptive public relations campaigns in the San Diego community. The common thread that runs through all of these sub-rosa campaigns is a continuing attack on the Water Authority’s decision in the mid-1990s to reduce its reliance on and water purchases from MWD, and improve the San Diego region’s water supply reliability through diversification.

A cornerstone of the Water Authority’s water supply reliability plan is the long-term water conservation and transfer agreement with the Imperial Irrigation District. Through that transfer, and the related canal lining projects in the Imperial Valley desert, the Water Authority will receive 180,000 acre-feet of water this year and, ultimately, 280,000 acre-feet of highly reliable Colorado River water supplies annually. Despite the fact that these landmark water transfers were approved as part of the broader Colorado River Quantification Settlement Agreement in October 2003 and are being successfully implemented, MWD and a number of its member agencies continue to attack the water transfers in hopes of undermining confidence in the Water Authority water supply diversification strategy in San Diego County. The twin pillars of each of these public relations campaigns have been secrecy and deception: publicly, and in separate litigation on the QSA, MWD supports the QSA and the water transfers, but at the same time MWD and some of its member agencies have engaged in coordinated efforts designed to undermine them.

In September 1995, several years after MWD implemented a 31 percent water shortage allocation to the Water Authority for 13 months, the Water Authority announced a long-term water conservation and transfer agreement with the Imperial Irrigation District designed to reduce its reliance on MWD as its sole source of imported water. The announcement that the Water Authority intended to reduce its water purchases from MWD sparked an eight-year war by MWD and many of its member agencies to target the Water Authority with secretive and deceptive public relations campaigns. The common thread that runs through all of these sub-rosa campaigns is a continuing attack on the Water Authority’s decision in the mid-1990s to reduce its reliance on and water purchases from MWD, and improve the San Diego region’s water supply reliability through diversification.

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1 During this time, MWD also declined the Water Authority’s request to purchase more water from the State Water Bank. When the Water Authority spent its own money to acquire transfer water, MWD charged it the same price to transport the water to San Diego as it would have paid to buy MWD water, i.e., MWD’s full water rate.
agencies to kill the water transfer and perpetuate MWD’s monopoly control over the sale of imported water in San Diego County.

Through a series of Public Records Act requests in 1997 and 1998, the Water Authority obtained thousands of documents that uncovered a secret, coordinated, multi-million-dollar public relations campaign by MWD and 12 of its member agencies designed to scuttle the IID-Water Authority transfer. The 12 agencies – which included Eastern Municipal Water District – had organized themselves into a group called “Partnership for Regional Water Reliability,” and maintained that its activities were being carried out completely independent of MWD; however, the documents showed that MWD and the “Partnership” were carrying out the campaign together in a coordinated fashion.

Among other tactics and activities, the campaign included a detailed “opposition research” report in which the finances of, among others, all 120 California state legislators, then-Governor Pete Wilson, and all members of the Water Authority and IID boards of directors were investigated. The agencies sought to uncover actual or “perceived” conflicts of interest between these public officials and the Bass Brothers of Fort Worth, Texas, that would disqualify them from taking any action to advance and support the IID-Water Authority transfer. The Bass Brothers owned Western Farms, a large land-owner in the Imperial Valley that supported the water transfer.

The public disclosure of MWD’s public relations campaign sparked significant news and editorial attention (see Attachment 1) and led the California State Senate to form the Senate Select Committee on Southern California Water Agencies’ Expenditures and Governance. Over the course of two, two-year sessions of the Legislature, the Select Committee investigated the activities of the agencies, issued reports of its own and commissioned comprehensive studies on MWD’s governance by the California State Library Research Bureau, and held a series of hearings. These hearings, in turn, led to the introduction of a number of bills that sought to reform MWD. Two bills were passed and signed into law by Governor Wilson: SB 1885 (Ayala, 1998), which reduced the number of MWD board members from 51 to 37; and SB 60 (Hayden, 1999). Ayala chaired the Select Committee, and Hayden was a member. Among other provisions, SB 60:

- Prohibits MWD and its member agencies from expending ratepayer money for “contracting with any private entity or person to undertake research or investigations with regard to the personal backgrounds or the statements of economic interest of, or the campaign contributions made to, elected officials who vote on public policies affecting the district....”

- Required MWD to establish and operate an independent Office of Ethics and to “adopt rules relating to internal disclosure, lobbying, conflicts of interest, contracts, campaign contributions, and ethics for application to its board members, officers, and employees....”

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4 See [https://www.library.ca.gov/crb/98/13/98013.pdf](https://www.library.ca.gov/crb/98/13/98013.pdf) and [https://www.library.ca.gov/crb/98/18/98018.pdf](https://www.library.ca.gov/crb/98/18/98018.pdf)
5 See [http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_1885&sess=9798&house=B&author=ayala](http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_1885&sess=9798&house=B&author=ayala)
6 See [http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_60&sess=9900&house=B&author=hayden](http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_60&sess=9900&house=B&author=hayden)
• Required MWD to establish rules that “for any association of individuals or entities that includes board members, officers or employees of the district, or of a member public agency, which association is known by a name other than the Metropolitan Water District of Southern California or the name of a member public agency of the district, the rules of ethics shall prohibit any association structure or identification that is likely to mislead the public as to the association’s true identity, its source of funding, or its purpose.”

Despite MWD’s sustained and secretive attacks, the Colorado River Quantification Settlement Agreement was signed in October 2003. Under a provision of the 2003 Exchange Agreement between the Water Authority and MWD, the Water Authority agreed not to sue MWD (or seek legislative action) over its rates for a period of five years. During that time, and thereafter, the Water Authority worked diligently to persuade MWD’s board to conduct an independent cost-of-service study and change its rates to comply with the cost-of-service requirements of California’s Constitution and statutes. Those efforts were unsuccessful.

In fall 2011, the Water Authority became concerned when it began to appear that officials from a number of MWD member agencies were developing agreements on MWD water policies and water rates outside the MWD board process and then coordinating votes at MWD’s board. Through Public Records Act requests to MWD and 18 of its member agencies, the Water Authority obtained thousands of documents that revealed 20 of MWD’s member agencies had, in fact, organized in the fall of 2009 into a group that alternatively described itself as the “MWD Member Agency Managers Workgroup,” the “Anti-San Diego Coalition” and the “Secret Society.” The records showed that the purpose of the group was to obtain policy and water rate decisions at MWD that benefitted those agencies to the detriment of the Water Authority. Between fall 2009 and early 2012, the records show the group met in private 60 times. More recent records obtained under the Public Records Act and deposition testimony obtained in the Eastern Public Records Act litigation show that group continues to meet regularly and privately outside of MWD’s official monthly member agency managers’ meetings.

Under contracts administered by the Municipal Water District of Orange County, the Workgroup retains the services of two consultants: Ronald R. Gastelum; and Means Consulting, LLC. Gastelum served as MWD’s general manager from 1999 to 2004, and previously served on its Board of Directors representing the City of Los Angeles. Ed Means of Means Consulting worked for 18 years at MWD in a number of senior management positions, including chief operating officer and acting general manager.

Among other tactics, the MWD Member Agency Managers Workgroup secretly commissioned a $50,000 “independent” study by the Los Angeles Economic Development Corporation that was designed to discredit the IID-Water Authority transfer. While the workgroup intended (and continues) to hold out the report to the public as an “independent” assessment of the water transfer, records obtained by the Water Authority revealed that the consultants were handpicked by Ron

Gastelum for their point of view, and that member agency managers and MWD staff worked on the report and helped to edit it. Eastern was one of seven MWD member agencies that paid for the LAEDC study.

Attachment 2 contains news and editorial coverage of this secret workgroup and its activities.

Discussion
In fall 2012, the Water Authority became aware of activities in San Diego County that suggested MWD was carrying out another secret public relations campaign targeting the Water Authority. The Water Authority learned that these activities had been commissioned by one of MWD’s member agencies, the Eastern Municipal Water District in Riverside County. On Nov. 2 and Dec. 11, 2012, the Water Authority sent Public Records Act requests to Eastern to obtain documents relating to a contract it entered into with the Sacramento-based government and public relations firm California Strategies. California Strategies maintains an office in San Diego County led by Benjamin Haddad and Craig Benedetto. Haddad, representing the City of San Diego, served on the Water Authority Board of Directors from November 1999 to June 2006. California Strategies served as a consultant to the Water Authority on Colorado River Quantification Settlement Agreement issues from March 2002 to January 2009. In addition to Haddad and Benedetto, other principals of the firm’s San Diego, Orange County and Sacramento offices worked on the account, including: Bob White, managing partner, Sacramento; Gary Hunt and John Withers, Orange County; and James Lawson and Tom Blair, San Diego.

Eastern Claims Attorney-Client, Attorney Work Product and Litigation Privileges
On Nov. 19, 2012, through its legal counsel, Lemieux & O’Neill, Eastern released a five-page contract between the agency and California Strategies for Government and Community Relations Strategy Consulting Services. (See Attachment 3.) The only parties who signed the Aug. 8, 2012, agreement were Paul D. Jones II, general manager of Eastern, and Bob White of California Strategies; neither Jones nor White is an attorney licensed to practice law in California. Missing from the production of the contract was an accompanying June 1, 2012, Letter of Agreement that was incorporated into the contract as the scope of services California Strategies would provide to Eastern. In withholding the scope of work, Eastern’s legal counsel, Christine Carson, stated:

“We assert the attorney/client privilege, litigation privilege, and attorney work product doctrine (Evidence Code §§ 950 et seq.) as to a June 1, 2012 letter.”

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8 One of the authors handpicked by Gastelum to write the study was UCSD political science Professor Steve Erie. The report does not identify the authors, nor does it disclose the fact that Erie has twice served as an expert witness for MWD in litigation against the Water Authority, including the current rate litigation. During his Nov. 26, 2013, deposition in the rate litigation, Erie admitted that he has no knowledge, expertise or information about what costs MWD includes in its wheeling rate.

9 See http://www.mwdfacts.com/50k-independent-report-seeks-to-undermine-historic-water-transfer-agreement/

10 Records later released by Eastern show that Eastern and California Strategies executed an earlier contract in June 2012.
The Water Authority retained special counsel Kelly Aviles to assist the Water Authority in obtaining the records being withheld by Eastern. On Dec. 21, 2012, Eastern’s General Counsel, Steven O’Neill from Lemieux & O’Neill, wrote:

“...the letter was originally withheld in its entirety based upon attorney-client privilege, litigation privilege, and attorney work product. Privileges were asserted because the District is participating in the defense of San Diego County Water Authority v. Metropolitan Water District of Southern California.... California Strategies has been retained by my client to assist my office in developing strategies to assist in the defense of these cases. Because this document pertains to pending litigation in which the District is a party, it is exempt from disclosure (Govt. Code §6254(b)). The letter does contain some information which does not concern the District’s legal strategy. Accordingly, please find a redacted version of the letter.” (Emphasis added.)

The redacted version of the June 1 letter was marked “ATTORNEY-CLIENT PRIVILEGE.” Page 2 of the letter included a section titled “Scope of Services (Phase One).” Specifically, the following activities will be carried out for the client:” Lists of activities in two sections titled 1 a-e and 2 a-g were redacted. (See Attachment 4.)

On Jan. 8, 2013, O’Neill sent another letter to Aviles and included a copy of the June 1, 2012, letter with part of the redactions on the Phase 1 scope of work removed (Attachment 5). The partially un-redacted scope revealed that California Strategies was retained to:

“Design and conduct an ascertainment program to communicate with 15-20 key stakeholders in the San Diego area on behalf of MWD and its member agencies....” (Emphasis added.)

None of the un-redacted language was related to litigation defense strategies in the Water Authority’s rate litigation against MWD. Part of the scope of work remained redacted. In defending the continued redaction, O’Neill stated:

“California Strategies has been retained to work with my office to formulate litigation strategies addressing these allegations. Paragraph 1 of the June 1st letter identifies strategic tasks to be performed by California Strategies in this litigation. Accordingly, I must assert exemption, attorney client and work product privilege to this language.” (Emphasis added.)

The letter concluded by stating that “all responsive non-privileged and non-exempt documents were sent in yesterday’s mail.” That Jan. 7, 2013, mailing amounted to six pages of documents, bringing the total production by Eastern to 15 pages. In the letter, O’Neill stated:

“The only records withheld are protected by the attorney/client privilege and attorney work product doctrine, identified as correspondence between this office and the District.

On Jan. 21, 2013, the Water Authority filed suit in Riverside Superior Court to enforce its rights to
obtain records under the Public Records Act. On Jan. 24, Eastern issued a news release (Attachment 6):

“EMWD would like to make clear that this firm was hired for government relations services and not ‘public relations’ -- as the San Diego County Water Authority (SDCWA) has stated.... While we understand how the consulting agreement could be misconstrued, by referencing a scope of work that was contained in an unsigned draft document, the fact is that EMWD sought this professional advice completely independent of Metropolitan Water District of Southern California and its member agencies and no other parties contributed toward funding this contract or directing the consultant's work. (Emphasis added.)

With Eastern having produced no records for nine months, on Oct. 7, 2013, the Water Authority served written discovery and notices of depositions on Eastern. Following the commencement of discovery, on Nov. 27, 2013, Eastern released 88 pages of documents that it asserted represented complete production in the case. Eastern issued a news release and distributed the 88 pages to the media. In the news release, Eastern declared that a settlement had been reached in the litigation, which was untrue; no settlement with the Water Authority had been reached. The news release stated that:

“EMWD was previously unable to provide these documents to the Authority because they were subject to pending, separate litigation.”

The Nov. 27, 2013, document production included an un-redacted copy of the June 1, 2012, scope of work letter. The un-redacted language stated that California Strategies would provide:

“Strategic counsel and assistance in addressing the following issues:
(a) Regional and local water supply development
(b) Regional and local water rate setting
(c) Bay-Delta fix
(d) Water delivery infrastructure and cost allocation
(e) Water transportation and wheeling rates”

Attachment 7 includes the un-redacted scope of work and Eastern’s Nov. 27, 2013, news release.

At the time of the November 27 release of documents, depositions had been scheduled with two officials designated by Eastern as the persons most qualified to answer questions about the documents and the work of California Strategies. On Dec. 3, 2013, a week before the depositions were to be held, Eastern filed a motion to dismiss the case and sought a protective order to bar the Water Authority from taking the scheduled depositions. In its motion to dismiss and at the hearing on the motion and protective order, Eastern’s counsel again claimed that all responsive documents

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11 The case was later transferred to Los Angeles Superior Court by stipulation of the parties.
had been produced.12 Eastern’s General Manager, Paul Jones, also filed a declaration with the court, stating under oath that all documents had been produced. At the hearing, Los Angeles Superior Court Judge James Chalfant denied both Eastern’s motion to dismiss and the protective order.

On Dec. 12, 2013, the depositions of Eastern’s persons most knowledgeable were taken. As it turned out, neither of the witnesses designated by Eastern as most knowledgeable was even marginally knowledgeable about the California Strategies work; each of the deponents indicated that the person most qualified to answer the questions was General Manager Paul Jones. At that time, Jones’ deposition was scheduled for Jan. 10, 2014.

On Dec. 20, 2013, despite its Dec. 3 testimony and declaration filed with the court that document production was complete, Eastern mailed an additional 1,033 pages of records – 10 times the earlier productions – to the Water Authority’s special counsel.

On Jan. 9, 2014, Eastern filed another protective order seeking to bar the Water Authority from taking Jones’ deposition, then-scheduled for the following day. At the hearing, Judge Chalfant again denied the protective order sought by Eastern and ordered the deposition be held on Jan. 21, 2014.

Claims of Attorney-Client, Attorney Work Product and Litigation Exemption Are Meritless

Despite its claims for more than a year that California Strategies was retained to “develop(ing) strategies to assist in the defense of (the Water Authority-MWD rate) cases,” and “to work with (O’Neill’s) office to formulate litigation strategies addressing these allegations,” nothing in the contract and scope of work even mentions the MWD rate litigation, much less states that California Strategies was retained to develop litigation defense strategies. The only parties to sign the agreement were Paul Jones and Bob White, neither of whom is an attorney. From the earliest document produced by Eastern – dated May 4, 2012 – until Nov. 14, 2012, not one email produced by Eastern listed O’Neill or anyone from his firm as having participated in communications about California Strategies’ work. Only after the Water Authority filed a Public Records Act request on Nov. 2, 2012, did emails begin to show O’Neill as a recipient.

In Eastern’s Dec. 3, 2013 response to the Water Authority’s written discovery, signed by Eastern’s General Counsel Steve O’Neill, Eastern admitted “that California Strategies did not act as an attorney for the district.”

REQUEST NO.6:
Admit that California Strategies did not provide legal services to Eastern.
RESPONSE TO REQUEST NO.6:
Objections: District has produced, without objection, all documents responsive to the Public Records Act requests which are the subject of this litigation. This request goes beyond those PRA requests. As such it is irrelevant, overbroad, burdensome, harassing, moot, and not likely to lead to the discovery of relevant admissible evidence. Vague and

12 Including the Nov. 27, 2013, production, Eastern had produced 103 pages of records.
ambiguous as to the meaning of "legal services." Without waiving the foregoing objections and with the assumption that "legal services" is intended to mean "attorney services", District responds as follows: Admit that California Strategies did not act as an attorney for District.

Contract Approved in Closed Session
No agendas of Eastern’s Board of Directors’ meetings listed a proposed agreement with California Strategies. However, minutes from Eastern’s June 6, 2012, meeting state under a closed session item listed as “Re: One Potential Litigation Case,” that “The Board authorized the General Manager to enter into an agreement and retain California Strategies to support the strategic advocacy efforts relative to SDCWA.” An Oct. 15, 2012, agenda for Eastern’s Board Planning Committee listed a closed session: “SDCWA Ascertainment Study Results (Jones) Oral Report.” Minutes from its Oct. 17, 2012, Board of Directors meeting re-titled a closed session item that had been listed on the agenda as “Re: SDCWA v. Metropolitan Water District of Southern California, et. al.” to “Re: SDCWA Ascertainment Study Results.”

Given the meritless arguments asserted by Eastern that the work of California Strategies was protected under the attorney-client privilege and attorney work product doctrine, there is no basis for presenting public relations contracts and public relations program results in closed session.

Summary of Eastern Documents
“Ascertainment Study”
The records show that California Strategies conducted what it called an “ascertainment study” as Phase 1 of its contract with Eastern. The ascertainment study comprised interviews with 10 San Diego business leaders. A script with more than a dozen questions was used for the interviews. Subjects included: “water independence” being pursued by the Water Authority; causes of water rate increases, which it attributed to debt service on the Water Authority capital projects; the Water Authority’s “costly political and public relations strategy by hiring political consultants to attack Metropolitan in Sacramento and to wage a public relations battle;” and an “assault on Metropolitan… to challenge Metropolitan’s efforts to gain federal and state support for new conveyance facilities through the Delta.” With these statements as backdrop, the consultants then asked the business leaders: “Do you think this strategy serves the interests of the San Diego community?”

California Strategies reported results from five interviews in an Aug. 15, 2012, memo addressed to Paul Jones. (See Attachment 8.) Results from the 10 interviews were reported to Eastern in an Oct. 9, 2012, memo (Attachment 9). That document contained recommended next steps for a public relations campaign, and cautioned that, to be successful, MWD would need to proceed “subtly”: 
“The challenge we have is finding a way to subtly and effectively educate these leaders and other key organizations and individuals…. However, doing this education under the nose of the CWA presents a unique set of risks, hence our use of the term ‘subtly’ above.”

The recommendations for next steps included:

“Strategizing with MWD on placing its representatives on key boards and committees in the San Diego community…. Part of the status quo that must be reversed is the all-too-frequent injection of anti-LA/anti-MWD sentiments at various gatherings, for example, the San Diego Chamber of Commerce’s Water Policy Committee…. Assuming progress is made with our initial steps, we may want to consider a more aggressive campaign to inform the broader public…. There is no ‘active dialogue’ to hold CWA ‘accountable,’ but what if we started one?”

The document went on to recommend a four-step public relations campaign:

“Step 1: Broader Public Ascertainment.” This included: a recommendation to hire a respected San Diego economist to “peer review” the study by the Los Angeles Economic Development Corporation that was paid for by Eastern and six other MWD member agencies; and public opinion polls and focus groups.

“Step 2: Targeted Campaign to Educate” the media, public officials and opinion leaders.

“Step 3: Assess the Situation Before Proceeding to More Aggressive Tactics.” This included a recommendation to “convene strategy session with EMWD, MWD and Calstrat to evaluate situation.”

“Step 4: Engage the Community with Active Dialogue,” which recommended “debates on water policy between CWA and MWD,” including “televised debates.” This section then characterized the Water Authority’s rate litigation against MWD – in which more than $2 billion is at stake – as “petty” and a threat to a solution in the Bay-Delta.

“...The CWA’s petty lawsuits and constant complaints over rates and politics are not why people should be concerned about their water future. To the extent CWA carries its squabbles statewide, it undermines southern California’s efforts to convey water from the north and around the Delta....”

13 The advice continued: “As with many things in San Diego, personalities matter, and in this instance the most dominant personality has been the CWA’s GM. Her ‘take no prisoners’ style combined with the sheer complexity of water policy intimidates even the strongest business community leaders.”

14 As noted on page 3, the goal of this “study” was to discredit the Water Authority Board of Directors’ water supply diversification strategy by attacking the IID-Water Authority transfer.

15 On Feb. 25, 2014, San Francisco Superior Court Judge Curtis E.A. Karnow issued a tentative ruling that MWD’s 2011, 2012, 2013 and 2014 rates violate the California Constitution (Prop. 26), California’s wheeling statutes, the Government Code and common law. The amount of money in dispute in the litigation in 2014 is $54 million, and as much as $2.1 billion over 45 years.
Phase 2 “Plan for MWD Public and Governmental Relations Activities in San Diego County”

Pleased with the results of the ascertainment study, California Strategies was tasked to develop an MWD Public and Governmental Relations Plan in San Diego County. This detailed, eight-page plan for a comprehensive public relations program in San Diego County included hiring five or six new staff for MWD’s San Diego office. ¹⁶ The added staff would include: “a key senior executive of MWD, preferably a recognizable, high integrity individual from the San Diego community;” three “community relations liaisons,” one of which would be assigned to north San Diego County, one to east San Diego County and one to south San Diego County; a media relations representative; and an administrative support staff.

Copies of the MWD Public and Governmental Relations plan are included as Attachment 10.

Participation by MWD General Manager Jeffrey Kightlinger

The documents are replete with references to meetings and teleconferences with, and briefings made to MWD General Manager Jeffrey Kightlinger, and show his involvement from the early stages of California Strategies work with Eastern. They include:

- Emails and conference calls July 18 and 19, 2012, to review the draft questions to be used in the ascertainment study and the list of proposed business leaders to interview.
- July 20, 2012, email from California Strategies attaching a revised ascertainment study questionnaire.
- Sept. 27, 2012, email setting up a conference call for October 10 or 12 with “EMWD management, MWD management, Ron Gastelum and others to discuss findings and recommendations” from the ascertainment study.
- Oct. 11, 2012, video or computer conference call schedule to receive “Meeting results from Ascertainment Interviews and Recommendations” showing under participants “MWD: Jeff Kightlinger and Ron Gastelum.”
- A Nov. 30, 2012 email from Jones in which he states: “I have set-up a meeting with Jeff Kightlinger and the key MWD member agency managers to present the plan on December 18, and am trying to arrange a pre-meeting with the managers to review the final draft of the plan on December 14. Finally, I would like to review the plan in closed session with the EMWD Board on December 18.”
- Dec. 28, 2012, email from Jones to California Strategies personnel and reporting that the MWD Public and Governmental Relations plan “was very well received by Jeff and other key member agency General Managers and we will continue to work with MWD on urging its implementation.”

These and other documents showing MWD’s participation are included as Attachment 11.

¹⁶ MWD opened a San Diego office in June 2012 and hired a former Water Authority senior manager to staff it.
Involvement by Former MWD General Manager Ron Gastelum

Eastern’s records also show the active involvement of Ron Gastelum, former MWD general manager and Los Angeles board member. The documents show Gastelum was involved from the earliest dated document produced (May 4, 2012) and throughout the campaign. Eastern produced no records showing it paid for Gastelum’s services; Paul Jones testified in his January 21, 2014 deposition that Gastelum provided his services to Eastern pro bono.

Other documents produced by Eastern show that Gastelum was participating on behalf of MWD. Records obtained from other MWD member agencies also show Gastelum has been under contract as a consultant to the “MWD Member Agency Managers Workgroup,” with his contract being administered, alternately, by Western Municipal Water District and the Municipal Water District of Orange County on behalf of a group of MWD member agencies. Records obtained from Foothill Municipal Water District show that Eastern participated in the Gastelum contract with eight other MWD member agencies for services from October 2011 to June 2012. Jones testified in his deposition that Eastern participated in paying for Gastelum’s services as part of his contract with the Municipal Water District of Orange County “through June of 2012.”

The documents showed that Jones relied upon Gastelum for strategic advice and counsel and that Gastelum was working with the California Strategies team. Among Gastelum’s advice was an Oct. 1, 2012, email in which he recommended Eastern identify an economist or utility manager to study the Water Authority’s “system, plans, customers and costs.” He surmised that such a review would conclude that the Water Authority “would be a lot better off working within the MWD system than continuing to try and tear it down or manipulate it to their perceived particular advantage.” He wrote:

“I have an idea I want to share with you. May not be practical, but since I am in the business of ideas and strategy, and you are in the business of deciding and implementing, here is an idea. My premise is that any qualified economist or utility manager (sic) could look at the Authority’s system, plans, customers, and costs and concluded (sic) that they would be a lot better off working within the MWD system than continuing to try and tear it down or manipulate it to their perceived particular advantage. Unfortunately, the local business community and political leaders are regularly force fed the Authority’s view, and no amount of MWD and other member agency involvement can compensate. This is in large part due to the Authority’s style, but also to the prevailing view in San Diego that it is them against the rest of LA dominated Southern California. What if the business community reached out to a retired executive like Lester Snow17 or another Northern California based individual without ties to MWD or LA? Maybe retired Judge Wanger?18 The executive could do a high level review and advise them on the facts and the issues. In part, you and John are trying to do the same thing. It may be enough to create doubt

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17 Lester Snow was the general manager of the Water Authority from 1988 to 1995. He also served as Director of Water Resources and Natural Resources Secretary in the Schwarzenegger Administration.
18 Judge Oliver Wanger was the federal judge who issued landmark rulings on biological opinions governing the operation of the State Water Project and Central Valley Project systems.
about the Authority's strategy, however, it is hard to conceive that it will be enough to move them to action since you have a definite and declared financial interest in the dispute.”

In a Nov. 27, 2012, email to Jones and California Strategies, Gastelum recommended another strategy relating to hiring the leader for MWD’s San Diego office, as recommended in California Strategies’ Proposed Plan for MWD Public and Governmental Relations Activities in San Diego County:

“I think it would be most helpful if the Cal Strat team could identify potential candidates for the position we are recommending without actually contacting anyone to ascertain their interest. I think it will be more persuasive to Jeff Kightlinger if we can describe actual people that fit the profile. A risk of this strategy is that if it becomes public MWD is looking, and for whatever reason a good hire cannot be made, it could be embarrassing (sic) for MWD to fail. Jeff will not want a failure out of the box, and I suspect he would be more willing to undertake this initiative if he felt good candidates could be discreetly approached, and one of them hired. In thinking about what might attract a quality candidate, consider the fact that MWD may be able to offer a base salary close to $200 k per year. A 5 year term with Met could provide pension and lifetime health benefits that might be attractive to a successful person in the private sector with a high public profile nearing retirement. A well respected former public official, without future public office aspirations, and high integrity, could also be a good candidate.”

In a Dec. 7, 2012, email from Gastelum, in which he provides his final input on the Proposed MWD Plan for Governmental Relations Activities in San Diego County, Gastelum wrote:

“On the budget for the new office, I cannot stress enough the value of having discretionary funds available for business meals (within reason), and contributions to local organizations and programs.... The senior executive (should) volunteer to serve on various boards and committees to contribute his/her time to help on these issues. Contributing money to other causes may be tricky, but not necessarily if done in modest amounts. Having a community presence that rises above water and allows Met’s representative to be seen as a valuable asset to San Diego County’s quality of life could be extremely valuable, especially given the rather narrow and push inclinations of the Authority’s leadership.”

In a Dec. 14, 2012, email from Ben Haddad to Gastelum, Haddad addressed Gastelum’s question about the appointment of former San Diego Mayor Jerry Sanders to President and CEO of the San Diego Regional Chamber of Commerce. Haddad wrote:

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19 The strategy being questioned is the Board of Directors’ long-term strategy to diversify the region’s sources of water, the cornerstone of which is the highly reliable Colorado River water the Water Authority acquired through its IID transfer agreement and lining of the All American and Coachella canals.
“As you know, the Chamber has been in the Water Authority's camp for a long time. They even gave Chris Frahm their coveted 'Spirit of San Diego' award back in the late 90's. Maureen has been on the Chamber board for a number of years, and even served on the executive committee (called Management Council) for awhile. Mayor Sanders is not that familiar with water issues, but was advised by Maureen and his recent appointees to the Authority, including Vince Mudd and Tom Wornham. His natural bent will be toward the Authority viewpoint. However, I believe Jerry will be open to hearing other viewpoints. He may not agree with them, but I think he will give us an honest listen. Frankly, if we could turn Jerry toward a more balanced approach, he could become a huge asset for us with the rest of the business community. This will take work, but I believe this is worth pursuing.”

Documents showing Gastelum’s participation are included in Attachment 12.

Involvement of MWD Member Agency Managers
Numerous documents show that the MWD Member Agency Managers Workgroup has participated in discussions and briefings on the San Diego MWD public relations plan, and have done so from the inception of the work. In a May 15, 2012 email from Jones to California Strategies, Jones wrote of a coordination meeting he planned with the other MWD member agency managers:

“Could you please give me an ETA on the scope of work? I have a coordination meeting with other MWD agencies on Friday and would tentatively like to take the item to our Board in closed session next Wednesday. I would also recommend that you do a draft scope, get it over to me, and we finalize the scope, pricing and terms over the phone before it’s ‘final.’”


A Nov. 30, 2012 email from Jones states:

“I have set-up a meeting with Jeff Kightlinger and the key MWD member agency managers to present the plan on December 18, and am trying to arrange a pre-meeting with the managers to review the final draft of the plan on December 14. Finally, I would like to review the plan in closed session with the EMWD Board on December 18.”

In a Dec. 28, 2012, email to California Strategies, Jones expressed a desire by his Board of Directors to have other MWD member agencies pay for elements of the Phase 2 Public and Government Relations campaign:

“One of the key next steps identified in the plan is the broader ascertainment program. Specifically, additional ascertainment, polling and focus groups to validate and expand MWD’s understanding and to create a baseline. This information would be essential for the new leader of an expanded MWD office in San Diego to execute his or her job effectively.
In discussions with my Board, MWD may be prompted along if some of this work could be done in advance by one or more of the member agencies.”

A Jan. 25, 2013, email to Jones from his staff member who attended that day’s MWD Member Agency Managers Workgroup meeting reported the following:

“Fernando20 expressed concern about the Cal Strat contract and asked if this could be perceived as us losing moral high ground, he said we are critical of them for having expensive PR contracts in San Diego, and now we are doing the same thing…. They mentioned that you were planning to provide an overview of the ascertainment in the Feb 1 afternoon meeting and are looking forward to hearing about it.”

In the same email, the staff member reported to Jones:

“MWDOC discussed continuing with the Ron Gastelum contract. It would be about $7,500 per agency per year if 12 agencies participate. Everybody generally agreed to keep Ron as the consultant, best suited for the position.”

Documents showing the participation of MWD member agencies are included in Attachment 13.

Multiple Versions of Scope of Work and Signed Contracts

When the Water Authority first requested a copy of the contract between Eastern and California Strategies, Eastern provided a copy of a five-page contract dated Aug. 8, 2012.21 Numerous other records Eastern provided in November and December 2013, however, show that Eastern and California Strategies executed a June 30, 2012, contract. Though it is not labeled as such, the Aug. 8, 2012, contract appears to be an amended version of the earlier contract, with changes made to the liability section of the agreement. The June 30 contract contained language that required California Strategies to indemnify Eastern; the August 8 contract added a paragraph under which Eastern agreed to defend California Strategies and to pay for any litigation costs arising out of performance of its services.

There were also numerous versions of the June 1, 2012, scope of services letter agreement. Several documents discussed sensitivities over the level of detail in the scope letter, which underwent several revisions. John Withers22 of California Strategies told Jones in a May 16, 2012 email:

“As promised here is a draft letter proposal for your review. After MUCH discussion it is thought to be better for the San Diego crew if it was sufficiently general in nature.”

On May 23, 2012, Withers emailed Jones:

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20 Fernando Paludi, West Basin Municipal Water District.
21 See Attachment 3.
22 Withers is a member of the Irvine Ranch Water District Board of Directors.
“I know there is reluctance to put specifics in writing given sensitivities but we have a very good idea of what needs to be done.”

In an email the same day, Jones asked California Strategies to develop a handout for use during a June 6 closed session of Eastern’s Board of Directors with the “actual scope” of the project. Said Jones:

“I plan to put the item on closed session (potential litigation) and present the proposed contract (which I would like to run through legal counsel, if possible). What I need is the following: ... A handout that you can provide at the meeting (and we can collect when you're done) on the actual scope items....

“I need to have everything in writing (because I am apparently thinking like an engineer) ... we want to know exactly what we’re getting for the money we'll be spending. That includes being extremely clear on the activities being undertaken, the personnel assets being deployed and the specific assignments of those personnel. John, as I mentioned before we are not just interested in strategic advice, we are interested in deploying assets on the ground to help shape key decision makers' opinions. For me to sell this to the Board it can't be some nebulous consultant service. If this is acceptable please work on a cost and a handout and let's discuss offline.”

On June 19, 2012, an Eastern employee alerted Jones that the California Strategies contract proposal would be worth $105,000 plus travel and expenses – and that “would require Board authorization.” He said:

“I understand this was a closed session matter and may not have received the typical authorization such as a Minute Order. One suggestion for addressing this might be to request a revised proposal for a 6-month term ($90,000). We would cap the contract at $100,000 to cover any travel and expenses. If additional time/services were required, we could seek Board authorization toward the latter part of the term and request additional funds if needed. Alternatively, perhaps California Strategies would agree to a reduction in fees/scope to remain within a $100,000 budget?”

Jones responded the next day: “Cap with expenses at $100 K.”

Attachment 14 includes the different versions of the scopes of work and contracts and some related emails.

Payments Made by Eastern
Records provided by Eastern show the agency paid California Strategies $60,000 for its work: $15,000 per month for the months of August, September, October and November 2012. Other Eastern records show California Strategies continued to perform work as late as January 2013.

In a deposition, Eastern’s General Manager Jones testified that Ron Gastelum provided his services to Eastern pro bono.
Summary
On April 11, 2014, Eastern produced three pages of documents that it contended were the product of the additional searches Judge Chalfant ordered Eastern to perform in his March 11, 2014, ruling. Concluding its production with these documents, it took Eastern nearly 18 months to produce the records it says are responsive to the Water Authority’s 2012 Public Records Act requests.23

Documents finally released in late November and December 2013 make clear that Eastern’s claims of attorney-client privilege and that the California Strategies activities were carried out “completely independent of Metropolitan Water District of Southern California and its member agencies” were false.

On April 15, 2014, Judge Chalfant approved an order declaring the Water Authority the prevailing party in the litigation and that it is entitled to recover its attorneys’ fees and costs from Eastern. On April 18, 2014, Eastern agreed to the Water Authority’s demand for its attorney’s fees and costs in the amount of $95,808.26. The parties executed a stipulation, and it was filed with the court on April 22, 2014. The stipulation will be entered into the final judgment signed by Judge Chalfant.

Attachment 15 is news and editorial coverage of this matter.

Prepared by: Dennis A. Cushman, Assistant General Manager
Reviewed by: Maureen A. Stapleton, General Manager

Attachments
Attachment 1: News and editorial coverage of MWD’s public relations campaign in the late-1990s
Attachment 2: News and editorial coverage of MWD Member Agency Managers Workgroup
Attachment 3: Nov. 19, 2012, letter from Lemieux & O’Neill
Attachment 4: Dec. 21, 2012, letter from Lemieux & O’Neill
Attachment 5: Jan. 8, 2013, letter from Lemieux & O’Neill
Attachment 6: Jan. 24, 2013, Eastern news release
Attachment 7: Nov. 27, 2013, release of un-redacted scope of work and news release from Eastern
Attachment 8: Aug. 15, 2012, email and memo reporting partial Ascertainment Study Results
Attachment 9: Oct. 9, 2012, memo reporting final Ascertainment Study Results
Attachment 10: MWD Public and Governmental Relations Plan documents
Attachment 11: Documents showing participation of MWD General Manager Kightlinger

23 All of the records produced by Eastern are available at http://www.sdcwa.org/public-records-eastern-municipal-water-district
Attachment 12: Documents showing involvement by former MWD General Manager and MWD Board Member representing the City of Los Angeles, Ron Gastelum
Attachment 13: Documents showing participation of MWD Member Agency Managers
Attachment 14: Various versions of the scopes of work and contracts
Attachment 15: News and editorial coverage of the Eastern Public Records Act litigation
Attachment 1:

News and editorial coverage of MWD's public relations campaign in the late-1990s
PR firm hired to sink local water plan

Area officials allege misuse of public funds

By Steve La Rue
STAFF WRITER

The giant Metropolitan Water District is using a public relations firm to wage a stealth campaign to discredit San Diego's plan to buy water from the Imperial Valley, local water leaders contend.

Los Angeles-based MWD, San Diego's main water supplier, has retained Edelman Public Relations Worldwide since late last year for about $38,000 a month, newly released documents reveal.

Particularly galling to local MWD delegates is that ratepayers in San Diego County have financed about 25 percent of the Edelman contract.

The San Diego delegates say the documents—150 double-sided pages of invoices, memos and planning papers—strongly suggest that MWD has paid Edelman as much as $400,000 so far, even though state law limits its general manager to spending no more than $250,000 without a vote of the district's board.

Meanwhile, some of the documents indicate that MWD's public relations game plan may include portraying the proposed Imperial-San Diego water transfers as "an OPEC-style maneuver by billionaires to corner the market in water needed for the future of Southern California."

San Diego County's MWD is biggest wholesale water customer.

"MWD has a proud history and it is time now to start living up to that proud history, but this material suggests there should be some real concern that MWD is really struggling," said Christine Frahm, one of six San Diego delegates on MWD's 51-member board of directors.

"These materials tell me that PR spin is more important at MWD than sound water management, and that should trouble San Diego greatly," added Frahm, who is couldwoman of the San Diego County Water Authority.

The controversial documents were released in connection with a staff audit that MWD has introduced into the contract. Results are expected to be discussed at a spe-

See WATER on Page A-19
Ratepayers have paid for about 25% of contract

Continued from A-1

The largest share of its bills through water rates, including subsidies for other MWD agencies to develop their own additional supplies, independent of the district.

Some leaders here believe top MWD executives are hostile to water transfers between Imperial and San Diego counties because they don’t want to see MWD’s regional dominance fade, or its steady income from San Diego County decline.

John Stodder, Edelman’s director of California public affairs, said it should have been clear to San Diego officials that MWD’s public relations contract included advancing MWD’s position on aspects of the proposed water transfers.

There was never any effort to directly criticize San Diego because they are an MWD member agency, but to criticize the transaction,” he said. “That seemed to be the main thrust.

The Imperial Valley water that San Diego County wants to buy would have to move to the coast via MWD’s 242-mile Colorado River Aqueduct. The MWD is seeking to impose a transfer, or “wheeling,” charge for service that San Diego officials say would be prohibitively high, as well as illegal.

The Imperial-San Diego water transfers were recently supported by the regional California Colorado River Commission as an efficient way to help reduce the state’s excessive yearly draws of water from the Colorado.

Still, MWD and the County Water Authority are in negotiations, and in court, over how much MWD can charge to move the water.

Stodder said this has prompted both sides to employ spin doctors.

“All of the parties in this have lobbyists as well as PR agencies,” Stodder said, “lobbying the San Diego County Water Authority.”

San Diego officials said it is inconsistent for MWD to claim to be negotiating in good faith to arrive at a fair wheeling rate while also managing a public-relations campaign to discredit the concept of the Imperial-San Diego water transfers.

“Edelman” firm was hired with the express intent to sell MWD’s message and to beat San Diego into the ground,” said Franciesca Krael, the water authority’s senior delegate on the MWD board.

Misuse of public funds

“It is shameful misuse of public funds to the extent that it is an abuse of power, and a breach of fiduciary responsibility,”

Another recent example of MWD double-dealing, she said, was the formation in January of an ostensibly independent group called “The Partnership for Water Reliability.”

Nine northern MWD member agencies were said to have formed the group, which has been critical of the Imperial-San Diego water transfers. The group hired a public relations firm, Cerrell Associates.

MWD spokesmen have denied that the agency has had any relationship with the partnership.

But documents under Edelman letterhead show how Cerrell urged the formation of “third-party coalitions to further MWD policy issues.” The papers also strongly suggest that Edelman assigned Cerrell and Associates to perform specific public relations tasks for the partnership, and set the group’s public relations goals, Krael and Stodder said.

Stodder said there is nothing in the papers to indicate this.

Jack Maloy, MWD’s new chief of communications, said he could not comment on the contract in detail because he was not privy to all the information. “I think, in fairness, both organizations were attempting to paint the best light on their negotiating positions,” he said.

Asked about the nine-agency partnership, Maloy said, “MWD is not involved in the partnership. That is a completely separate effort.”

State Sen. Dave Kelley, R-Idyllwild, is among members of the state Senate Committee on Agriculture and Water who have received the MWD documents and are studying them.

“I think the general manager went out and did a few things unbecoming to the board,” said Kelley, who represents part of San Diego’s North County.

“MWD is a public agency and all of those expenditures are supposed to be authorized by the board of directors at public meetings. I don’t think it’s the first time this has happened.”
A deceitful game

MWD out to sabotage San Diego water deal

The Metropolitan Water District is running amok in its campaign to discredit the San Diego County-Imperial Valley water deal.

Without consulting his board, MWD General Manager John Wodraska has hired a high-powered PR company, Edelman Public Relations Worldwide, to kill the proposal for the Imperial Irrigation District to sell San Diego 200,000 acre-feet of water a year. So far, Edelman has spent at least $316,000, and maybe much more.

The results have been a mean-spirited media campaign reflecting the disdainful attitude of Wodraska toward anyone who disagrees with him. A sham organization of supposedly "concerned" water officials was set up to oppose the Imperial Valley deal. Events to stoke opposition to the deal were orchestrated: Hints of corruption, distortions of the truth and negative speculation were spread throughout the media.

In memos sent to MWD, Edelman outlined message points to influence the media that border on slander: "San Diego . . . is seeking to destroy Southern California's access to water;" "San Diego wants other agencies in the region to underwrite (its) poor business practices;" "The IID-San Diego deal is an OPEC-style maneuver by billionaires to corner the market in water."

A memo to Wodraska from Edelman urged the general manager, at his next speech, to tell the audience that the Imperial Irrigation District is a cartel and San Diego its pawn.

The public relations agency also suggested setting up a political action committee to influence the outcome of elections of lawmakers. Several legislators, including Sen. David Kelley, R-Idyllwild, authored legislation to pressure the MWD to accept the San Diego County deal. Another bill would give state government greater control over the MWD board. Edelman suggested using racial wedge issues to thwart that legislation. An April 24 memo to Wodraska advocated convincing minority leaders that the legislation would "allow Pete Wilson, prime sponsor of Props. 209 and 187, to reduce or destroy minority representation in Met."

Documents make it clear that a group of water agencies calling themselves the Partnership for Regional Water Reliability, and claiming to be independent of the MWD staff, actually worked hand-in-hand with Edelman and the MWD. The Partnership lobbied against the Imperial Valley deal, claiming it would hurt other water agencies.

Since the inception of the Imperial Valley water plan, the San Diego County Water Authority has made an open presentation of its proposal. By contrast, the MWD staff has played a deceitful game, refusing to honestly negotiate the plan, and secretly hiring a hit team to sabotage it.

Water agencies, state lawmakers and all Southern Californians should be angry that the MWD is spending hundreds of thousands of dollars to thwart a plan supported by the state and federal government to move conserved water from farms to cities. San Diego County ratepayers should be furious; The Water Authority, the MWD's largest member, provides far more revenue to the MWD than any other water agency.

If the MWD board won't rein in Wodraska, then the Legislature should rein in the MWD. It's out of control.
After months of demanding, San Diego's representatives were finally given documents on the public relations drive, and they provide an eye-opening peek into how a huge public agency seeks to bend politicians, public opinion and media treatment — including the hiring of a state assemblywoman's husband to coordinate lobbying.

Edelman Public Relations Worldwide was given an initial $225,000 contract last year, the documents say, but has already been billed for more than $400,000, apparently exceeding the district's legal authority to award contracts without board approval. And now the MWD management, the documents reveal, wants to expand the Edelman contract to at least $1.8 million, with blockage of the San Diego deal a major goal.

That's angered the San Diego officials, who say that they would have to pay for at least a quarter of the money.

Leo Briones, husband of Assemblywoman Martha Escutia, D-Los Angeles, is one of Edelman's subcontractors, charged with coordinating legislative efforts. One "legislative contact list" prepared by Briones, a veteran political campaign operative, lists Escutia but adds a parenthetical comment to her name: "cannot officially contact on legislative matters."

Briones is not a registered lobbyist and Escutia insists that he's not lobbying, adding, "My husband and I are very careful about the appearance of impropriety." Efforts to reach Briones were unsuccessful.

One document prepared by Briones for MWD suggests, however, that MWD creates its own political action committee to disburse funds in legislative races and thus put legislators "on notice" that they must pay attention to MWD and its issues. Ordinarily, public agencies cannot make political contributions.

Another Edelman document proposes that MWD place advertisements in Southern California newspapers, suggesting that their editors "would be more inclined to look favorably upon MWD ... if MWD were to advertise in their papers."

The documents also make it clear that a supposedly independent organization established to oppose the San Diego-Impperial water deal was, in fact, secretly set up and directed by MWD.

Finally, one document urges that in campaigning against bills to give the governor the power to appoint MWD board members, the agency planted the notion that such a change "will allow Pete Wilson ... to reduce or destroy minority representation on the Met."

Clandestine operations, attempts to buy favorable media attention, insider dealing in the Capitol and race-baiting — it's not a pretty picture these documents paint of a powerful public entity.

DAN WALTERS' column appears daily, except Saturday.
EDITORIAL

Chicanery in the water world

Compared to the multibillion-dollar water industry in Southern California, $12,000 is a relative pittance. However, 12,000 taxpayers' dollars invested by public officials in digging up dirt on other public officials is a hugely offensive blunder.

That's not to say we'd hesitate to support a legitimate investigation — if there were indication of need and if it were publicly conducted. But neither circumstance exists in this case.

The Partnership for Regional Water Reliability, a coalition of 12 of the 27 Metropolitan Water District member agencies, hired a firm to conduct what the partnership privately referred to as "opposition research." The research targeted proponents of the water transfer deal between San Diego County Water Authority and Imperial Irrigation District — and anyone who might vote on just about anything related to it.

The research firm quietly sought out possible conflicts of interest between the Bass brothers, who until recently owned thousands of acres of IID farmland and the water rights that went with it, and a laundry list of public officials: Gov. Pete Wilson, the entire state Legislature, the boards of both the County Water Authority and IID, some MWD board members, San Diego Mayor Susan Golding and the San Diego County Board of Supervisors.

Our view:

Investigation of officials' finances was a misuse of public funds.

The partnership members, from Los Angeles, Orange and Riverside Counties, kept the resulting 400-plus-page report confidential, withholding it from the public officials it targeted, the rest of the MWD board and the public that funded it. In fact, the County Water Authority finally resorted to filing public records requests with the partnership's member agencies on Oct. 7 to obtain the report, and still the agencies stonewalled the authority. The first copy of the report didn't reach the authority until early December, weeks beyond the timeframe provided for by law.

That the report had been held in secret since July, however, is no surprise — because the report contains no surprises.

The worst perceived conflicts included such coincidences as a water authority board member's owning stock in the same company as the Bass brothers and elected officials accepting tickets to Disneyland. (The Bass brothers control 19 percent of Disney Corp.)

The partnership hoped to uncover the mere potential for corruption and the consequent perceived moral authority to publicly claim a conflict — to prevent officeholders from casting votes favorable to the deal. What the group ended up with, in the words of one of its members, was "a waste of time and money.'

This particular waste of public funds comes on the heels of the revelation that MWD spent close to $500,000 on the development of a public-relations campaign with all appearances of attempting to undermine the county's deal with IID. The combination smacks of a concerted effort between MWD and the partnership.

County Water Authority spokesman Dennis Cushman said of their shared motivation: "It is evident that the partnership and Metropolitan are engaging in a comprehensive campaign aimed at defeating the water transfer between Imperial and the Water Authority."

But, why?

Francesca Krauel, a targeted director on both the authority and MWD boards, put her finger on the underlying motivation for all this chicanery: "Metropolitan is a monopoly, and they want to maintain it... It's arrogance to a degree unparalleled, a monumental arrogance that this group thinks that they don't have to listen to anybody — the governor, the Legislature, anybody. It's a frightening prospect for Southern California." Yes, it is.
MWD's Dirt-Digging Scheme Is All Wet

In today's politics, the smear goes by the high class name of "opposition research."

A researcher—really a snoop—rummages through public records, beginning with the birth certificate, in search of dirt on a political opponent. A really talented snoop delves into private records as well, not too difficult a task in our computerized society.

If the results of the research are hot, they are leaked to a reporter, who publishes or broadcasts the information in the guise of a "scoop." If not—if the snoop has found nothing hot—the opposition research finds its way to the bottom of a filing cabinet. In politics, you don't want the world to know your opponent is clean.

You wouldn't expect leaders of the esteemed Metropolitan Water District of Southern California, which provides the Southland with much of its water, to engage in such a grubby enterprise. But they did, hoping to use it against their great enemies in San Diego and Imperial counties.

San Diego wants to shake free of its dependence on the MWD for water and develop an independent supply, buying surplus water from Imperial Valley farmers. The MWD fears that such independence would cut into its revenue and possibly lead to a breakup of the huge district.

MWD leaders are so determined to win that they hired an opposition research firm, Koenig & Dorsey, to compile dirt on their San Diego and Imperial County foes. It cost almost $11,000 of taxpayers' money, and produced absolutely nothing of interest. But instead of being hidden and forgotten, the research fell into the hands of San Diego folks, who immediately distributed it to reporters as an example.

Please see SPIN, B8
SPIN: Taxpayers Fund Fruitless Dirt Digging

Continued from B1
of how the MWD is wasting public money.

My copy of the research, contained in a thick and heavy blue binder, arrived at The Times' 2nd Street guard station late one afternoon. I hurried downstairs to pick it up with the feeling of security one has knowing that all incoming packages are X-rayed.

I have often been leaked opposition research, but usually in small amounts contained in photocopies of pages with portions highlighted by the leaker, who figures I'm too dumb to spot the good stuff. This was the first time I had seen a complete report, and I opened it with a sense of excitement, even excitement.

The title page looked promising: "Research Report on the Bass Brothers." It was marked "Confidential."

The Bass brothers are Texas billionaires who own or control vast acreage in the Imperial Valley and would presumably profit from the sale of surplus agricultural water to San Diego. The MWD has seized on them as the villains, which is an attempt to put a human face on the San Diego-Imperial combine. Californians, the MWD says, love to hate Texas billionaires.

I turned the page to Chapter 1, titled "Who Are the Bass Brothers?" Instead of the scoop on the mysterious Texans, however, Chapter 1 contained two biographical newspaper stories, one from the Orange County Register and the other from the Houston Chronicle. I could have picked them up from the Internet.

The researchers also uncovered the fact that two state legislators reported receiving free tickets to Disneyland, presumably evidence that they were in the Bass brothers' pocket. (The Bass brothers have helped finance Walt Disney Productions). Another lawmaker reported receiving a $250 cigar from the Imperial Irrigation District, which covers an area where the Bass brothers own land.

The rest of the 600 pages were filled with similarly harmless information.

The research was financed by several water agencies that are members of the MWD, including the Los Angeles Department of Water and Power, the Long Beach Water Department, the Municipal Water District of Orange County and the Las Virgenes Municipal Water District. They have banded together in an organization called the Partnership for Regional Water Reliability, which has the sound of one of those front groups organized to get around campaign finance laws.

Money wasted on fruitless snooping would be a joke if our water supply weren't in such trouble.

As Times staff writer Jeffrey L. Rabin reported recently, the earthquakes around Mammoth could be precursors of volcanic eruptions threatening the DWP pipes bringing water from the Owens Valley to Los Angeles.

Moreover, the DWP may be forced to reduce the amount of water it takes from that valley, to help repair the damage to the land caused by L.A.'s removing the water.

Rapid population growth in Arizona and other states along the Colorado River will soon limit the water the MWD obtains from that mighty stream.

There's little, if any, chance of Southern California obtaining more water from Northern California rivers.

But the Southland's population continues to grow. That's why it's important to use surplus water available from the Imperial Valley and other farming areas.

Much of the Southland's future is in the hands of the MWD. After leaving through the 400 pages of clumsy sleuthing, I think we've got something to worry about.
Open the gates

No more barriers to water transfer

If there's anybody left who still opposes the San Diego County-Imperial Valley water deal, please raise your hand. None?

You can't keep a good idea down. A Superior Court judge in San Francisco just threw out the rationale by the Los Angeles-based Metropolitan Water District — Southern California's water wholesaler and San Diego County's chief antagonist — to charge outrageously high rates to pump Imperial Valley water through its aqueduct.

The MWD, which fears losing power even more than losing water, has tried to thwart the San Diego-Imperial Valley deal by claiming its charges to pump the water through its Colorado River Aqueduct should include all its system-wide costs, such as debt service on its new headquarters building. The judge said no, and rightly so. That could thwart all water transfers.

Reliability, was exposed for what it really is. The group, which has lobbied hard against the San Diego-Imperial Valley deal, was fingered for spending $11,000 in ratepayers' money to try to dig up dirt on any state officials, from the governor to county supervisors, who might have a conflict of interest regarding the water deal. The report turned up nothing, but many of those investigated are furious, and questions are being raised about the propriety of such an investigation.

Finally, the MWD seems to have lost its support in the city of Los Angeles, where it's based. The Los Angeles Times, which had been decidedly on the fence about the San Diego-Imperial Valley deal, came out in late December with an editorial supporting it. And yesterday, Times columnist Bill Boyarsky wrote a scathing piece entitled, "MWD's dirt-digging scheme is all wet." It appears Angelinos have finally realized that the water deal would benefit them, because it would free up water for Los Angeles that's now going to San Diego County.

With no allies and no rationale for further intransigence, it's time for the MWD to play ball. We expect to see a deal to pump Imperial Valley water through the aqueduct within a few weeks. When that happens, San Diego County will have achieved a historic transfer that will help everybody in Southern California, including the MWD and the people of Los Angeles.
Senate to investigate MWD Partnership

WATER: Committee to research alleged misuse of public funds

By MELISSA PINION-WHITT

Allegations that a Metropolitan Water District subgroup misappropriated public funds to research legislative officials will be the subject of a state Senate-select committee investigation.

The committee, called the Southern California Water Districts' Expenditures and Governance Committee, was given the go-ahead earlier this month by the State Rules Committee. It will consist of seven senators, headed by Ruben Ayala, D-Rancho Cucamonga.

Legislators allege that 11 Southern California water districts, including Eastern Municipal, spent $12,000 in tax revenues to collect public records on members of the Senate, Assembly and Gov. Pete Wilson, said Sen. David Kelley, R-Palm Desert.

The water district group, called the Partnership for Water Reliability, also reportedly researched the San Diego County Water Authority, the Imperial Irrigation District board of directors, and Sid, Lee, Robert and Ed Bass — known as the Bass brothers — Kelley said. The Bass brothers are Texas multi-millionaires who own and develop land in the Imperial Valley.

Public agencies, including water districts, are not allowed to use tax revenue for political purposes, according to authorities.

"It's not within their budgetary discretion to do this," said Professor Willie Hamilton, political science department chairman at Mt. San Jacinto College.

The Senate group has requested documents from the Partnership, such as organizational charts, majority agreements and all resolutions passed during meetings, according to a letter sent by Ayala to the Partnership. Those appointed to the Senate committee are Jim Costa, Tom Hayden, Ross Johnson, Steve Peace and Cathie Wright.

Metropolitan Water District, which is constructing the Eastside Reservoir Project south of Hemet, is the sole provider of water to Southern California. Water is drawn from the 242-mile-long Colorado Aqueduct that collects about 326,000 gallons of water a year, said Bob Muir, MWD spokesman.

MWD denies knowing anything about the Partnership's research, but did know that a firm was hired to conduct public relations for constituents, Muir said.

"We knew that the Partnership had contracted with a public relations outfit, but we were not aware of any (See INVESTIGATION, Page A-8)"
INVESTIGATION

(Continued from Page A-1)
outside work," Muir said.

The claim that MWD didn’t know about the research is what disturbs him the most. Ayala said. Educating the public about the drawbacks of cost shifting is MWD’s job, not an agency under its umbrella, Ayala said.

"I think (MWD) could have stopped it if they wanted to," he said.

EMWD Public and Legislative Affairs Officer Ted Haring said their water district, along with the others, all pitched in for the research, but MWD was not aware of it.

"Our posture was just to have this part of the issue resolved by taking a look at it. It was a non-plus thing, but it’s been blown out of proportion," Haring said.

MWD says the research was conducted by the Los Angeles firm Koenig and Dorsey. The firm reportedly collected information ranging from legislators’ mortgage companies to gifts they had received, Ayala said.

"I don’t know how they would be able to use the research other than to blackmail members of the legislature," Ayala said.

Keith Coolidge, associate general manager of the Water District of Orange County and a member of the Partnership, said blackmail was the farthest thing from the Partnership’s mind when researching.

The Partnership’s concern was with the cost shift — a $300 million rise in water rates over a 25-year period, Coolidge said.

"We don’t think it was a misuse of public funds. It was an expenditure made in an attempt to see who or what was influencing a public policy issue that could potentially cost our customers hundreds of millions of dollars," he said.

Legislators and MWD officials say no damaging information was found in the report.

The Partnership was formed during a battle between the San Diego Water Authority and 26 other water districts about a year ago. San Diego was seeking ownership of a portion of the Colorado Aqueduct, a move that would have created cost shifting to the remaining water districts, said Ray Corley, a legislative representative for MWD.

MWD and legislative officials say that San Diego and the Bass brothers planned to go the legislature to acquire this area of the aqueduct.

"(The Partnership) hired someone to do research on campaign contributions. Once they started, they realized there was nothing there, no smoking gun, so they put (the research) on a shelf," Corley said.
Water district broke state laws, senators contend

Efforts to block bid by S.D. investigated

By Bill Ainsworth
STAFF WRITER

SACRAMENTO — A legislative committee yesterday accused members of the Metropolitan Water District of breaking two state laws in their attempts to stop San Diego's bid for an alternative water supply.

The Senate select committee, which has been investigating alleged abuses by the water agency for months, issued a report accusing MWD officials of violating the state's open meeting law and a law that bans the use of public funds on political campaigns.

"MWD has set themselves above the law," the report said.

Committee members, after grilling officials from the MWD at an all-day hearing, requested the attorney general look into the charges and determine whether a criminal prosecution is warranted.

Members of the Metropolitan Water District have been criticized for months for trying to undermine San Diego's efforts to transport conserved farm water from the Imperial Irrigation Districts through MWD aqueducts. The Los Angeles-based MWD supplies water to 16.5 million people living in Southern California, including San Diego.

For the past two years, the San Diego County Water Authority and other members of the MWD have been haggling over the conditions of the transfer, especially the price. However, the MWD wants to buy from the irrigation district would meet roughly a third of the county's needs.

State officials, including Gov. Pete Wilson, have been trying to get the two sides to reach an agreement.

At the same time, lawmakers angered by MWD's lobbying and public relations campaigns have been investigating the agency.

In a report released at the hearing, the legislative committee concluded that opponents of the deal conspired to circumvent the Brown open meeting act and engaged in "improper political activities," including research intended to embarrass legislators.

"During the hearing, state Sen. Steve Peace, D-El Cajon, pounded on the table and demanded that officials from the Metropolitan Water District apologize for spending $12,000 of public funds to do research aimed at digging up dirt on lawmakers, including himself."

"At what point is someone going to stand up and take some moral responsibility?" he said. "This whole thing has been a travesty," he said, before rushing out of the room.

"State Sen. Quentin Kopp, R-San Francisco, said the decision by the water agency to hire slick public relations firms was a "sorry, sorry spectacle."

"It sounds awful. It's garbage," he said.

The committee report said that under the law, public agencies cannot spend money on political activities. The research was political, the committee said, because it intended to hurt the re-election chances of lawmakers by finding potential conflicts of interest.

The research was commissioned by a group of MWD-member agencies opposed to the San Diego-Imperial water transfer called the Partnership for Regional Water Reliability.

Russell Behrens, the attorney for the partnership, said the research did not violate state law because it was used for lobbying, not politics. "You can use public money for lobbying," he said.

The committee report said the partnership was formed in 1996 to develop a strategy for blocking the San Diego transfer, while keeping San Diego water officials in the dark. The separate group was needed to avoid the public meeting requirements of the Metropolitan Water District, whose board includes San Diego members.

But because the partnership was composed of a voting majority of the Metropolitan Water District, the committee said the partnership was subject to the Ralph M. Brown Act, which requires local agencies to meet in public and provide advance notice of meetings.

"The partnership met in secret. Officials from the partnership said they didn't need to follow the Brown Act because the group was set up just to pay a firm to publicize their side of the conflict it has with San Diego," Wayne Clark, partnership chairman and a member of the Municipal Water District of Orange County, wrote that the partnership was just a shell used by 12 water agencies to "provide accurate and important information to the public, civic leaders and legislators."

At the committee hearing yesterday, Behrens said the group has now decided that it will observe the Brown Act.

"It's better to err on the side of caution," he said.

Terry Francke, general counsel for the First Amendment Coalition, said the actions of the partnership appear to violate the Brown Act.

"The law is meant to prevent a majority of a district from meeting off-stage to take public actions," he said.
ASSOCIATED PRESS

SACRAMENTO — A bill that would add an ethics enforcer to the huge Metropolitan Water District of Southern California has received Senate approval.

The proposal by Sen. Tom Hayden, D-Los Angeles, also would bar the district from using public funds to do political research on elected officials and people with matters before the district's board.

The Senate yesterday backed the bill 33-0 and sent it to the Assembly.

Lawmakers approved a similar bill last year, but it was vetoed by then-Gov. Pete Wilson, who objected to a provision requiring the MWD to stress water conservation.

The MWD sells water to 27 water agencies serving a total of nearly 16 million people.

A Senate committee last year accused district officials of conspiring with a coalition of 12 MWD member agencies to dig up embarrassing information on legislators who opposed the district's position in a water fight with agencies in San Diego and Imperial County.

A public relations firm was paid $12,000 in public funds to do the "opposition research."

Top officials at the MWD said they were unaware of the coalition's activities. A lawyer for the coalition said there was nothing illegal about the research because it was used for lobbying.

Bob Muir, a spokesman for the MWD, said the district supports the bill.

Besides imposing the restrictions on the use of public funds, the legislation would require the district to create an Office of Ethics to police the behavior of the district's board members and employees.

Among other things, the office would draft rules to avoid conflicts of interest by board members, protect the jobs of employee whistleblowers and regulate any campaign fund raising by district directors or personnel.

The office would be a "beacon to look to when there are questions of conflict of interest," Hayden aide Rocky Rushing said.

"The MWD is very, very powerful in Southern California and throughout the state and they are letting contracts to the tune of hundreds of millions of dollars, and yet there's no mechanism to school board members in terms of conflicts of interest and other questions that might arise," he said.
Attachment 2:

News and editorial coverage of MWD Member Agency Managers Workgroup
Water agencies’ feud ramps up

County water officials say documents show secret coalition steers Metropolitan decisions

By Michael Gardner 10:40 a.m. March 12, 2012 Updated 8:25 p.m.

SACRAMENTO — San Diego County water officials claimed Monday to have uncovered evidence of a “shadow government” that secretly controls key budget decisions for the Metropolitan Water District as part of a coordinated campaign to discredit the county water authority’s push for more independence and lower rates.

The fresh round of charges drawn from more than 500 pages of emails and other documents is the latest salvo in an intensifying feud between the San Diego County Water Authority and Metropolitan, its primary supplier.

[View the documents]

“Major decisions at MWD have first been determined by a shadow government operating in secrecy, outside the public’s view and then rubber-stamped by a majority of MWD’s directors,” water authority board Chairman Michael Hogan said in a statement accompanying the release of the documents.

Metropolitan’s rate structure, particularly its fees to ship water through its network, will cost the region’s ratepayers $40 million more than it should this year alone, the authority contends.

The allegations were delivered at the outset of a Metropolitan
committee hearing in Los Angeles on a new round of rate increases that could reach as much as 12.5 percent through 2014.

Metropolitan officials and others dismissed secrecy claims, saying the board has been transparent and open. Some maintained San Diego trying to shift costs to other agencies.

Metropolitan board members on the panel did not publicly respond to the San Diego charges.

"It's a lot of fuss over nothing ... There certainly seems to be a fair amount of paranoia," Metropolitan General Manager Jeff Kightlinger said in a later interview.

The rate increase had its defenders, who urged Metropolitan to invest in long-term supply projects.

Ken Rausch, executive director of the El Monte Chamber of Commerce, compared investments in water projects to preventive medicine and auto repairs.

"If you don't invest today, it will cost you dearly tomorrow," he said.

The panel, after hearing from about 40 speakers over two hours, voted to recommend that the full board postpone action until April when it convenes Tuesday. However, the full board can override that recommendation.

A number of San Diego County water agency, city officials and community leaders testified in opposition to higher rates.

"This is not just about money. You're talking about lives," said Jimmy Knott, an Oceanside community activist noting that Metropolitan does not offer aid to help the poor pay their water bills.

San Diego City Councilwoman Lorie Zapf told the committee that the city has had to cut staff, pensions and spending.

"This agency should do the same," she said of Metropolitan.

Kightlinger said the overarching dispute is not surprising given the amount of money at stake. He said many Metropolitan agencies are convinced the San Diego authority, itself a member, wants to shift about $38 million in costs associated with the transfer of Imperial Valley water to the San Diego region to other members.

The county water authority paid Metropolitan $203 million last year.

One of those drawing San Diego's ire is the Western Municipal Water District, which serves parts of Riverside County. The district had worked with others to pay for a $50,000 study that suggests the San Diego-Imperial water transfer is too expensive when compared to buying the same amount from Metropolitan.
Water agencies’ feud ramps up

County water officials say documents show secret coalition steers Metropolitan decisions

By Michael Gardner 16:10 AM, MARCH 12, 2012 Updated 8:25 PM

“We’re simply trying to understand the costs associated with the (Imperial) transfer to San Diego as it’s our responsibility to defend our customers and keep water rates as low, fair and equitable as possible,” said John Rossi, the district’s general manager.

Metropolitan is Southern California’s primary water supplier, serving about 19 million residents. The San Diego County Water Authority buys a majority of its water from Metropolitan and delivers it to a number of agencies, including the city of San Diego.

The county water authority claims that many Metropolitan agencies commanded payments from members that were then used to hire consultants and others to influence the full Metropolitan board. Taken together, the 20 agencies in this group make up a 75 percent voting bloc on the 26-member Metropolitan board. The county water authority controls just 17 percent of the vote.

The allegations imply that Metropolitan agencies in question, which described themselves in emails as a “secret society” or “anti-San Diego coalition,” control rates, steer more funding their way and undermine San Diego’s purchase of water from Imperial.

“The water authority has been demonized and blackballed” only because it sought to protect San Diego ratepayers, Hogan said in his testimony.
Dennis Cushman, county water authority assistant general manager, offered biting testimony. He told Metropolitan panelists "it was your plan all along to cook up special financial rewards for your agencies," such as steering MWD dollars to local projects.

Kightlinger said various water agencies have routinely formed separate groups to work on issues of mutual concern. "It's pretty common," he said.

The county water authority is expected to introduce the new information as evidence in pending litigation against Metropolitan. The documents show that the rates were set in an "arbitrary" and "capricious" manner, which is justification to toss out the MWD policy, the county water authority said.

Metropolitan has long denied the claims, saying that deliveries to the end of the pipeline are more expensive and that the long-standing rate policy is fair.

County water authority leaders allege that the records show that the group of members was provided advance documents and other information that they then subsequently used to form positions in secret. Those positions were then voted into policy in later public meetings of the full Metropolitan board.

Top MWD administrators were in the loop and at times participated in providing information, the county water authority claims.

Their meetings were not disclosed and members created private email accounts and a secure website to prevent scrutiny, according to San Diego officials.

The group also paid consultants, both former MWD executives, a combined $15,000 to develop policies that were then lobbied before the full board, the authority contends. One of them, Ron Gastelum, declined to comment when reached by email.

The hundreds of pages of emails, correspondence and other material were obtained through Public Records Act requests filed by the county water authority as part of the litigation.
'Secret society' conspires to hike water rates, seize power, district claims

March 12th, 2012, 11:05 pm · View comments · posted by Teri Sforza, Register staff writer

Has Water World skulduggery reached new and alarming lows?

San Diego officials are accusing their brethren in Orange and Los Angeles counties of forming a "Secret Society" and running a "shadow government" that aims to hike water rates even higher and control machinations of the Metropolitan Water District of Southern California — the largest and most powerful water supplier in America.

Brandishing a bulging binder with hundreds of pages of internal emails between water officials and their pricey consultants, the San Diego County Water Authority pointed the finger at the Municipal Water District of Orange County as a ringleader of this Secret Society, and said that the cities of Anaheim and Santa Ana are among the puppet masters pulling MWD's strings.

That binder, filled with documents obtained under the California Public Records Act, has "revealed that those agencies joined together in a secret shadow government to control water rates and other decisions at California's largest public..."
water agency and to discriminate against the San Diego County Water Authority and its ratepayers,” said an emailed statement that quickly piqued our interest here at The Watchdog.

On Tuesday, MWD is set to vote on a **7.5 percent** rate increase for 2012-13, and a **5 percent** for 2013-14, which San Diego opposes.

“The impetus for the Secret Society was to preserve a discriminatory water rate structure and improve financial advantages its ringleaders enjoy under MWD water rates, including a rich package of financial subsidies they receive from MWD for their own local water supply projects. The records show the group routinely has been able to dictate outcomes to MWD’s Board of Directors,” San Diego said.

These documents, according to the San Diego folks, show that membership – "and access to the voting power the group wields" – is on a dues-paying, "pay-to-play" basis; that there is no opportunity for the public to view or participate in "Secret Society" meetings; that "private" email addresses were secured to avoid public disclosure of communications; and that the group employs consultants who used to be big-wigs at MWD (or who are very close to former bigwigs) who earn a collective **$15,000** a month.

**PLAYS WELL WITH OTHERS?**

This might be a good place to note that the San Diego Water Authority is a *member of MWD* -- as is Orange County, Anaheim, Santa Ana, and **22** other SoCal agencies. San Diego has **four** seats on MWD’s unwieldy **37**-member board and, perhaps, not enough compatriots to muster majority votes on some of the things it finds important.

Which makes *this* a good place to note that San Diego is *suing* MWD over its rate structure, which it says goes easy on us northerners, and then sticks it to folks way down south in San Diego. “MWD set rates that overstate the cost of transporting water while undercharging for supply costs,” says a summary of the district’s case. "If left unchallenged, these illegal overcharges will cost (San Diego) Water Authority ratepayers as much as **$217 million** annually by 2021.”

(One could argue that the entire value of the water is in the transport, but we'll leave that to the lawyers to hash out. The case is pending in **San Francisco.**)

**'MISINFORMATION AND POLITICAL TACTICS'**

If San Diego is successful, of course, that means us northerners in Orange and Los Angeles counties will be paying that much **more**.

So it's on this backdrop that the so-called "Secret Society" was born. It is *not* a group of elected officials, which would be subject to the Brown Act (and thus required to post agendas and take public input), officials said; but rather a group of managers and staffers from **16** of MWD’s **26** agencies, which meets monthly and calls itself "the Member Agency Managers MWD Working Group."

"It’s staff. They meet in private. That’s what they do. They’re not a public agency,” said **Jeffrey Kightlinger**, general manager for MWD (and part of the alleged cabal).

This theme was echoed by MWDOC general manager (and alleged
ringleader) Kevin Hunt. "The group referred to is a working group of agencies which meets to discuss key water issues, not just Metropolitan issues," Hunt told us by email. "It does not 'control Metropolitan votes', or act in secret.... It is in no way a 'shadow government'. Since San Diego CWA is suing Metropolitan in order shift costs to all other Metropolitan agencies to make up for SDCWA's expensive quest for water independence, they were not invited. I report on our meetings regularly to my Board. MWDOC joined the lawsuit in support of Metropolitan, and is letting the legal process work. The SDCWA is using misinformation and political tactics as well."

Those $15,000-a month consultants? "We hired a facilitator to insure all the participants were heard and to research issues," Hunt said.

MWD is in not a formal part of the group -- "They have asked me to come to one or two of their meetings so they could ask me questions," Kightlinger said. "I answered them, and then they asked me to leave."
Local

‘Paranoia’: SoCal Water Official Dismisses Charges Of Pay-To-Play ‘Secret Society’

March 13, 2012 8:15 AM

(courtesy: David McNew/Getty Images)

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Tom Reopelle
Keeping Southern California listeners informed about the news and... Read More

SAN DIEGO (CBS) — A sharp rise in water rates that began as an inter-agency fight has spawned allegations of a “shadow government” by a San Diego County official.

KNX 1070’s Tom Reopelle reports Dennis Cushman of the San Diego County Water Authority claims to have public records detailing an alleged conspiracy to control the Metropolitan Water District of Southern California (MWD).

Download: water-rates-2-tre.mp3

Cushman alleges that he has emails and other documents obtained under the California Public
Records Act to prove multiple agencies are working to form a 'shadow government to take control of Metropolitan governance and to dictate all of the outcomes' and 'decisions'.

"These are their words, a invitation-only secret society, a pay-to-play organization that sanitizes agendas once they've been discovered," said Cushman.

But Jeffrey Kightlinger, general manager for MWD, said partnerships among various agencies are common in efforts to tackle various concerns and that the meetings are far from secret.

"Several of these agencies tell me they report on it in open session to their own directors," he said.

Some of the charges leveled at the agency include a "weighted vote" that assures passage of any vote by MWD directors; membership based solely on "a dues-paying pay-to-play basis"; a coordinated effort to conceal the meetings from public oversight by using "private" email addresses and a "secure web link" to avoid any communications leak; and the role of executives such as Kightlinger in coordinating "numerous activities" with the group.

Kightlinger flatly denied the accusations.

"I would say characterize that as either paranoia or just trying to make a mountain out of a molehill," he said.
EDITORIAL: Water wars

By Baja News Op-Ed Staff MIDNIGHT MARCH 14, 2012

With some ballyhoo, the San Diego County Water Authority has released 500 or so pages of documents and a breathless news release that alleges a grand water conspiracy on the part of other (non-San Diego) members of the Metropolitan Water District.

The release is headlined this way:

"Public Records Reveal Shadow Government Controlling the Metropolitan Water District of Southern California."

And: "'Secret Society' organized in 2009 to direct water rates and other decisions at California's largest public water district; activities coordinated with MWD's executive management."

To sort out the byzantine world of water: The SDCWA gets about half its water from MWD, and that latter agency, of which SDCWA is a member, transports most of the rest, which comes from Imperial Valley conservation efforts in a multimillion-dollar arrangement with SDCWA lasting up to 75 years.

What is clear from the release and a quick perusal of the documents (which the authority needs to put online) is that a big part of the MWD membership works hard to keep San Diego County Water Authority in check as it requests (and sues for) rate relief. That's understandable, as what SDCWA doesn't pay, someone else (those alleged conspirators, including some serving Southwest Riverside County) will.

What is less clear is whether a Brown Act violation has occurred as evidenced by these documents, which purport to show other MWD members plotting to stymie San Diego County Water Authority and its rate lawsuit, its deal with the Imperial Valley Irrigation District and its deal with the Carlsbad desalination plant. (SDCWA maintains that the water rates imposed on it for transporting non-MWD water are
discriminatory and unfair. MWD, of course, disputes that.)

The Brown Act prohibits public agency board members from using intermediaries, including staff members, to meet and decide policy outside the public eye. The documents show clearly the existence of a 20-agency coalition, which SDCWA says has met up to 60 times without public notices and which excluded SDCWA and the public's ears.

The most egregious assertion appears to be the hiring of "independent" experts to study the SDWCA contract with the Imperial Valley irrigation district, presumably to prove that deal is the culprit for rising water costs in San Diego. Emails obtained by the Water Authority suggest that the study was assumed to be useful to their side even before the research was done, implying that the conclusion was preordained.

San Diego County Water Authority officials note that this membership controls 75 percent of the voting power on the MWD board; ergo, the shadow government allegation.

We don't know what, beyond its publicity strike, SDCWA intends to do with this massive release or how exactly it will aid in its lawsuit, but it enlivens an otherwise obscure topic that has a lot of money riding on it.
What's Behind the Latest Salvo in Region's Water Wars

TRACY WOOD

California's legendary water wars vaulted into a new chapter this week with accusations that water agencies in Orange and Los Angeles counties operate a "secret society" to exclude San Diego County from participation in critical water decisions.

Orange County officials countered with their own indictment of San Diego County water officials, accusing them of bogging down meetings of managers with "one dumb question after another" that forced creation of the separate group in order to get any work done.

Adding to the controversy was the fact that water managers who excluded San Diego from their discussions hired a consulting firm, Cordoba Corp., that has been a behind-the-scenes participant in a series of controversial Southern California contracts since the early 1990s.

According to the San Diego County Water Authority, what it all means is "those agencies joined together in a secret shadow government to control water rates and other decisions at California's largest public water agency and to discriminate against the San Diego County Water Authority and its ratepayers."

The San Diego authority insists that the managers' meetings were used to make decisions that later were ratified by the board of the Metropolitan Water District of Southern California.

Terry Francke, founder of Californians Aware, said California's Brown Act prohibits public bodies from using staff or other intermediaries to reach agreements behind the scenes.

"If they're [Metropolitan Water District] not trying to disadvantage a member ... then they've been at least pretty clumsy in how they've handled this," Francke said.

The Metropolitan Water District is a water wholesaler comprising 14 cities and 12 regional water agencies that cover six counties, including the most heavily populated areas of Los Angeles, Orange, Riverside and San Diego counties. The water supplies come from the Colorado River and the state water project, which brings water south from Northern California.

A Longstanding Conflict

The roots of this conflict go back decades when the San Diego authority, the largest member of the Metropolitan Water District, began questioning the rates it was asked to pay for water from the Colorado River transported through Metropolitan Water District lines before reaching the San Diego authority's equipment.

In 2009, managers of a dozen water agencies in Los Angeles and Orange Counties that were part of the Metropolitan Water District formed a special group and hired consultants. Membership was by invitation, and the San Diego authority wasn't invited. Dues were collected to pay the consultants'
fees, which combined ran about $14,000 a month, according to the records released by the San Diego Water Authority.

"It's just a working group of managers," said Kevin P. Hunt, general manager of the Municipal Water District of Orange County, one of the first to join the special group of managers. "There was nothing secret about it."

For years the same managers have met once a month on a Friday to discuss mutual problems and upcoming issues. San Diego goes to the regular monthly manager meetings, but it is excluded from the special "working group" sessions.

Hunt said the special group was formed because San Diego dominated the monthly managers meetings, "asking one dumb question after another." He said San Diego would take as much as 2½ hours with "relatively stupid questions, to be blunt."

He said the goal of the group was just to get work done. "We haven't done anything wrong whatsoever."

Replied Dennis Cushman, assistant general manager of the San Diego authority: "Clearly I would completely disagree with Mr. Hunt's characterization. I guess if I was in Kevin's shoes, I would have to come up with a reason or rationale. That's an interesting approach."

A Public Records Dump

In 2010, the authority filed a lawsuit against the Metropolitan Water District, accusing it of overcharging San Diego for transporting the Colorado River water. Profits from moving the Colorado River water, according to the suit, were used to keep water rates down for the rest of the water agencies in the Metropolitan Water District.

In Orange County, those members are the cities of Anaheim, Fullerton and Santa Ana and the Orange County district, which includes the rest of the cities. The Orange County district buys water from the Metropolitan Water District and resells it to its member agencies.

This week, the San Diego authority sent news organizations a binder with more than 500 pages of email and other documents it obtained under the California Public Records Act from the Metropolitan Water District.

San Diego officials said the documents "paint a disturbing picture of how decisions are made on major programs and projects that impact the lives of 19 million Californians who depend upon MWD [Metropolitan Water District] for all or part of their water supplies."

It specifically noted emails sent by Chris Theisen, assistant director of public works for Beverly Hills, that refer to the group as a "Secret Society." And one of the emails reads, "Ron Gastelum is the former MWD CEO that the Secret Society hired as an advisor."

In 2009, Gastelum, a lawyer, stepped down as CEO of the Metropolitan Water District and became special counsel for water and energy at Cordoba Corp. Cordoba is a politically well-connected firm that has been involved in controversial contracts.

Last year the Los Angeles Times reported that Cordoba hired a project manager who had been imprisoned for nearly a year on corruption charges.

Cordoba was awarded a controversial streetcar planning contract in Santa Ana despite being ranked last of three bidders.

In 1992, the Los Angeles Times reported the Los Angeles Unified School District spent millions of dollars in an unsuccessful, years-long effort to create a unified computer system. As part of that project, Cordoba was given a short-term $14,700 contract that ballooned to more than $1.4 million despite one official trying to cancel it for "non-performance."

The contracts were awarded without competitive bidding or a survey of other qualified contractors, the Times reported.

In another instance, a 1993 Times article stated that following the Rodney King riots, a business consortium that included Cordoba spent more on administrative costs than was spent on a city-run program to clean up damaged buildings.

One email cited by San Diego quoted Hunt from the Municipal Water District of Orange County as stating that if another manager objected to paying
the $7,000 dues, "No pay, no play."

The Metropolitan Water District is scheduled to adopt its next round of water rate increases at its April meeting.

Please contact Tracy Wood directly at twood@voiceofoc.org and follow her on Twitter: twitter.com/tracyVOC.

More about Water
  • ARTICLE: For Two Years Running, Santa Ana Water Awarded for Taste

More about Cordoba Corp.
  • ARTICLE: Santa Ana Streetcar Project Runs Into More Controversy
  • ARTICLE: Santa Ana Streetcar Contractor Hired Manager With Bribery Record

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3 of 3
The water bully of Southern California

There may have been a tendency in the state Capitol last week to pooh-pooh the dramatic accusations by the San Diego County Water Authority against the giant Metropolitan Water District of Southern California as just more sniping from San Diego about the bully water wholesaler in Los Angeles. The two agencies have, after all, been feuding since, well, forever.

But this time was different. This time, officials at the San Diego County Water Authority had the goods in writing — 500 pages of emails and other documents obtained by the San Diego agency under the state’s Public Records Act. The documents showed that a voting majority of MWD members had formed what the MWD members themselves called the “Secret Society” and the “Anti-San Diego Coalition.” CWA called it a secret “shadow government” for the purpose of setting water rates, developing policies and otherwise discriminating against the San Diego agency and its ratepayers.

That ought to be enough to grab the attention of California Attorney General Kamala Harris, and certainly of legislators in Sacramento.

“That can’t be the way that things are allowed to operate,” Assemblyman Nathan Fletcher, R-San Diego, said Friday. “We can’t allow one region of the state to abuse another region just because they can.”

Fletcher, a candidate for mayor of San Diego, promised “that appropriate action will be taken.” He said he has discussed the matter with other San Diego County legislators but that a specific course of action had not yet been decided.

The MWD, which supplies water to the CWA and 25 other water
agencies serving 19 million people in six Southern California counties, is a powerful political force in Sacramento; taking it on would be an ugly, uphill struggle. But the MWD also has its critics — not just in San Diego — and Fletcher and his colleagues might well find sufficient support to launch an effort to restructure MWD’s governance and reform its policies to force it to operate with greater transparency and greater fairness to all its members.

The latest flare-up in the CWA/MWD feuding was sparked by an MWD effort to impose rate increases in a rushed process that would have violated its own administrative code. At a hearing in Los Angeles last week at which CWA officials formally lodged their allegations about MWD’s secret maneuvering, CWA succeeded in getting a vote on the rate proposals delayed until April 10. But they probably lost the bigger battle when the MWD board rejected a motion to direct MWD staff to return on April 10 with budget cuts that would allow for smaller rate increases than proposed.

MWD has already increased its rates by 75 percent since 2006. The new proposal would hike them again an average of 7.5 percent for the fiscal year beginning July 1 and an additional 5 percent the year after that. MWD is also proposing to increase its operating budget and balloon its already bloated workforce by 80 full-time workers, nearly 5 percent.

And all of that is happening despite the reality that demand for MWD water has declined more than 30 percent since 2007.

Why is it doing this? Again, because it can.

One way or another, the water bully of Southern California must be stopped.
REGION: Study of water transfer pact commissioned by opponents, documents reveal

By Bradley J. Fikes brf@inlandempire.com 6 P.M. MARCH 24, 2012

A cabal of 20 agencies controlling the powerful Metropolitan Water District secretly commissioned a purportedly independent study intended to discredit a landmark deal bringing water from the Imperial Valley to San Diego County, the San Diego County Water Authority says.

In the study proposal, the agencies described the deal by the San Diego County Water Authority (SDWC) in unflattering terms such as "regionally disruptive." They also specified study authors, including UC San Diego political science professor Steven P. Erie, who has criticized the deal almost since it was first proposed in the mid-1990s.

The $50,000 draft study was included in more than 500 pages of documents released by the Water Authority on March 12, out of some 60,000 files it obtained under the California Public Records Act. Nearly all of San Diego's approximately 3.1 million people live in the authority's service area.
Hundreds of millions of dollars are at issue for the Water Authority, which is suing to reduce conveyance fees it must pay Metropolitan to transfer the water from the Imperial Valley. But the agencies, which like the Water Authority are all Metropolitan members, oppose the lawsuit because they would pay more if the authority paid less.

The 20 agencies control 74.5 percent of the weighted vote on Metropolitan’s board. The authority says the agencies may have illegally colluded in private meetings to make decisions that should have been made publicly at Metropolitan meetings; the agencies say they have acted legally.

The water transfer is at the heart of the Water Authority’s drive for a more secure water supply to safeguard San Diego County against drought. That drive, which began more than 20 years ago, has brought the authority into repeated conflict with the coalition members.

With skyrocketing water bills, San Diego County’s ratepayers are crying for relief. But other Southern California water agencies are also struggling with their own increasing rates. They say they don’t want that relief to come at their expense.

A similar controversy erupted in 1997, when a dozen water agencies paid about $12,000 for an investigation to discredit the Imperial Valley water transfer. The agencies hired a research firm to examine the personal finances of several area politicians and water officials, including Gov. Pete Wilson and the entire Legislature.

The report was denounced as an attempt to dig up dirt. The agencies acted under the name of "Partnership for Regional Water Reliability."

**Millions at stake**

Metropolitan Water District, Southern California’s largest water wholesaler, imports and stores water under deals with state and federal agencies through its system of aqueducts, pipes and reservoirs. It built the giant Diamond Valley Reservoir near Hemet for $2 billion.

The authority says Metropolitan overcharged San Diego County ratepayers by $38 million in 2011; the extra costs will rise to as much as $217 million annually by 2021. The authority has sued Metropolitan to get the transportation rates reduced, but Metropolitan has responded that the Water Authority is being charged a fair rate.

While the opposing agencies say the study was meant to provide independent information about the water transfer, the authority points to the study agreement’s statement of purpose as indicating it was meant as propaganda.
"The purpose is to identify possible economic and policy motivations behind SDCWA's aggressive and regionally disruptive efforts to shift significant amounts of SDCWA's cost of purchased water from SDCWA to other MWD Member Agencies through litigation challenging the MWD rate structure," stated the study agreement.

The agreement is contained in a letter dated Oct. 10, 2011, from the Western Municipal Water District to the Municipal Water District of Orange County.

Both Western Municipal Water District, which covers much of Southwest Riverside County, and the Municipal Water District of Orange County are coalition members.

The draft study reached a conclusion favorable to the coalition's purpose:

"Going forward, SDCWA water rates will have to continue to increase independent of the cost of MWD water," the draft said. "Two major policy drivers are greater reliance upon higher-priced (Imperial Irrigation District) water (which will make up a growing share of SDCWA's water supply as the share of imported water from MWD is reduced); and escalating capital costs as principal payments (rather than interest-only
payments) fully kick in."

The coalition of agencies, formally working together as the Member Agency Managers Working Group, said the coalition was formed to legitimately advance their interests in water policy, and was not specifically aimed at the Water Authority.

Coalition response

John Rossi, general manager of Western Municipal Water District, said Friday in an emailed statement that he supports the study because it will help his district fulfill its obligations to its own ratepayers. The district serves Southwest Riverside County residents in parts of Lake Elsinore, Canyon Lake, Murrieta and Temecula.

"Western, along with several other agencies, started looking into this potential billion-dollar shift in costs in defense of our ratepayers," Rossi wrote in the email. "It's our responsibility to keep water rates as low, fair and equitable as possible for our customers, and therefore we're trying to understand the costs associated with the (Imperial Irrigation District) water transfer to the San Diego County Water Authority."

"It was stipulated when the study was commissioned that it would only be based on available public information and would not render an opinion on the merits of the water transfer or SDCWA's decision to enter into the water transfer agreements," Rossi said.

"We were simply looking for a factual presentation of the cost components of the water transfer in the context of SDCWA's reported overall cost structure since the water transfer began and projected forward during the life of the water transfer."

'Fully on board'

According to the documents released by the authority, the coalition commissioned the study through the law firm of Best Best & Krieger, general counsel for coalition member Western Municipal Water District in Riverside County. The firm assigned the study to the Los Angeles Economic Development Corp., which contracted with Erie and the other authors.

Jeff Kightlinger, Metropolitan's general manager, was cooperating with the study and its intended use, according to an Oct. 25, 2010, email from Ron Gastelum, a former Metropolitan general manager, with the subject name of "Jeff Kightlinger."
"He confirmed that he had visited with you and is fully on board with the program we are developing," stated the email from Gastelum. "He understands our meeting on the 8th is intended to be a working session. He also wants to talk about moving ahead with a plan to communicate our messages as soon as possible. He concurs in the independent economists review and agreed to provide his staff as necessary to provide data gathering and analysis.

"I would also like to begin preliminary discussions with Erie, Freeman and Walrod to develop a budget and schedule," Gastelum's email stated. "No commitments."

"Erie" is Steven P. Erie, the UCSD political science professor. Freeman is Gregory Freeman, who according to Erie's resume has worked with Erie on other research.

Walrod appears to be Wallace Walrod, chief economic adviser to the Orange County Business Council. Walrod's biography states that he has performed "strategic projects" for numerous Southern California groups, including the Los Angeles Department of Water and Power; San Diego Regional Economic Development Corp and Municipal Water District of Orange County.
**Planning strategy**

Kightlinger was invited to a dinner meeting to plan how to use the study, according to a May 26, 2011, email identified as being from Kevin P. Hunt, general manager of the Municipal Water District of Orange County.

The email forwarded a message from Fernando Paludi, manager of water policy and resources development at West Basin Municipal Water District. Its subject line was "6/1/11 Dinner Meeting with Kightlinger on SD Strategies."

"The dinner meeting with Jeff K. on the (Los Angeles Economic Development Corp.) report and how to integrate it with other SD-related strategies is set for June 1 at 5 p.m. ..." the email stated.

In an interview last week, Kightlinger said he provided the coalition only with appropriate help for Metropolitan member agencies, and would have done the same for the San Diego County Water Authority if asked.

**Where to get the documents**

The Water Authority released a selection of those documents totaling more than 500 pages in print on Monday of last week, and placed them online last Wednesday at http://www.mwdfacts.com.

The Water Authority has not placed the other documents online; a spokeswoman said that would be difficult because they would take up a lot of computer storage space.
Report On SD Water Rates Is Flashpoint

Wednesday, May 2, 2012

By Maureen Cavanaugh, Pat Finn, Amita Sharma


A report on San Diego County water rates sounds like dry stuff. But as far as the Metropolitan Water District and the San Diego County Water Authority are concerned, it's the latest salvo in a decades-long feud.


The Metropolitan Water District, to which most Southern California water agencies - including the San Diego County Water Authority - belong, commissioned the Los Angeles Economic Development Corporation (LAEDC) to study the costs of water and water transfer in San Diego after a lawsuit San Diego filed against the MWD.

The study presents evidence that the high cost of water in San Diego is attributable to several factors, the largest being the San Diego County Water Authority's decision to become more independent of the MWD by buying expensive water from the Imperial Irrigation District. This, says the report, has caused SDCCWA's member agencies to be assessed much higher rates - a 123 percent increase in the period from 2003 to 2010. In addition, MWD's rates have also gone up.

The report notes that this desire to become independent led the SDCWA to make big investments in infrastructure leading to a big increase in its debt -- from $864 million to over $2.4 billion in seven years.

The SDCWA counters that the study is neither independent nor objective:

This so-called independent economic study is neither independent nor a study. It is full of factual errors, and is deliberately misleading. It is a desperate attempt to distract attention from MWD's illegal water rates. It was paid for with ratepayer money funneled through the 'pay-to-play', 'invitation-only' 'Secret Society' created to justify MWD's illegal water rates.
Steve Erie, a UC San Diego professor who co-authored the report. While SDCWA claims that the consultants on the report were "hand picked" for their viewpoints, Erie told KPBS that he was not biased.

"There's always going to be an effort for the clients to try to influence," Erie said. "The LAEDC, I've done seven reports for them, is supposed to have a hands-off relationship and to separate the consultants from the clients. There's a firewall and the team was carefully chosen."

Although Erie was hired as an expert witness by MWD in litigation against SDCWA, Erie said he's been an expert witness in many trials, including one against the city of Los Angeles, which could then also make him biased against them.

"Being an expert witness doesn't mean all you're doing is opining on things that you claim to know about," he said.

- MAUREEN CAVANAUGH, KPBS Midday Edition Host Contact
- PAT FINN, Producer Contact
Attachment 3:

Nov. 19, 2012, letter from Lemieux & O’Neill
November 19, 2012

Via U.S. Mail

Denise Vedder
Public Affairs Manager
San Diego County Water Authority
4677 Overland Avenue
San Diego, California 92123

RE: Eastern Municipal Water District’s Response to Public Records Act Request

This office represents Eastern Municipal Water District ("District"). We are in receipt of your Public Records Act request for a contract between the District and California Strategies dated November 15, 2012. We have enclosed a contract dated November 8, 2012 between the District and California Strategies, LLC.

We assert the attorney/client privilege, litigation privilege, and attorney work product doctrine (Evidence Code §§ 950 et seq.) as to a June 1, 2012 letter.

If you wish to discuss the foregoing, please contact our office.

Very truly yours,
LEMIEUX & O’NEILL

Christine M. Carson

CC/s
Enclosures
AGREEMENT NO. 79451

GOVERNMENT AND COMMUNITY RELATIONS STRATEGY
CONSULTING SERVICES

THIS AGREEMENT, is made and entered into this 8th day of August, 2012, by and between the EASTERN MUNICIPAL WATER DISTRICT, a public agency, whose address is 2270 Trumble Road, Post Office Box 8300, Perris, CA 92572-8300, ("District"), and CALIFORNIA STRATEGIES, LLC, whose address is 980 Ninth Street, Suite 2000, Sacramento, CA 95814 ("Consultant").

RECITALS

WHEREAS, District has selected Company to perform Government and Community Relations Strategy Consulting Services based on Consultant's Proposal/Letter of Agreement, dated June 1, 2012; and

WHEREAS, District desires to utilize the services of Consultant to perform the services contemplated, herein; and

WHEREAS, Consultant agrees to provide such services pursuant to the terms and conditions of this Agreement and has represented to District that he/she possesses the necessary skills and qualifications to provide such services.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, District and Consultant agree as follows:

AGREEMENT

SECTION I: INCORPORATION OF RECITALS

The Recitals and section titles set forth above are incorporated herein and are an operative part of this Agreement.

SECTION II: EMPLOYMENT

District hereby contracts with Consultant to perform and/or furnish the professional consulting services contemplated, herein, at and for the consideration stipulated, and Consultant hereby accepts such contract under the hereinafter set forth terms and conditions.

SECTION III: SERVICES TO BE PERFORMED

Consultant agrees to provide Government and Community Relations Strategy Consulting Services, as assigned by the District's General Manager or his designated representative. Services performed by Consultant are more completely described in Consultant's Proposal/Letter of Agreement dated June 1, 2012, attached hereto, and incorporated herein, and include; strategic counsel and assistance; development of an advocacy program for
communication with key Southern California stakeholders; development of a communications plan; and development of a plan for third party statewide engagement on Southern California water issues and facilitation of relevant studies.

SECTION IV: TIME PERIOD

This Agreement shall become effective on the date last executed and will continue until December 1, 2012, unless extended or sooner terminate as provided for herein.

SECTION V: COMPENSATION

District shall pay Consultant a monthly retainer fee of $15,000 plus expenses. Reasonable and necessary business expenses incurred by Consultant while performing his duties for District (i.e. long distance telephone, facsimile, reproduction costs, airfare, meals, lodging, car rentals, etc.) shall be billed on a direct reimbursable basis. All travel expenses shall be in accordance with the appropriate sections within the District’s Travel Policy and Procedure, attached hereto and incorporated herein. In addition, any expense of $500 or more and all long distance travel must be approved in advance. Total compensation under this agreement shall not exceed One-Hundred Thousand ($100,000) Dollars.

At the end of each calendar month, Consultant shall submit to District a detailed itemized invoice for the services rendered and reimbursable expenses incurred. Receipts for all travel expenses billed shall be attached to the monthly invoice and must identify the person(s) involved and include a description of what the charges were for in order to receive reimbursement.

All invoices must reference the Agreement Number on Page 1 and addressed to:

Eastern Municipal Water District
Attn: Finance Department
Post Office Box 8300
Perris, CA 92572-8300

SECTION VI: TERMINATION

Notwithstanding any other provision hereof, District shall have the right to terminate this Agreement, in whole or in part, with or without cause, upon thirty (30) days written notice to Consultant. Upon receipt of the termination notice, Consultant shall promptly discontinue services unless the notice directs to the contrary. District shall only pay Consultant for work done by Consultant up to, and including, the date of termination. Consultant may terminate this Agreement upon thirty (30) days written notice in the event of substantial failure of District to perform in accordance with the terms of this Agreement.

SECTION VII: DATA AND SERVICES FURNISHED BY DISTRICT

District shall provide Consultant with all reasonably available information pertinent to the tasks to be performed by Consultant under this Agreement. It shall be the responsibility of Consultant to apply reasonable caution in the interpretation and uses of District furnished data and promptly advise District of any errors.
SECTION VIII: OBLIGATIONS OF CONSULTANT

Consultant agrees to perform services in accordance with the terms and conditions of this Agreement, and will supply all personnel, tools, equipment and materials required to perform the assigned services. Consultant shall be solely responsible in performing the services required by this Agreement, and shall comply with all local, state and federal laws.

SECTION IX: STATUS OF CONSULTANT

Consultant shall perform the services provided for herein in Consultant's own way as an independent contractor and in pursuit of Consultant's independent calling, and not as an employee of District. Consultant shall be under the control of District only as to the result to be accomplished. Neither Consultant nor any of his/her employees or agents shall have any claim under this Agreement or otherwise against District for vacation pay, paid sick leave, retirement benefits, social security, workers' compensation, health, disability, or unemployment insurance benefits or other employee benefits of any kind. Consultant is liable for all applicable Social Security, Federal and State taxes required on payments made by District. In the event the Internal Revenue Service or any other governmental agency should question or challenge the independent contractor status of Consultant or any of his respective employees or agents, the parties hereby agree that both Consultant and District shall have the right to participate in any discussion or negotiation occurring with such agency or agencies, regardless of with whom such discussions or negotiations are initiated.

SECTION X: PARTIAL INVALIDITY

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.

SECTION XI: HOLD HARMLESS AND INDEMNIFICATION

District, its agents, officers and employees shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injuries or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligent act, omission, recklessness or willful misconduct of Consultant. Consultant hereby agrees to indemnify, save free and harmless, and defend District and its authorized agents, officers and employees against any of the foregoing liabilities, claims and/or any cost or expense that is incurred by District on account of any of the foregoing liabilities by reason of Consultant's negligence, omission, recklessness or willful misconduct in the performance of professional services under this Agreement.

Notwithstanding the language set forth immediately above, District hereby agrees to defend Consultant, and to assume all costs of such defense, from and against any and all claims and/or actions asserted by any third party or public agency related to the services provided by Consultant pursuant to this Agreement 79451.
SECTION XII: STANDARD OF CARE

Consultant’s services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions. All services shall be performed to District’s satisfaction.

SECTION XIII: INSURANCE

Consultant shall provide and maintain on file with the District; Commercial Liability Insurance in amounts not less than $1,000,000 per each occurrence; Automobile Liability Insurance in amounts of no less than Combined Single Limit of $1,000,000; and Professional Liability Insurance not less than $1,000,000 Per Claim and Annual Aggregate. Where Excess Liability Insurance is used in connection with Primary Liability Insurance, the combination of such must allow total limits of Liability to be in amounts no less than the above specified amounts. Such insurance shall name and list District as “Additional Insured”, and be issued by carriers licensed by the State of California with a rating of, not less than, A-, Class VIII by the A.M. Best Company.

SECTION XIV: ASSIGNMENT

District has entered into this Agreement in order to receive professional services from Consultant. Any attempts by Consultant to sell, assign, or in any way transfer Consultant’s rights or obligations under this contract without District’s prior written consent shall be void. Consultant may, from time-to-time recommend the use of other Consultants for part-time assistance. Consultant will not retain such part-time assistance without the prior written approval of District. Compensation for such part-time assistance shall be reimbursed in accordance with Section V above.

SECTION XV: OTHER AGREEMENTS OR UNDERSTANDINGS

There are no understandings or agreements except as herein expressly stated. In the event of any inconsistency between Consultant’s proposal/letter of agreement and this Agreement, the terms and conditions of this Agreement shall take precedence.

SECTION XVI: AGREEMENT ENFORCEMENT

Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees and court costs, and attorney’s fee shall be paid to the prevailing party.

SECTION XVII: OTHER CONDITIONS

The scope of consulting services contemplated under this agreement does not include “lobbying” as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, District hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by District, if any. Should at any time a question arise regarding lobbying activities, District and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities, District and Consultant agree to
make such amendments immediately and file the appropriate paperwork with the Secretary of State.

CALIFORNIA STRATEGIES, LLC  
By: ___________________________  
Bob White, Managing Member  
Date: 08-06-12

EASTERN MUNICIPAL WATER DISTRICT  
By: ___________________________  
Paul D. Jones II, P.E.  
General Manager  
Date: 08-08-12
Attachment 4:

Dec. 21, 2012, letter from Lemieux & O’Neill
December 21, 2012

Kelly Aviles  
Attorney at Law  
464 E. Bonita Avenue, Suite 10  
San Dimas, CA 91773

Re: Public Records Act Request of San Diego County Water Authority

This office represents the Eastern Municipal Water District ("District"). On November 19, 2012, our office responded to a Public Records Act request from Denise Vedder of the San Diego County Water Authority ("SDCWA"). On December 14, 2012, we received your December 11, 2012 letter requesting District produce a June 1, 2012 letter from California Strategies to the District. Your letter also makes a new public records request for certain documents.

June 1, 2012 California Strategies Letter:  
You correctly note the letter was originally withheld in its entirety based upon attorney-client privilege, litigation privilege, and attorney work product. Privileges were asserted because the District is participating in the defense of San Diego County Water Authority v. Metropolitan Water District (San Francisco Superior Court, Case Nos. CPF-10-510830 and CPF-12-512466). District is a member agency of the Metropolitan Water District, and a party in case number CPF-12-512466. California Strategies has been retained by my client to assist my office in developing strategies to assist in the defense of these cases. Because this document pertains to pending litigation in which the District is a party, it is exempt from disclosure (Govt. Code § 6254(b)). The letter does contain some information which does not concern the District’s legal strategy. Accordingly, enclosed please find a redacted version of the letter.

New Request for Public Records:  
Your December 11, 2012 letter also requests production of other documents, including documents concerning an “Ascertainment Study” and other communications between the District and California Strategies. Due to the fact your request implicates documents pertaining to a complex, multi-party litigation matter, and given the fact I must consult with counsel for my client’s co-defendants, I will need to extend the statutory time for response until January 7, 2013. I expect to have non-exempt documents responsive to your request by that date.

Very truly yours,

LEMIEUX & O’NEILL

[Signature]

Steven P. O’Neill

SON: km

Enclosure

cc: Paul Jones, General Manager,
     Eastern Municipal Water District
June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

Dear Mr. Jones:

This Letter of Agreement (the “Consulting Services Agreement” or, “Agreement”) will serve to confirm the engagement of California Strategies, LLC (“Consultant”) as a consultant to the Eastern Municipal Water District (“Client”) to provide government and community relations strategy relative to local, regional, and statewide policy issues.

**Firm Background:**
California Strategies, LLC is a leading full-service government relations and advocacy firm based in Sacramento, with offices in Los Angeles, Irvine, San Diego, Inland Empire, and Silicon Valley. Our bipartisan firm has unrivaled experience across all three branches of government, at all three levels of government, in every state agency, and on both sides of the political aisle. We have unparalleled abilities to develop broad strategic visions and implement the targeted actions needed to achieve results and exceed expectations.

We provide superior legislative, administrative, and regulatory advocacy, constructive policy analysis, and innovative governmental strategies that achieve the objectives of our clients. Our clients include corporations, industry associations, real estate developers, government entities, and non-profit organizations. And our firm is dedicated to solving their problems and accomplishing real results.

Our partners and associates, all experienced policymakers and political strategists, have proven records of achievement in government, business, and not-for-profit sectors. Our expertise is in navigating the public policy and government decision-making processes. We have written, secured approval for, and implemented legislation and regulations.

Operationally, two or three principals are responsible for managing client contact and expediting communications between our clients and our firm. John Withers, Bob White, Gary Hunt, Ben Haddad, and Craig Benedetto will serve as your primary contacts in the office. Day-to-day strategic decisions are made on the basis of our staff members’ expertise and well-established relationships with the County of Riverside elected officials, legislators, and key stakeholders. This structure allows for targeted involvement of all of the members of the California Strategies team.

California Strategies brings decades of public and private sector involvement and unparalleled relationships with key decision-makers at all levels of government. This experience translates into the trust and expertise to achieve results for our clients. We are confident our team has the
unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

**Scope of Services (Phase One)**
Specifically, the following activities will be carried out for the client:

1. 
   a. 
   b. 
   c. 
   d. 
   e. 

2. 
   a. 
   b. 
   c. 
   d. 
   e. 
   f. 
   g. 

**Scope of Services (PHASE TWO)**
Upon the completion of the services described in Phase One above, Client and Consultant will develop a scope of work for Phase Two services to address issues identified in Phase 1.

**Compensation:**
The Client agrees to provide to the Consultant the following compensation in return for the services as detailed in the Scope of Services above:

A fixed monthly retainer fee of US $15,000.00 per month. The Consultant will submit an invoice to the Client each month for the total amount due, including any expenses incurred during the billing period. The invoice should be addressed to:

Mr. Paul D. Jones, II  
Eastern Municipal Water District  
P.O. Box 8300  
Perris, CA 92572-8300

All invoices will be paid within 30 days of receipt.
Other Expenses:
The Consultant shall be reimbursed by the Client for reasonable expenses incurred in the normal course of business in support of Consultant's efforts on behalf of Client. “Expenses” may also include costs incurred to retain subcontracted consulting or professional services, should such retention be necessary. Prior approval from Client shall be obtained for items costing in excess of $1,000. Any expenses incurred on behalf of Client shall be documented and billed as they occur. Should subcontracted consulting or professional services become necessary, a management and administration fee not to exceed 10% of subcontractor fee(s) will apply in addition to the actual fees charged by any subcontractor(s).

Duration:
The services to be rendered by the Consultant under this Agreement, for which a fee shall be paid, will commence June 01, 2012 and conclude December 01, 2012, with the opportunity to continue the relationship if mutually agreeable. Either party may terminate this Agreement, without liability, with 30 days advance written notice.

Assignment:
The Client may assign this Agreement to any of its affiliates without the prior consent of the Consultant. Except as provided by the preceding sentence, this Agreement may not be assigned by either party except upon the express written consent of the other party.

Legal Expenses:
Client to pay for all legal expenses incurred by the Consultant on behalf of the Client in the event of any litigation which may arise as a result of Consultant’s efforts.

Confidentiality:
The Consultant agrees to protect confidential information against unauthorized disclosure. The Consultant will protect such information using a reasonable degree of care as is used to protect its own confidential information of a like nature. The Consultant agrees to protect confidential information disclosed under this agreement in both a) a tangible form, clearly labeled confidential at time of disclosure, and b) in non-tangible form, pertaining to matters disclosed in writing or orally which protect or enhance the competitive position of the Client. This Agreement covers confidential information the Consultant has obtained to date and will obtain in the future. The Consultant's obligations regarding confidential information received under this Agreement shall survive for two years following any termination hereof.

Code of Ethics:
In respect to the performance of its Scope of Services, the Consultant specifically represents, warrants and agrees that, in respect of its involvement in the Client, no payment or offer of payment has been made or shall be approved or made by the Consultant with the intention or understanding that any part of such payment is to be used to influence or attempt to influence, corruptly or unlawfully, any decision or judgment of any official of any government or of any subdivision, agency, or instrument thereof or any political party in connection with the Client. The obligations in this paragraph shall survive the termination of this Agreement.
Independent Contractor Status:
By execution of this agreement, the Consultant acknowledges that it is an independent contractor and neither it nor its employees are employees of the Client for any purpose whatsoever. The Consultant has no right or authority to assume or create any obligation or responsibility, express or implied, on behalf of the Client, except as expressly authorized in writing by the Client.

Other Conditions:
This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California.

The scope of consulting services contemplated under this agreement does not include “lobbying” as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, the Client hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by the Client, if any. Should at any time a question arise regarding lobbying activities, the Client and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities the Client and Consultant agree to make such amendments immediately and file the appropriate paperwork with the Secretary of State.

This Agreement may be amended only by a written and signed agreement of both the Consultant and the Client.

Please review this Agreement and indicate your acceptance by signing below and returning to Sue Kappas in our Irvine Office (fax 949-252-8911).

We look forward to working with you.

Best regards,

ACCEPTED & AGREED:

Eastern Municipal Water District

By:________________________________________
    Paul D. Jones, II General Manager

California Strategies, LLC

By:________________________________________
    Bob White, Managing Member

By:________________________________________
Attachment 5:

Jan. 8, 2013, letter from Lemieux & O’Neill
January 8, 2013

Kelly Aviles
Attorney at Law
1502 Foothill Blvd., Suite 103-140
La Verne, CA 91750

Re: San Diego County Water Authority: Request for Public Records

Dear Ms. Aviles:

Having considered the arguments set forth in your letter of January 7, 2013, enclosed please find a redacted version of the June 1, 2012, letter from California Strategies. As you can see, I have removed the redaction of language in the letter which concerns certain services to be performed by California Strategies. Your point regarding this language is well taken; a description of activities that are purely related to tasks concerning government and community relations are subject to disclosure.

However, the language in paragraph 1 will remain redacted. You may know this office has been retained by Eastern Municipal Water District in the matter of San Diego County Water Authority v. Metropolitan Water District, et al., San Francisco Superior Court Case No. CPF-12-612466. My client is a defendant in this case. The complaint in this matter alleges my client, along with several other member agencies of Metropolitan Water District, have acted to form a “shadow government” or “cabal” which has allegedly usurped the role of the Metropolitan Board in setting policy and setting water rates. California Strategies has been retained to work with my office to formulate litigation strategies addressing these allegations.

Paragraph 1 of the June 1st letter identifies strategic tasks to be performed by California Strategies in this litigation. Accordingly, I must assert exemption, attorney client, and work product privilege to this language. (See Code of Civil §2018.010, et seq.; Government Code §6254; and Meza v. Muehlstein & Co. 176 Cal.App.4th 969, 972 (2009).

Regarding the other documents requested in your December 21, 2012 request, all responsive non-privileged and non-exempt documents were sent in yesterday’s mail. Please contact this office if you would like to discuss this matter further.

Very truly yours,

LEMIEUX & O'NEILL

Steven P. O'Neill

SON/Ins
cc: Paul Jones, General Manager,
Eastern Municipal Water District
June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

Dear Mr. Jones:

This Letter of Agreement (the "Consulting Services Agreement" or, "Agreement") will serve to confirm the engagement of California Strategies, LLC ("Consultant") as a consultant to the Eastern Municipal Water District ("Client") to provide government and community relations strategy relative to local, regional, and statewide policy issues.

Firm Background:
California Strategies, LLC is a leading full-service government relations and advocacy firm based in Sacramento, with offices in Los Angeles, Irvine, San Diego, Inland Empire, and Silicon Valley. Our bipartisan firm has unrivaled experience across all three branches of government, at all three levels of government, in every state agency, and on both sides of the political aisle. We have unparalleled abilities to develop broad strategic visions and implement the targeted actions needed to achieve results and exceed expectations.

We provide superior legislative, administrative, and regulatory advocacy, constructive policy analysis, and innovative governmental strategies that achieve the objectives of our clients. Our clients include corporations, industry associations, real estate developers, government entities, and non-profit organizations. And our firm is dedicated to solving their problems and accomplishing real results.

Our partners and associates, all experienced policymakers and political strategists, have proven records of achievement in government, business, and not-for-profit sectors. Our expertise is in navigating the public policy and government decision-making processes. We have written, secured approval for, and implemented legislation and regulations.

Operationally, two or three principals are responsible for managing client contact and expediting communications between our clients and our firm. John Withers, Bob White, Gary Hunt, Ben Haddad, and Craig Benedetto will serve as your primary contacts in the office. Day-to-day strategic decisions are made on the basis of our staff members' expertise and well-established relationships with the County of Riverside elected officials, legislators, and key stakeholders. This structure allows for targeted involvement of all of the members of the California Strategies team.

California Strategies brings decades of public and private sector involvement and unparalleled relationships with key decision-makers at all levels of government. This experience translates into the trust and expertise to achieve results for our clients. We are confident our team has the
unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

**Scope of Services (Phase One)**
Specifically, the following activities will be carried out for the client:

1. [Redacted]

2. Design and conduct an ascertainment program to communicate with 15-20 key stakeholders in the San Diego area on behalf of MWD and its member agencies, to identify issues of concern and other relevant feedback including, but not limited to:
   
   a. San Diego Regional Chamber of Commerce
   b. San Diego Regional Economic Development Corporation
   c. Building Industry Association
   d. San Diego County Taxpayers Association
   e. Other sub-regional business & economic development organizations
   f. Key business and thought leaders
   g. Other entities/individuals

**Scope of Services (PHASE TWO)**
Upon the completion of the services described in Phase One above, Client and Consultant will develop a scope of work for Phase Two services to address issues identified in Phase 1.

**Compensation:**
The Client agrees to provide to the Consultant the following compensation in return for the services as detailed in the Scope of Services above:

A fixed monthly retainer fee of US $15,000.00 per month. The Consultant will submit an invoice to the Client each month for the total amount due, including any expenses incurred during the billing period. The invoice should be addressed to:

Mr. Paul D. Jones, II  
Eastern Municipal Water District  
P.O. Box 8300  
Perris, CA 92572-8300

All invoices will be paid within 30 days of receipt.
**Other Expenses:**
The Consultant shall be reimbursed by the Client for reasonable expenses incurred in the normal course of business in support of Consultant's efforts on behalf of Client. "Expenses" may also include costs incurred to retain subcontracted consulting or professional services, should such retention be necessary. Prior approval from Client shall be obtained for items costing in excess of $1,000. Any expenses incurred on behalf of Client shall be documented and billed as they occur. Should subcontracted consulting or professional services become necessary, a management and administration fee not to exceed 10% of subcontractor fee(s) will apply in addition to the actual fees charged by any subcontractor(s).

**Duration:**
The services to be rendered by the Consultant under this Agreement, for which a fee shall be paid, will commence June 01, 2012 and conclude December 01, 2012, with the opportunity to continue the relationship if mutually agreeable. Either party may terminate this Agreement, without liability, with 30 days advance written notice.

**Assignment:**
The Client may assign this Agreement to any of its affiliates without the prior consent of the Consultant. Except as provided by the preceding sentence, this Agreement may not be assigned by either party except upon the express written consent of the other party.

**Legal Expenses:**
Client to pay for all legal expenses incurred by the Consultant on behalf of the Client in the event of any litigation which may arise as a result of Consultant's efforts.

**Confidentiality:**
The Consultant agrees to protect confidential information against unauthorized disclosure. The Consultant will protect such information using a reasonable degree of care as is used to protect its own confidential information of a like nature. The Consultant agrees to protect confidential information disclosed under this agreement in both a) a tangible form, clearly labeled confidential at time of disclosure, and b) in non-tangible form, pertaining to matters disclosed in writing or orally which protect or enhance the competitive position of the Client. This Agreement covers confidential information the Consultant has obtained to date and will obtain in the future. The Consultant's obligations regarding confidential information received under this Agreement shall survive for two years following any termination hereof.

**Code of Ethics:**
In respect to the performance of its Scope of Services, the Consultant specifically represents, warrants and agrees that, in respect of its involvement in the Client, no payment or offer of payment has been made or shall be approved or made by the Consultant with the intention or understanding that any part of such payment is to be used to influence or attempt to influence, corruptly or unlawfully, any decision or judgment of any official of any government or of any subdivision, agency, or instrument thereof or any political party in connection with the Client. The obligations in this paragraph shall survive the termination of this Agreement.
Independent Contractor Status:
By execution of this agreement, the Consultant acknowledges that it is an independent contractor and neither it nor its employees are employees of the Client for any purpose whatsoever. The Consultant has no right or authority to assume or create any obligation or responsibility, express or implied, on behalf of the Client, except as expressly authorized in writing by the Client.

Other Conditions:
This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California.

The scope of consulting services contemplated under this agreement does not include "lobbying" as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, the Client hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by the Client, if any. Should at any time a question arise regarding lobbying activities, the Client and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities the Client and Consultant agree to make such amendments immediately and file the appropriate paperwork with the Secretary of State.

This Agreement may be amended only by a written and signed agreement of both the Consultant and the Client.

Please review this Agreement and indicate your acceptance by signing below and returning to Sue Kappas in our Irvine Office (fax 949-252-8911).

We look forward to working with you.

Best regards,

ACCEPTED & AGREED:

Eastern Municipal Water District

By: __________________________________________
    Paul D. Jones, II General Manager

California Strategies, LLC

By: __________________________________________
    Bob White, Managing Member

By: __________________________________________
January 7, 2013

Kelly Aviles
Attorney at Law
464 E. Bonita Avenue, Suite 10
San Dimas, CA 91773

Re: Public Records Act Request of San Diego County Water Authority

This office represents the Eastern Municipal Water District (“District”). We are writing in response to your December 11, 2012 letter requesting production of documents concerning an “Ascertainment Study” and other communications between the District and California Strategies.

Enclosed please find six pages of responsive records.

The only records withheld are protected by the attorney/client privilege and attorney work product doctrine, identified as correspondence between this office and the District. The undersigned made the determination that such records were exempt from disclosure.

If you have any questions or wish to discuss the foregoing, please contact me.

Very truly yours,

LEMIEUX & O’NEILL

[Signature]

Steven P. O’Neill

SON: km
Enclosure
cc: Paul Jones, General Manager.
     Eastern Municipal Water District
Attachment 6:

Jan. 24, 2013,
Eastern news release
For Immediate Release

EMWD response to SDCWA’s article

Perris, CA (January 24, 2013) — Eastern Municipal Water District previously contracted with a well-respected government relations firm in San Diego to provide certain services, including ascertaining the degree to which San Diego County business leaders—many of whom have business interests throughout California—were knowledgeable regarding SDCWA V. MWD, of which EMWD is a party. EMWD would like to make clear that this firm was hired for government relations services and not “public relations” — as the San Diego County Water Authority (SDCWA) has stated.

In the event that SDCWA were to prevail in its legal efforts to change Metropolitan’s rate structure, EMWD customers would be required to unfairly pay $180 million to backfill the void left by the rate reduction provided to SDCWA. Given the implications to its ratepayers, EMWD felt it was appropriate to better understand the environment and dynamics in San Diego.

While we understand how the consulting agreement could be misconstrued, by referencing a scope of work that was contained in an unsigned draft document, the fact is that EMWD sought this professional advice completely independent of Metropolitan Water District of Southern California and its member agencies and no other parties contributed toward funding this contract or directing the consultant’s work.

Because some of the counsel provided by this respected government relations firm may be used as part of the pending litigation with SDCWA, Eastern will offer no further comment on this matter at this time, as is our standard policy with pending legal matters.

###

EMWD is the freshwater, wastewater service and recycled water provider to a 542-square mile area from Moreno Valley southward along the I-215 corridor to Temecula and eastward to Hemet and San Jacinto. Approximately 758,000 people live and work in this area. In addition to its own water customers, EMWD supplements water to six local water agencies and municipalities that have their own water departments. EMWD operates four water reclamation facilities and treats some 46 million gallons of wastewater daily. More information can be found at EMWD’s website www.emwd.org.
Attachment 7:

Nov. 27, 2013, release of un-redacted scope of work and news release from Eastern
June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

Dear Mr. Jones:

This Letter of Agreement (the “Consulting Services Agreement” or, “Agreement”) will serve to confirm the engagement of California Strategies, LLC (“Consultant”) as a consultant to the Eastern Municipal Water District (“Client”) to provide government and community relations strategy relative to local, regional, and statewide policy issues.

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We provide superior legislative, administrative, and regulatory advocacy, constructive policy analysis, and innovative governmental strategies that achieve the objectives of our clients. Our clients include corporations, industry associations, real estate developers, government entities, and non-profit organizations. And our firm is dedicated to solving their problems and accomplishing real results.

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unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

Scope of Services (Phase One)
Specifically, the following activities will be carried out for the client:

1. Strategic counsel and assistance in addressing the following issues:
   a. Regional and local water supply development
   b. Regional and local water rate setting
   c. Bay-Delta fix
   d. Water delivery infrastructure and cost allocation
   e. Water transportation and wheeling rates

2. Design and conduct an ascertainment program to communicate with 15-20 key stakeholders in the San Diego area on behalf of MWD and its member agencies, to identify issues of concern and other relevant feedback including, but not limited to:
   a. San Diego Regional Chamber of Commerce
   b. San Diego Regional Economic Development Corporation
   c. Building Industry Association
   d. San Diego County Taxpayers Association
   e. Other sub-regional business & economic development organizations
   f. Key business and thought leaders
   g. Other entities/individuals

Scope of Services (PHASE TWO)
Upon the completion of the services described in Phase One above, Client and Consultant will develop a scope of work for Phase Two services to address issues identified in Phase 1.

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This Agreement may be amended only by a written and signed agreement of both the Consultant and the Client.

Please review this Agreement and indicate your acceptance by signing below and returning to Sue Kappas in our Irvine Office (fax 949-252-8911).

We look forward to working with you.

Best regards,

**ACCEPTED & AGREED:**

Eastern Municipal Water District

California Strategies, LLC

By: _____________________________ By: _____________________________

Paul D. Jones, II General Manager Bob White, Managing Member

By: _____________________________
EMWD...What's New?
This is the place to find the latest news and information from EMWD!

Settlement reached in SDCWA v. EMWD lawsuit

Posted Date: 11/27/2013

Perris, CA (November 27, 2013) - Eastern Municipal Water District (EMWD) today provided the San Diego County Water Authority (Authority) with all documents pursuant to a public records request and a subsequent public records lawsuit brought by the Authority earlier this year. The release of these documents settles the pending public records request by the Authority, as they follow the terms of a recent settlement offer proposed by the Authority.

The documents released to the Authority today contain emails and internal planning documents between EMWD staff and EMWD's consultant at the time. EMWD was previously unable to provide these documents to the Authority because they were subject to pending, separate litigation. On November 5, a San Francisco superior court judge ruled that evidence concerning certain allegations made by SDCWA would be inadmissible. As a result of that Judge's ruling, EMWD has released the documents in order to settle the matter.

"The release of these documents settles the matter, and we look forward to moving beyond this public records request," said Paul Jones, Eastern Municipal Water District General Manager. "The documents in question were created in response to a lawsuit and other activities being pursued by the San Diego County Water Authority that would unfairly shift $180 million in cost to our customers.

"We contracted with a firm to conduct a listening tour in San Diego to better understand if community leaders there were fully aware of all of the variables affecting water resource decisions and costs for water in all of Southern California. The same firm prepared a suggested outreach plan to provide balanced information and education in the region. This plan was just a draft and it was never pursued."

EMWD staff requested a meeting with Metropolitan Water District (Metropolitan) staff in order to brief them on the suggested plan after it was developed. During that meeting, Metropolitan staff chose not to engage or otherwise take any action on the plan. That was the end of it.

"Eastern Municipal Water District has an obligation to our customers and ratepayers to protect their interests from unfair cost-shifts," Jones said. "We are pleased to settle this matter."

More News >
Attachment 8:

Aug. 15, 2012, email and memo reporting partial Ascertainment Study Results (EM-00166, EM-00145-00150)
Christine Carson

From: Jones, Paul
Sent: Wednesday, August 15, 2012 5:32 PM
To: Randy Record
Subject: FW: Ascertainment Memo for tomorrow's call
Attachments: 8 15 12 Memo on Ascertaintments1.docx

Randy-

Jolene and I are participating on a conference call tomorrow with the California Strategies team to get an update on the interviews that have been completed by California Strategies, to date. Attached is a brief memo summarizing some of their findings. Interesting stuff.

FYI.

Paul

From: John Withers [mailto:withers@calstrat.com]
Sent: Wednesday, August 15, 2012 3:50 PM
To: Jones, Paul; Ron Gastelum; Walsh, Jolene
Cc: Bob White; Ben Haddad; Craig Benedetto
Subject: Ascertainment Memo for tomorrow's call

Team-

Here is the attachment referred to. Sorry.

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CALIFORNIA STRATEGIES, LLC
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MEMORANDUM

TO: PAUL JONES
FROM: CALIFORNIA STRATEGIES
DATE: August 15, 2012

RE: BUSINESS LEADER ASCERTAINMENTS

BACKGROUND

California Strategies has conducted five of ten ascertainment interviews since July 25, 2012. The remaining five interviews are scheduled between now and the end of August. Scheduling has been challenging during the summer months due to vacation schedules.

The five leaders include a prominent lawyer and former mayoral candidate, the CEO of a major health care provider, the editor in chief of a major print media outlet, and two CEOs of large non-profit business organizations. The interviews usually lasted between 45 minutes and one hour and consisted of ten questions, upon which California Strategies and Eastern Municipal Water District agreed beforehand.

Below is a summary of the findings. There is more detail available, but this will give us a jumping-off point for our discussion tomorrow. There are no conclusions or recommendations yet, since we are halfway through the interviews, but you will see that there are some common themes emerging.

FINDINGS

To one degree or another, these five leaders are aware there is a dispute between the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MWD), but only one could articulate the substance of the dispute; and even in his case, his understanding was minimal.

Most understood that CWA had a water transfer deal with the Imperial Irrigation District (IID), and had heard of desalination, but none had an awareness of CWA’s Emergency Storage Project. In all instances of the CWA’s attempts to pursue diversification strategies, these leaders had no concept of the costs involved. Some had not heard the term “water independence,” and from this lot, they equate the quest for independence more with energy than with water.
Given how little they knew about the CWA's own strategies to enhance water reliability in San Diego, it should come as little surprise that these leaders had no awareness of anything MWD has done, or is doing, to achieve the same objectives for southern California; and it follows that none had any understanding that CWA may be duplicating MWD activities (e.g. building its own water treatment plant).

CWA's recent rate increase (10%) was attributed mostly to increases coming from MWD, but there was also a sense that there was more to this story than they were being told. When educated on the CWA's debt load and the fact that it has been paying interest only, there was some concern, but far from an outcry of disgust. Some even stated that it is alright to pay more for greater water reliability. Likewise, there was little or no concern about CWA's political/public relations tactics because there was a belief that MWD resorts to the same sorts of tactics.

The best news is that all of these leaders are interested in learning more about what MWD is doing to help our water supply while keeping rates reasonable, and more generally, they are all interested in learning more about the water issues we discussed. There is a strong feeling that they are only getting one side of the story down here. All know and respect the CWA's general manager, but not all agree with her approach, style and strategy. Here is a paraphrase of one of the participants when asked whether he would be interested in learning more about the issues:

"Yes, lots of business folks would be interested to learn more if these issues were made more accessible to the average person. There is no active dialogue that allows people to weigh these issues so that the public would have some parameters to hold the CWA accountable. At the same time, I don't know how you would change anything at CWA. The more I think about it, the angrier I get."

"The credibility of CWA could be threatened if you could connect the dots for the public."
ASCERTAINMENT INTERVIEWS

- We've been retained by Eastern Municipal Water District, one of 26 member agencies of the Metropolitan Water District of Southern California, because of their concern over the ongoing issues including legal battles between Metropolitan and the San Diego County Water Authority.

- Eastern serves an area of Riverside County, just north of San Diego, including Temecula, Hemet and Moreno Valley.

- We know this is a sensitive subject. Water issues are inherently complex and contentious. What makes today’s conversation even more difficult is that the Water Authority has had a largely uncontested and one-sided voice in the San Diego business community for many years, particularly since our last severe drought in the late 80’s/early 90’s.

- What we are trying to determine by talking to a handful of thoughtful business leaders, such as yourself, is whether there is any receptivity to hearing another side on the issues of water supply reliability, costs and options.

- Have you been following the recent dispute over water rates between the San Diego County Water Authority and the Metropolitan Water District?
  1. If yes: What is your understanding of the dispute? What are your impressions of the two parties? How important of an issue is this to the San Diego community?
  2. If no: Are you familiar with how fresh water supplies are brought into the San Diego area? Do you understand how the two agencies function? Would you like to know more?

- Have you heard the term "water independence" used by individuals or organizations in San Diego?
  1. If yes: What does that term mean to you? Do you believe that San Diego can become "independent?" Do you believe that water independence is worth paying a higher cost on your water bill? If so, how much?
  2. If no: Would you be surprised to learn that the term stemmed from a declaration by local business leaders following the widespread drought in the early 1990’s that threatened water supplies throughout southern California?

- Since deciding to focus on water independence, the County Water Authority has pursued various diversification strategies, including a water transfer deal with the Imperial Irrigation District, an Emergency Storage Project involving new pump stations, dams and conveyances within San Diego, and seawater desalination. Are you aware of these strategies? If so, what are your thoughts on each one? In terms
of a cost/benefit analysis, do you believe these investments in diversification are prudent? Is there any point at which they don’t make sense?

- While the Water Authority has been pursuing greater reliability, Metropolitan has also been taking action to enhance reliability and water supply throughout southern California. Are you aware of these enhancements and their benefits to San Diego? Would you like to know more about these enhancements?

- Do you believe the recent water rate increase of 10% announced by the Water Authority is primarily due to rate increases imposed on the Authority by Metropolitan?

  1. If so, how much of the 10% would you attribute to Met? If that number is less than 10%, to what would you attribute the remainder?
  2. If not, what are the primary drivers of the rate increase?

- One of the primary drivers for the Authority’s rate increases is debt service. In the past 10 years, the Authority has voluntarily run its debt up from $864 million to over $2.45 billion, three times Met’s debt load on a per person basis. And much of that debt is currently serviced by interest-only payments, which is about to change. The result will be significant water rate hike. As a business person, what is your reaction to the Authority’s financial position?

- Do you understand the merits of the Water Authority’s current lawsuit(s) against Metropolitan?

  1. If so, why do you believe Metropolitan’s rate structure is unfair to San Diego?
  2. If not, do you want to learn more about it?

- In addition to pursuing a legal strategy, the Water Authority is also pursuing a costly political and public relations strategy by hiring political consultants to attack Metropolitan in Sacramento and to wage a public relations battle. Are you aware of this political activity? What are your impressions?

- Hank Nordhoff wrote a piece for the U-T recently regarding the importance of resolving the State’s north/south water supply issues through re-engineering of the Bay Delta conveyance system. Are you familiar with the Bay Delta issues? Are you aware that as part of its assault on Metropolitan, the Water Authority aligned itself with northern California environmental groups to challenge Metropolitan’s efforts to gain federal and state support for new conveyance facilities through the Delta? Do you think this strategy serves the interests of the San Diego community? [Would be useful to be able to show them the letter they signed with NRDC and others]
Thanks for your time today. Based on our conversation, would you be interested in learning more about the facts behind the issues we touched on?
Attachment 9:

Oct. 9, 2012, memo reporting final Ascertainment Study Results (EM-00139-00144)
MEMORANDUM

***ATTORNEY/CLIENT PRIVILEGED COMMUNICATION***

TO: PAUL JONES, EMWD
    STEVEN O'NEIL, LEMIEUX & O'NEIL
FROM: CALIFORNIA STRATEGIES
DATE: October 9, 2012

RE: BUSINESS LEADER ASCERTAINMENTS & RECOMMENDED NEXT STEPS

BACKGROUND

California Strategies has completed its ascertainment interviews with San Diego business leaders. The interviews commenced in late July and culminated in late September. As mentioned in our first memorandum, dated August 15, 2012, scheduling the interviews was complicated by summer travel and vacation schedules, thus extending the timeframe beyond what would ordinarily be expected for the interviews.

The interviews usually lasted between 45 minutes and one hour and consisted of ten questions, upon which California Strategies and Eastern Municipal Water District agreed beforehand. The summary below does not differ from the summary presented in the August 15 memo because there were no new findings.

Based on the findings, we are prepared to recommend a number of next steps to help educate thought leaders in San Diego and to challenge the conventional wisdom perpetuated by the San Diego County Water Authority.

FINDINGS

To one degree or another, the leaders we interviewed are aware there is a dispute between the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MWD), but only two could articulate the substance of the dispute; and even in his case, his understanding was minimal.

The following paragraphs restate the findings contained in the August 15 memo:

Most interviewees understood that CWA had a water transfer deal with the Imperial Irrigation District (IID), and had heard of desalination, but none had an awareness of

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CWA's Emergency Storage Project. In all instances of the CWA's attempts to pursue diversification strategies, these leaders had no concept of the costs involved. Some had not heard the term "water independence," and from this lot, they equate the quest for independence more with energy than with water.

Given how little they knew about the CWA's own strategies to enhance water reliability in San Diego, it should come as little surprise that these leaders had no awareness of anything MWD has done, or is doing, to achieve the same objectives for southern California; and it follows that none had any understanding that CWA may be duplicating MWD activities (e.g. building its own water treatment plant).

CWA's recent rate increase (10%) was attributed mostly to increases coming from MWD, but there was also a sense that there was more to this story than they were being told. When educated on the CWA's debt load and the fact that it has been paying interest only, there was some concern, but far from an outcry of disgust. Some even stated that it is alright to pay more for greater water reliability. In this vein, the recent announcement on CWA's purchase of the Poseidon Resources desalination plant has triggered a community discussion on the cost of water and the premium San Diegans are paying for diversification. The opinions range from support to skepticism, much as the opinions registered in our interviews.

The revelation that the CWA has resorted to political and public relations tactics did not raise eyebrows. All interviewees shrugged this off due to their beliefs that the CWA is up against a much larger, better funded foe, and that MWD uses the same tactics against the CWA.

It was surprising that so few of the interviewees had an understanding of California's Bay-Delta system. Most had heard of it, but none had a sufficient understanding of the environmental challenges facing this ecosystem, the vital role it currently plays in conveying fresh water to the south, the political landscape obstructing thoughtful solutions to moving water around or through the ecosystem, or other important and relevant issues related to the Bay-Delta. It was little wonder that none had any reaction to the fact that the CWA has been working with northern California environmental organizations at cross-purposes to southern California water interests.

These leaders are interested in learning more about all of these subjects, from Bay-Delta to what MWD is doing to help our water supply to evaluating the costs of various diversification sources. Today, their primary concern is reliability of supply and their secondary concern is cost, but this is driven by two major factors:

1) The CWA has preached for two decades that MWD is unreliable;
2) San Diegans have no context for costs of various supply sources.

The challenge we have is finding a way to subtly and effectively educate these leaders and other key organizations and individuals. The interviewees, once engaged on the
subject, quickly come to the realization that they are woefully unprepared and that they are only being told part of the story. However, doing this educating under the nose of the CWA presents a unique set of risks; hence our use of the term “subtly” above.

As with many things in San Diego, personalities matter, and in this instance the most dominant personality has been the CWA’s GM. Her “take no prisoners” style combined with the sheer complexity of water policy intimidates even the strongest business community leaders.

Our August memo contained a paraphrased quote that captures the essence of our interviews, particularly the interest on the part of interviewees to learn more. We thought it was worth repeating here:

"Yes, lots of business folks would be interested to learn more if these issues were made more accessible to the average person. There is no active dialogue that allows people to weigh these issues so that the public would have some parameters to hold the CWA accountable. At the same time, I don’t know how you would change anything at CWA. The more I think about it, the angrier I get."

"The credibility of CWA could be threatened if you could connect the dots for the public."

RECOMMENDED NEXT STEPS

Based on our findings that there is not a broad understanding, among the business leaders interviewed, of water policy and its most central components...cost, reliability, diversity of sources, etc...we believe there is plenty of room for a vibrant public discourse in San Diego. This is not something that will happen rapidly; rather we recommend a more deliberate approach that will gather more information from a wider audience. Such information can then be deployed in a targeted fashion with media, elected officials, and opinion leaders.

Simultaneously, we recommend strategizing with MWD on placing its representatives on key boards and committees in the San Diego community. This may be easier to accomplish now that MWD has a full-time employee working in this market. Part of the status quo that must be reversed is the all-too-frequent injection of anti-L.A./anti-MWD sentiments at various gatherings, for example, the San Diego Chamber of Commerce’s Water Policy Committee. Not only would this be harder to do if MWD had a presence, but the MWD representative would begin to develop her own relationships and put a face to the agency.

Assuming progress is made with our initial steps, we may want to consider a more aggressive campaign to inform the broader public, along the lines of the quote above.

EM-00141
There is no "active dialogue" to hold the CWA "accountable," but what if we started one?

**Step 1: Broader Public Ascertainment**

- To verify and validate the information we have collected thus far, we suggest four actions:
  1) Professional Analysis/Report on the Southern California water picture; since the L.A. Economic Development Corporation issued its own study recently, we recommend hiring a San Diego-based economist (e.g. Lynn Reaser, recently appointed by Governor Brown to post of State Economist) to peer review the LAEDC work. This allows us to build on the good work of Bill Allen and give it a San Diego flavor.
  2) Conduct a public opinion poll to gauge understanding, intensity and other important measures, using a reputable San Diego polling firm.
  3) Convene focus groups throughout the San Diego region for deeper dive into water policy issues, testing key messages.
  4) Compile data from previous interactions conducted in San Diego by MWD.

**Step 2: Targeted Campaign to Educate**

- Using the information to conduct a more targeted campaign to educate key audiences: Media, Public Officials, Opinion Leaders:
  1) Identify spokespersons for our messages; match spokespersons with targeted audience
  2) Media Relations Component; presentations to editorial boards at print and online media outlets; meetings with water policy reporters at same outlets
  3) Public Officials Outreach; one-on-one meetings with elected officials at County of San Diego, 18 cities within the County (priorities to be set in strategy session between Calstrat and EMWD); other important public agencies (e.g. SANDAG, Port of SD); arrange tours of MWD facilities with key public officials, as appropriate.
  4) Opinion Leaders Outreach; broaden original ascertainment group to include more business leaders and to inform original ascertainment group on new information gleaned from polling, focus groups, study; presentations to business and community organizations (Chamber, CONNECT, BDC, Biocom, etc.); special focus on organizations that have statewide reach (e.g. Realtors, BIA).
  5) Place MWD representatives on key boards and committees in San Diego, per the reasoning stated earlier.
Step 3: Assess the Situation Before Proceeding to More Aggressive Tactics

- Convene strategy session with EMWD, MWD and Calstrat to evaluate situation; depending on the reception we are getting with these audiences, either cease activity, move to a more aggressive public education effort, or something in between...

Step 4: Engage the Community with Active Dialogue

- Frame the core issue and solicit the interest of the broadcast media and academia to sponsor debates on water policy between CWA and MWD:

1) The Bay-Delta fix is the core issue at stake for all southern California interests, be they municipal, industrial or agricultural. The CWA's petty lawsuits and constant complaints over rates and politics are not why people should be concerned about their water future. To the extent CWA carries its squabbles statewide, it undermines southern California's efforts to convey water from the north and around the Delta, thus preserving the delicate Bay-Delta ecosystem and preventing water supply interruptions due to environmental degradation or natural disaster.

2) Organize televised debate(s) between MWD and CWA, giving both parties a chance to present its perspectives and allowing the public to judge the issues on the merits.
List of Interviewees

1. Patrick Shea...bankruptcy attorney; former managing partner Lillick, McHose & Charles; former candidate for San Diego mayor

2. Joseph Panetta...executive director of biotechnology organization, BIOCOM

3. Mark Cafferty...executive director of the San Diego Regional Economic Development Corporation (EDC)

4. Ruben Barrales...president of the San Diego Regional Chamber of Commerce

5. William Geppert...former general manager of Cox Communications, former chair of the Chamber and EDC

6. Reo Carr...editor-in-chief, San Diego Business Journal

7. Duane Roth...president of CONNECT

8. Walt Ekard...Chief Administrative Officer, County of San Diego

9. Jim Umpleby... president of Solar Turbines, large turbine manufacturer and affiliate of Caterpillar

10. Mark Leslie... former regional vice president, AT&T
Attachment 10:

MWD Public and Governmental Relations Plan documents
Proposed Plan for MWD
Public and Governmental Relations Activities
In San Diego County

December 3, 2012

1. Plan Purpose

a. What is the purpose?
   i. To engage the San Diego community and help educate about the mission, goals and activities of the Metropolitan Water District (MWD)
   ii. To establish MWD as the preeminent resource on California water issues for the water agencies, cities, county and other governmental agencies in San Diego
   iii. To provide accurate and unbiased information that will help frame the debate that is occurring on water issues and provide perspective to the local San Diego audience
   iv. To establish and build relationships with the local communities and trust among San Diego's stakeholders.

b. Who are the audiences?
   i. San Diego water leaders/agencies
   ii. Elected officials (local, state and federal) representing San Diego region constituents
   iii. Civil and community leaders
   iv. Non-governmental organizations (NGOs) engaged in natural resources issues
   v. Opinion leaders (educators, commentators, business owners)
   vi. News Media
   vii. General Public

c. What are the objectives with these audiences?
   i. Effectively disseminating MWD's message
   ii. Promoting regional collaboration between MWD and the San Diego community
   iii. Establishing relationships with target audiences in San Diego and becoming a trusted resource on water issues
   iv. Developing an understanding of:
      1. Statewide and Southern California issues
      2. MWD governance, decision making and rate structure
      3. Importance of state water system fix (including Bay-Delta)
   v. Effectively educate, provide information, gather feedback and build coalitions on behalf of MWD
vi. Identify and cultivate relationships with the media to insure MWD's messages are being presented in a fair and unbiased manner

vii. Counter any potential editorial bias through timely communication with public via OpEd, Q&A and broadcast interviews

2. Construct of Plan

   a. Intro and context from ascertainment work

      i. Results of ascertainment

        1. Knew of dispute between San Diego County Water Authority (SDCWA) and MWD, but minimal understanding of details
        2. Limited understanding of a variety of SDCWA projects (like emergency water storage) and the cost implications of those projects
        3. Little awareness of what MWD has done to improve water reliability and whether there was duplication between the two agencies
        4. Had been told that the SDCWA rate increases were largely driven by MWD, but also aware that there was another side to the story that was not being told
        5. In general, support spending more on water independence as an insurance policy against uncertainty
        6. Didn't believe the SDCWA was picking on MWD and, in fact, thought MWD used the same tactics
        7. Demonstrated very-little understanding of the Bay-Delta issue from an engineering, environmental or political standpoint
        8. Also did not understand the implications to a potential Bay-Delta "fix" from the SDCWA's activities
        9. Were very interested in hearing the other side with their main issues being reliability and secondarily cost

      ii. MWD's strengths, weaknesses, opportunities and threats (SWOT)

        1. Strength: speaks for all of Southern California; Extensive financial resources; effective advocacy apparatus in Sacramento
        2. Weakness: no effective advocacy in San Diego; victim of continuous attacks from SDCWA
        3. Opportunities: alter dialogue in San Diego; heighten awareness of MWD initiatives to enhance reliability and keep costs under control; cast doubt on attacks
        4. Threats: failure to engage could impact Bay-Delta negotiations, cause poor water resource and investment decisions by MWD and SDCWA, and have other long term implications within the Southern California water community, as well as in Sacramento and Washington, DC.

   iii. Broader Public Ascertainment

EM-0039
b. Identify major strategic objectives for MWD
   i. Goals
      1. Conduct additional public outreach
      2. Develop key messages for stakeholder audiences
      3. Build a local San Diego infrastructure and presence
      4. Foster relationships in the local community
      5. Help communicate issues and educate local stakeholders on
         MWD, its operations and decisions without the filter of third
         parties
   ii. Desired outcomes/definition of success
      1. A more extensive and transparent awareness of MWD, its
         scope, operations, governance, resources, finances and
         management/staff
      2. Making MWD a trusted point of contact for regional water
         issues and making certain that MWD is contacted early by
         local stakeholders rather than the local community simply
         relying on the SDCWA, particularly on issues related to the
         MWD

c. Basic tactical elements of Plan
   i. Government relations (cities, county, water agencies, including
      SDCWA)
   ii. Business community outreach
   iii. NGO outreach
   iv. Opinion leader outreach
   v. Media outreach
   vi. Public and general community outreach

d. Resources
   i. MWD office and organization: Build on existing presence in San
      Diego by raising the organization's stature and providing necessary
      resources to achieve its enumerated goals
   ii. Total number of FTEs (including current MWD staff person): 5 if
      media relations is outsourced, 6 if performed in-house
      1. Leader: key senior executive of MWD, preferably a
         recognizable, high integrity individual from the San Diego
         community; subject matter expertise desirable, but not most
         critical factor; ability to manage a small staff
2. Staff: administrative support for senior executive and office management

3. Staff: three community relations liaisons, assigned to San Diego's north, east and south county areas:
   a. North SD County
      i. General Government Entities and Water Agencies
         1. City of Solana Beach
         2. City of Carlsbad/Carlsbad Municipal Water District
         3. City of Vista/Vista Irrigation District
         4. City of San Marcos
         5. City of Oceanside
         6. City of Poway
         7. City of Encinitas
         8. City of Escondido
         9. City of Del Mar
        10. Fallbrook Public Utility District
        11. Olivenhain Municipal Water District
        12. Camp Pendleton Marine Corps Base
        13. Rainbow Municipal Water District
        14. Ramona Municipal Water District
        15. Rincon del Diablo Municipal Water District
       16. San Dieguito Water District
       17. Santa Fe Irrigation District
       18. Vallecitos Water District
       19. Valley Center Municipal Water District
       20. Yuima Municipal Water District
      ii. Business Organizations
         1. North County EDC
         2. San Diego North Chamber of Commerce
         3. San Diego Coastal Chamber of Commerce
         4. Carlsbad Chamber of Commerce
         5. Oceanside Chamber of Commerce
         6. Vista Chamber of Commerce
     iii. NGOs (Surfrider, others)
    iv. Community Groups
       1. Planning boards
       2. Town councils
       3. Business improvement districts
       4. Kiwanis clubs
       5. Rotaries
   b. East SD County
i. General Government Entities and Water Agencies
   1. City of El Cajon
   2. City of Santee
   3. City of La Mesa
   4. City of Lemon Grove
   5. Helix Water District
   6. Padre Dam Municipal Water District
   7. Lakeside Water District

ii. Business Organizations
   1. San Diego East County Chamber of Commerce
   2. Julian Chamber of Commerce
   3. Alpine Chamber of Commerce

iii. NGOs

iv. Community Groups
   1. Individual planning boards
   2. Town councils
   3. Business improvement districts
   4. Kiwanis clubs
   5. Rotaries

c. South SD County

   General Government Entities and Water Agencies
   1. City of Chula Vista
   2. City of Imperial Beach
   3. City of National City (Sweetwater Authority)
   4. City of Coronado
   5. South Bay Irrigation District (Sweetwater Authority)
   6. Otay Water District

ii. Business Organizations
   1. South County EDC
   2. San Diego South Chamber of Commerce
   3. Chula Vista Chamber of Commerce
   4. National City Chamber of Commerce

iii. NGOs

iv. Community Groups
   1. Planning boards
   2. Town councils
   3. Business improvement districts
   4. Kiwanis clubs
   5. Rotaries
4. Staff: Media relations support: former reporter or public relations expert knowledgeable of San Diego County media market to focus on the various regional and community news outlets in the San Diego market; could be FTE or consultant
   a. Broadcast News - Television
      i. KFMB TV CBS8
      ii. KGTB TV ABC10
      iii. KNSD NBC7
      iv. KUSI TV
      v. FOX 5
      vi. San Diego 6CW
      vii. KPBS TV
   b. Broadcast News - Radio
      i. KOGO AM
      ii. KFMB AM
      iii. KPBS FM
   c. Print News
      i. Regional
         1. La Times
         2. U-T San Diego
         3. U-T North
      ii. Community
         La Mesa Patch
         2. Rancho Bernardo News Journal
         3. La Jolla Light
         Beach & Bay Press
         5. National City Times
         6. San Diego Voice & Viewpoint
   d. Electronic News
      i. Voice of San Diego
      ii. San Diego City Beat
      iii. San Diego Downtown News
      iv. San Diego News Network

iii. Staff qualifications and duties
1. Leader: Visible, seasoned, influential, respected individual from either the private or public sectors; basic to better understanding of water issues preferable, but not mandatory; strong presentation skills; management experience; Duties include establishing MWD presence in San Diego, becoming recognized as the "face and voice of MWD;" testifying before
government bodies, including water agencies; appearing before numerous community, business, non-profit organizations; giving interviews to media editorial boards, reporters (with assistance of media support staff/consultant); managing San Diego MWD staff; communicating regularly with MWD executives on progress and strategies; attend Southern Coalition meetings to improve coordination and communication (may also delegate or include other San Diego MWD staff)

2. Administrative Staff: experienced office manager with strong organizational and interpersonal skills; will often make first impression on visitors, either on phone, through email or in person; scheduling skills, computer literate; able to handle all office logistics

3. Community Relations/Liaisons: knowledge of specific geographic areas to which they are assigned; previously developed strong relationships with key governmental and community leaders in those areas; active listening skills paramount, leading to useful intelligence gathering; ability to speak for MWD within assigned area

4. Media Relations: strong relations with San Diego media outlets, particularly with working reporters; ability to share spokesperson duties with Leader as appropriate; strong written and verbal communications skills; proven ability to write press releases, op-eds, letters-to-editors; prepare Leader (and community relations staff if needed) to address editorial boards, conduct interviews, etc.; the media relations position could be performed by an independent contractor who specializes in communications

e. Plan prioritization (schedule)
   i. Set up and fully staff office immediately
      ii. Phased implementation of public and governmental relations plan
        a. Public ascertainment (polling & focus groups)
        2. Message development
        3. Identification of contact constituencies
           a. community/civic/NGO
           b. public agencies
           c. business
           d. media
        4. Implementation of plan

3. Budget
4. Schedule
   a. Draft plan preparation
   b. Final plan
   c. Meeting with Kightlinger
Proposed Plan for MWD Public and Governmental Relations Activities in San Diego County

December 18, 2012
Situation Analysis

- SDCWA is MWD’s largest purchaser of water and its relationship with MWD is horrendous – organizational cancer on MWD.
- The San Diego civic, business and community leadership have a skewed and inaccurate understanding of MWD.
- MWD has no effective advocacy in San Diego - victim of continuous unchecked attacks from SDCWA.
- The situation threatens:
  - Bay-Delta negotiations and the perception of southern California’s position;
  - Cost effective and economic resource decision making;
  - Public perception of the southern California water community;
  - Relationships with state/federal agencies and institutions; and
  - The long-term stability of MWD.
Ascertaintment Recap

- Knew of dispute between San Diego County Water Authority (SDCWA) and MWD, but minimal understanding of details
- Limited understanding of SDCWA projects (like emergency water storage) and cost implications
- No awareness of what MWD has done to improve water reliability and whether there was duplication between the two agencies
- Believed SDCWA rate increases were largely driven by MWD
- Supported spending more on water independence as an insurance policy against uncertainty based upon context provided by SDCWA
- Didn't believe the SDCWA was using inappropriate tactics to 'fight a larger enemy'
- Demonstrated very little understanding of the Bay-Delta issues or importance of Bay-Delta "fix" to San Diego
- Interested in hearing the other side with their main issues being reliability and secondarily cost
Plan Purpose

- To engage the San Diego community and help educate about the mission, goals and activities of the Metropolitan Water District (MWD)
- To establish MWD as the preeminent resource on California water issues for the water agencies, cities, county and other governmental agencies in San Diego
- To provide accurate and unbiased information that will help frame the debate that is occurring on water issues and provide perspective to the local San Diego audience
- To advocate the economic and water supply value of regional cooperation on state and interstate water issues
- To establish and build relationships with the local communities and trust among San Diego's stakeholders
Audiences

- San Diego water leaders/agencies
- Elected officials (local, state and federal) representing San Diego region constituents
- Civic and community leaders
- Non-governmental organizations (NGOs) engaged in natural resources issues
- Tax and rate payer advocacy groups
- Opinion leaders (educators, commentators, business owners)
- News Media and General Public
Objectives

- Effectively re-build MWD’s credibility, brand and support in San Diego
- Establish relationships with target audiences in San Diego and reposition MWD as a trusted resource on water issues
- Promote regional collaboration between MWD and the San Diego community
- Develop an understanding of:
  - Statewide and Southern California issues
  - MWD governance, decision making and rate structure
  - Importance of Bay-Delta “fix” to San Diego
- Effectively educate, provide information, gather feedback and build coalitions on behalf of MWD
- Identify and cultivate relationships with the media to insure MWD's messages are being presented in a fair and unbiased manner
- Counter any potential editorial bias through timely communication with public via OpEd, Q&A and broadcast interviews
SWOT Analysis

• **Strength**: speaks for all of Southern California; extensive financial resources; effective advocacy apparatus in Sacramento

• **Weakness**: no effective advocacy in San Diego; victim of continuous attacks from SDCWA

• **Opportunities**: alter dialogue in San Diego; heighten awareness of MWD initiatives to enhance reliability and keep costs under control; cast doubt on attacks

• **Threats**: failure to engage could impact Bay-Delta negotiations, cause poor water resource and investment decisions by MWD and SDCWA, and have other long term implications within the Southern California water community, as well as in Sacramento and Washington, DC.
Broader Ascertainment Program

- Validate initial ascertainment briefings with advanced information gathering
- Create a greater body of information though polling and focus groups in order to provide a baseline for current status within San Diego region
- Establish a benchmark for future comparison following implementation of plan
Basic Tactical Elements of Plan

- Government relations (cities, county, water agencies, including SDCWA)
- Business community engagement
- NGO outreach
- Opinion leader engagement
- Enhanced media relations
- Public and general community outreach
Needed Resources

- Build on existing office and staff in San Diego and raise MWD’s presence and stature.

- Total number of FTEs (including current MWD staff person): Five if media relations is outsourced, six if performed in-house.
  - Team Leader (1): Key senior executive of MWD, preferably a recognizable, high integrity individual from the San Diego community; subject matter expertise desirable but not most critical factor; ability to manage a small staff.
  - Community Relations Liaisons (3): Regionally assigned to San Diego’s north, east and south county areas.
  - Media Relations Support (1): Former reporter or public relations expert knowledgeable of San Diego County media market to focus on the various regional and community news outlets in the San Diego market; could be FTE or consultant.
Staff Qualifications – SD Team Leader

• Visible, seasoned, influential, respected individual from either the private or public sectors with an understanding of water issues
• Strong management, financial analysis and audience presentation skills
• Duties include establishing MWD presence in San Diego, becoming recognized as the "face and voice of MWD"
• Would include testimony before government bodies, including water agencies and appearing before numerous community, business, non-profit organizations; giving interviews to media editorial boards, reporters
• Manages San Diego MWD staff
• Communicates regularly with MWD executives on progress and strategies
• Attends Southern Coalition meetings to improve coordination and communication
Staff Qualifications – Administrative

- Experienced office manager with strong organizational and interpersonal skills
- Strong first impression with excellent people and communication skills
- Organized and competent with experience with scheduling skills; computer literate
- Able to handle all office logistics
Staff Qualifications – Community Relations Liaison

- Strong knowledge/awareness of specific geographic areas to which they are assigned
- Previously developed strong relationships with key governmental and community leaders in those areas
- Active listening skills paramount, leading to useful intelligence gathering
- Ability to speak for MWD within assigned area
Staff Qualifications – Media Relations

- Strong relations with San Diego media outlets, particularly with working reporters
- Ability to share spokesperson duties with Leader as appropriate; strong written and verbal communications skills; proven ability to write press releases, op-eds, letters-to-editors
- Prepare Leader (and community relations staff if needed) to address editorial boards, conduct interviews, etc.
- Could be in-house or performed by an independent contractor who specializes in communications
Budget and Organization

- Determine cost of alternative office staffing levels and consultant resources
- Develop working annual budget, including discretionary funds for community activities and outreach
- Develop table of organization and titles
- Include costs for office space and existing staff member

Will require long-term commitment by MWD to achieve desired outcome
Plan Prioritization

• Set-up and fully staff office immediately
• Phased implementation of public and governmental relations plan:
  – Broader Ascertainment (polling and focus groups)
  – Message development and tactical refinement
  – Identification of contact constituencies
    • community/civic/NGO
    • public agencies
    • business
    • media
  – Implement tactical elements of plan
Attachment 11:

Documents showing participation of MWD General Manager Kightlinger
Discussion RE: SDCWA
Conf Call: 213-217-7888, PC: 5739#

Mon 6/18/2012 3:30 PM
Mon 6/18/2012 4:30 PM

Jones, Paul
ghunt@calstrat.com; bglisson@mwdh2o.com; skappas@calstrat.com;
bhaddad@calstrat.com; benh@calstrat.com; craigb@calstrat.com;
bobwhite@calstrat.com; John Withers (jwithers@calstrat.com); Walsh, Jolene

Paul Jones, EMWD
Jolene Walsh, EMWD
Jeff Kightlinger, MWD
John Withers, Calif Strategies
Gary Hunt, Calif Strategies
Ben Haddad, Calif Strategies
Bob White, Calif Strategies
Craig B., Calif Strategies
Paul, Jeff and Ron,

For our conference call tomorrow, I have attached draft questions for ascertainment interviews and a list of business leaders we propose to interview. Please let me know if you have any questions prior to our call.

As you will see, the draft questions are based on the materials contained in your initial draft questions and Ron’s email that accompanied them. We attempted to create a more conversational tone in the questions, along the lines of how an interview might unfold.

We look forward to discussing this with you tomorrow.

Ben

Ben Haddad, Principal
California Strategies, LLC
2488 Historic Decatur Road, Suite 200
San Diego, CA 92106
Tel: (619) 546-7451
Fax: (619) 546-7452
Cell: (619) 977-8674
benh@calstrat.com
ASCERTAINMENT INTERVIEWS

- We’ve been retained by Eastern Municipal Water District, one of 26 member agencies of the Metropolitan Water District of Southern California, because of their concern over the ongoing issues including legal battles between Metropolitan and the San Diego County Water Authority.

- Eastern serves an area of Riverside County, just north of San Diego, including Temecula, Hemet and Moreno Valley.

- We know this is a sensitive subject. Water issues are inherently complex and contentious. What makes today’s conversation even more delicate is that the Water Authority has had a largely uncontested voice in the San Diego business community for many years, particularly since our last severe drought in the late 80’s/early 90’s.

- What we are trying to determine by talking to a handful of thoughtful business leaders, such as yourself, is whether there is any receptivity to hearing another side on the issues of water supply reliability, costs and options.

- Have you been following the recent dispute over water rates between the San Diego County Water Authority and the Metropolitan Water District?

  1. If yes: What is your understanding of the dispute? What are your impressions of the two parties? How important of an issue is this to the San Diego community?
  2. If no: Are you familiar with how fresh water supplies are brought into the San Diego area? Would you like to know more?

- Have you heard the term “water independence” used by individuals or organizations in San Diego?

  1. If yes: What does that term mean to you? Do you believe that San Diego can become “independent”? Do you believe that water independence is worth paying a higher cost on your water bill? If so, how much?
  2. If no: Would you be surprised to learn that the term stemmed from a declaration by local business leaders following the widespread drought in the early 1990’s that threatened water supplies throughout southern California?

- Since deciding to focus on water independence, the County Water Authority has pursued various diversification strategies, including a water transfer deal with the Imperial Irrigation District, an Emergency Storage Project involving new pump stations, dams and conveyances within San Diego, and seawater desalination. Are you aware of these strategies? If so, what are your thoughts on each one? In terms
of a cost/benefit analysis, do you believe these investments in diversification are prudent? Is there any point at which they don’t make sense?

- Do you believe the recent water rate increase of 10% announced by the Water Authority is primarily due to rate increases imposed on the Authority by Metropolitan?

  1. If so, how much of the 10% would you attribute to Met? If that number is less than 10%, to what would you attribute the remainder?
  2. If not, what are the primary drivers of the rate increase?

- Do you understand the merits of the Water Authority’s current lawsuit(s) against Metropolitan?
  1. If so, why do you believe Metropolitan’s rate structure is unfair to San Diego?
  2. If not, do you want to learn more about it?

- In addition to pursuing a legal strategy, the Water Authority is also pursuing a political strategy by hiring political consultants to attack Metropolitan in Sacramento and to wage a public relations battle. Are you aware of this political activity? What are your impressions?

- Hank Nordhoff wrote a piece for the U-T recently regarding the importance of resolving the State’s north/south water supply issues through re-engineering of the Bay Delta conveyance system. Are you familiar with the Bay Delta issues? Are you aware that as part of its assault on Metropolitan, the Water Authority is aligning itself with northern California environmental groups to challenge Metropolitan’s efforts to gain federal and state support for new conveyance facilities through the Delta? Do you think this strategy serves the interests of the San Diego community?

- Thanks for your time today. Based on our conversation, would you be interested in learning more about the facts behind the issues we touched on?
ASCERTAINMENT CONTACTS

• Ruben Barrales, CEO of the SD Chamber; Maureen Stapleton sits on Ruben’s board, as do both Craig and I.

• Mark Leslie, current chair of the Chamber, is a senior executive with AT&T and close friend; he knows both Craig and Bob well.

• Mark Cafferty, CEO of the SD Regional Economic Development Corporation; hired recently to take Julie Meier Wright’s place; used to run the SD Workforce Partnership.

• Joe Panetta, CEO of Biocom; biotech industry is extremely sensitive to water issues; Joe is good friend.

• Duane Roth, CEO of CONNECT, the organization that has become a chamber of commerce for the high tech sector; Duane is very influential in the business community and at UCSD.

• Walt Ekard, Chief Adm Officer of SD County; also sits on Chamber board; former law school classmate of mine; very well respected.

• Bill Geppert, former leader of Cox Communications in SD; former chair of Chamber and EDC; highly influential in business community.

• Reo Carr, editor in chief of SD Business Journal; close friend in media with whom we can have a confidential conversation.

• Pat Shea, attorney and former mayoral candidate; savvy politico and strategic thinker.

• Mike Murphy, CEO of Sharp Healthcare, former chair of Chamber, current member of Chairman’s Council.

• Jim Umpleby, CEO of Solar Turbines, on board of Chamber and EDC; (current client).
<table>
<thead>
<tr>
<th><strong>Christine Carson</strong></th>
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<tbody>
<tr>
<td><strong>Subject:</strong> Conf Call w/Calif Strategies &amp; MWD: Interviews being Conducted by California Strategies</td>
</tr>
<tr>
<td><strong>Location:</strong> 213-217-7888, Code No. 6211#</td>
</tr>
<tr>
<td><strong>Start:</strong> Thu 7/19/2012 10:00 AM</td>
</tr>
<tr>
<td><strong>End:</strong> Thu 7/19/2012 11:30 AM</td>
</tr>
<tr>
<td><strong>Recurrence:</strong> (none)</td>
</tr>
<tr>
<td><strong>Meeting Status:</strong> Meeting organizer</td>
</tr>
<tr>
<td><strong>Organizer:</strong> Jones, Paul</td>
</tr>
<tr>
<td><strong>Required Attendees:</strong> <a href="mailto:jkightlinger@mwdh2o.com">jkightlinger@mwdh2o.com</a>; <a href="mailto:rongastelum@aol.com">rongastelum@aol.com</a>; <a href="mailto:jhutchison@calstrat.com">jhutchison@calstrat.com</a></td>
</tr>
</tbody>
</table>
Thanks Paul. I will jump on this so we can be ready for the planned meetings. Will call Jeff, but count on Debra and Devan to implement.
Sent from my Verizon Wireless BlackBerry

From: "Jones, Paul" <jonesp@emwd.org>
Date: Fri, 20 Jul 2012 14:51:13 +0000
To: rongastelum@aol.com, rongastelum@aol.com
Cc: Walsh, Jolene <allredjo@emwd.org>; John Withers <jwithers@calstrat.com>, jwithers@calstrat.com
Subject: Item for Ascertainment Interview

Ron --

Thanks for taking the time to participate in the call yesterday.

What I was thinking is for the ascertainment interviews is a having a one page handout that itemizes all the substantial projects, actions and policy steps MWD has taken since the late 90's drought to strengthen its supply portfolio, increase its storage, and to institutionally prepare for shortages with a plan that balances supplies to fairly allocate water.

Specifically, the storage projects include would DVL, Central Valley storage programs (Kern Delta, Semitropic, Arvin) and ICS storage in Lake Mead. The supply programs would include things such as the PVID allowing program and land purchases, Central Valley purchase options and Westlands unbalanced exchange. I am sure there are others.

On the institutional side, the adoption and successful implementation of the WSDM plan is key; particularly with its baseline policy to customize allocations based upon degree of demand from MWD such that those agencies needing more MWD water (because of inadequate local supplies) receive a larger allocation to level out the impact at the retail level.

If this could be put together succinctly and clearly it could be used to trigger questions on the prudence of a San Diego “independence at any price” strategy.

Paul
Christine Carson

From: Jones, Paul
Sent: Friday, July 20, 2012 8:37 AM
To: rongastelum@aol.com
Subject: RE: Item for Ascertainment Interview

Thanks.
P
---

From: rongastelum@aol.com [mailto:rongastelum@aol.com]
Sent: Friday, July 20, 2012 8:00 AM
To: Jones, Paul
Subject: Re: Item for Ascertainment Interview

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If this could be put together succinctly and clearly it could be used to trigger questions on the prudence of a San Diego “Independence at any price” strategy.

Paul
Ben,

Good redraft. I have attached some red line suggestions. Material you requested showing MWD reliability efforts and results is being prepared.

Ron

-----Original Message-----
From: Ben Haddad <benh@calstrat.com>
To: Jones, Paul <jonesp@emwd.org>; rongastelum <rongastelum@aol.com>; jkightlinger <jkightlinger@mwdh2o.com>
Cc: Bob White <bobwhite@calstrat.com>; Gary Hunt <ghunt@calstrat.com>; Craig Benedetto <craigb@calstrat.com>
John Withers <jwithers@calstrat.com>
Sent: Fri, Jul 20, 2012 5:31 pm
Subject: Updated Draft Ascertainment Doc

Paul, Ron and Jeff,

Thanks for the good conversation yesterday. Attached is a new draft ascertainment document. The bullets are not numbered, but the new language is in the eighth and tenth bullets (page 2). Please feel free to edit.

We are beginning to schedule the ascertainment and I will relay a schedule to you early next week. In the meantime, have a great weekend.

Ben

Ben Haddad, Principal
California Strategies, LLC
2488 Historic Decatur Road, Suite 200
San Diego, CA 92106
Tel: (619) 546-7451
Fax: (619) 546-7452
Cell: (619) 977-8674
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- Have you been following the recent dispute over water rates between the San Diego County Water Authority and the Metropolitan Water District?
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- Have you heard the term "water independence" used by individuals or organizations in San Diego?
  1. If yes: What does that term mean to you? Do you believe that San Diego can become "independent?" Do you believe that water independence is worth paying a higher cost on your water bill? If so, how much?
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- Since deciding to focus on water independence, the County Water Authority has pursued various diversification strategies, including a water transfer deal with the Imperial Irrigation District, an Emergency Storage Project involving new pump stations, dams and conveyances within San Diego, and seawater desalination. Are you aware of these strategies? If so, what are your thoughts on each one? In terms
of a cost/benefit analysis, do you believe these investments in diversification are prudent? Is there any point at which they don’t make sense?

- While the Water Authority has been pursuing greater reliability, Metropolitan has also been taking action to enhance reliability and water supply throughout southern California. Are you aware of these enhancements and their benefits to San Diego? Would you like to know more about these enhancements?

- Do you believe the recent water rate increase of 10% announced by the Water Authority is primarily due to rate increases imposed on the Authority by Metropolitan?
  1. If so, how much of the 10% would you attribute to Met? If that number is less than 10%, to what would you attribute the remainder?
  2. If not, what are the primary drivers of the rate increase?

- One of the primary drivers for the Authority's rate increases is debt service. In the past 10 years, the Authority has voluntarily run its debt up from $864 million to over $2.45 billion, three times Met's debt load on a per person basis. And much of that debt is currently serviced by interest-only payments, which is about to change. The result will be significant water rate hike. As a business person, what is your reaction to the Authority's financial position?

- Do you understand the merits of the Water Authority's current lawsuit(s) against Metropolitan?
  1. If so, why do you believe Metropolitan’s rate structure is unfair to San Diego?
  2. If not, do you want to learn more about it?

- In addition to pursuing a legal strategy, the Water Authority is also pursuing a costly political and public relations strategy by hiring political consultants to attack Metropolitan in Sacramento and to wage a public relations battle. Are you aware of this political activity? What are your impressions?

- Hank Nordhoff wrote a piece for the U-T recently regarding the importance of resolving the State’s north/south water supply issues through re-engineering of the Bay Delta conveyance system. Are you familiar with the Bay Delta issues? Are you aware that as part of its assault on Metropolitan, the Water Authority is aligning itself with northern California environmental groups to challenge Metropolitan’s efforts to gain federal and state support for new conveyance facilities through the Delta? Do you think this strategy serves the interests of the San Diego community? [Would be useful to be able to show them the letter they signed with NRDC and others]
Thanks for your time today. Based on our conversation, would you be interested in learning more about the facts behind the issues we touched on?
From: Jones, Paul
Sent: Thursday, September 27, 2012 2:12 PM
To: John Withers (jwithers@calstrat.com); Ben Haddad (benh@calstrat.com)
Cc: Walsh, Jolene; rongastalum@aol.com
Subject: SDCWA Ascertainment

John —

It was to talk to you yesterday. As a follow-up, these are what I see as the key milestones, dates and tasks going forward.

10/3 to 10/5 — First screencheck of ascertainment report and recommendations submitted to EMWD.

10/8 to 10/10 — EMWD provides comments to Cal Strat on draft.

10/10 to 10/12 - Conference call set-up with EMWD management, MWD management, Ron Gastalum and others to discuss findings and recommendations. If possible, I would really like to have either Gary Hunt and/or Bob White available to also add in their thoughts and strategic recommendations. EMWD to set-up meeting with your office.

10/15 — Draft of ascertainment report and initial recommendations completed.

10/17 — Cal Strat presents report and recommendation to EMWD Board. Will work with our legal counsel to confirm this is a closed session item (on-going litigation). Need to discuss in advance if, there is any action to be taken on the recommendations of if the next phase of work would be brought to a subsequent Board meeting.

10/26 — General discussion of findings and recommendation with member agency work group. Meeting is in Monrovia at 9:00 am. Jones to present but may want CalStrat representative to attend.

Please let me know if this is your understanding of the plan and if it generally works with your and Ben's schedules. If it looks okay, I'll start to get the conference call set-up.

Thanks John,

Paul
Christine Carson

Subject: Meeting: Results from Ascertainment Interviews & Recommendations
Location: 951-928-6199, ID No: 36931011 (PW: 10111276)
Start: Thu 10/11/2012 2:00 PM
End: Thu 10/11/2012 3:00 PM
Recurrence: (none)
Meeting Status: Accepted
Organizer: Howard, Rosemarie
Required Attendees: howardro@emwd.org; walshjo@emwd.org; jwithers@calstrat.com; ghunt@calstrat.com; benh@calstrat.com; Jones, Paul; rongastelum@aol.com
Optional Attendees: bglisson@mwdh2o.com; bobwhite@calstrat.com; deemccafferty@calstrat.com

Participants:
EMWD- Paul Jones, Jolene Walsh
MWD — Jeff Kightlinger, Ron Gastelum
CalStrat – Ben Haddad, John Withers, Gary Hunt

From: howardro@emwd.org [mailto:howardro@emwd.org]
Sent: Wednesday, October 03, 2012 3:56 PM
To: Howard, Rosemarie; walshjo@emwd.org; jwithers@calstrat.com; ghunt@calstrat.com; benh@calstrat.com; Jones, Paul; rongastelum@aol.com; bglisson@mwdh2o.com
Subject: Meeting RESCHEDULED: Results&Rec-Ascer (ID: 36931011)

CISCO UNIFIED MEETING PLACE EXPRESS

Meeting RESCHEDULED
Subject: Results&Rec-Ascer
Date/Time: October 11, 2012, 02:00 PM (US: Pacific (PST/PDT))
Duration: 1 hrs, 30 min
Frequency: Once
Password: 10111276
Meeting type: Voice+Web
Owner: Rosemarie Howard
Invitees: Rosemarie Howard, walshjo@emwd.org (guest), jwithers@calstrat.com (guest),
To join the meeting

Dial in from your phone:
Southern CA & Washington DC Only 1-800-246-2839
Long Distance 951-928-6199
Internal Ext. 6199

Meeting ID: 36931011

First-time users should run the Browser Test to verify they can participate in a web meeting.

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Our working conference call to discuss the preparation of the Plan for Proposed MWD Public and Governmental Relations Activities in San Diego County is set for next Monday, November 5, 2012 at 9:00 AM.

To help use the time as efficiently as possible I have prepared the attached draft agenda. Please review and let me know if there are any additions.

Thanks and I look forward to conferring on Monday.

Paul Jones
Conference Call to Discuss Preparation of Plan for Proposed MWD Public and Governmental Relations Activities in San Diego County

November 5, 2012
9:00 AM – 10:00 AM

Call in number: 916-290-6150,
Passcode: 5050#.

Agenda

1. Purpose of preparing the Plan
   a. Who are the audiences?
   b. What are the objectives with these audiences?

2. Construct of Plan
   a. Intro and context from ascertainment work
      i. Results of ascertainment
      ii. MWD’s strengths, weaknesses, opportunities and threats
   b. Identify major strategic objectives for MWD
      i. Goals
      ii. Desired outcomes/definition of success
   c. Basic tactical elements of Plan
      i. Public outreach
      ii. Government relations (Cities, County, water agencies)
      iii. Business community outreach
   d. Resources
      i. MWD office and organization
      ii. Staff qualifications and duties
      iii. Outside consultant resource support
      iv. Other?
   e. Schedule
   f. Other elements?

3. Review and schedule for Plan preparation
   a. Lead and support for drafting plan
   b. Schedule for:
      i. Initial outline
      ii. First draft
      iii. Final
   c. Key dates
      i. Meeting with working group of MWD managers: 11/15
      ii. Meeting with Kightlinger: TBD

4. Next steps/other
Christine Carson

From: Jones, Paul
Sent: Friday, November 30, 2012 4:01 PM
To: Craig Benedetto; Ben Haddad; James Lawson; John Withers
Cc: Walsh, Jolene; rongastelum@aol.com; Steve O'Neill
Subject: RE: Confidential - Draft Plan

Cal Strat team –

Where do we stand on getting a Draft written plan? I haven’t seen any acknowledgement to the comments provided by me, Jolene or Ron Gastelum; or any feedback on the schedule or need for a conference call.

Here’s where my scheduling needs stand. I have set-up a meeting with Jeff Kightlinger and the key MWD member agency managers to present the plan on December 18, and am trying to arrange a pre-meeting with the managers to review the final draft of the plan on December 14.

Backing out the schedule from there, we will need a first draft of the written plan to be completed no later than next Friday, December 7. If EMWD can get a draft in-hand by Friday December 7, we can turn around comments and have them back to you by Tuesday, December 11. We would then ask you to turn around a final draft no later than Thursday, December 13.

Finally, I would like to review the plan in closed session with the EMWD Board on December 18. I need to know your availability (John and/or Ben) to discuss the plan with the Board at that time.

Please confirm that these time-tables work and if we are on track. Finally, if you need to schedule a conference call or talk to me I will be down in San Diego during the middle of next week and could be available to meet.

Thanks and have a great weekend,

Paul Jones

From: Jones, Paul
Sent: Monday, November 26, 2012 2:30 PM
To: 'Craig Benedetto'
Cc: Walsh, Jolene; Ben Haddad; James Lawson; John Withers; rongastelum@aol.com; Steve O'Neill
Subject: Confidential - Draft Plan

Cal Strat team –

The purpose of this e-mail is to provide comments on the draft plan outline. Attached is a mark-up reflecting my revisions and general comments, which are also discussed, below:

1. The plan needs to have additional emphasis on building MWD’s relationships, position as a resource and interaction with the water agencies and cities that are members of the CWA.
2. An additional goal I included is to establish MWD as the preeminent resource (for all audiences) on California and southern California water issues. We want MWD to be the go-to, not the CWA.
3. On the SWOT, one of the “threats” we want to emphasize is MWD and SDCWA not working together and making less than optimal financial and resource decisions on behalf of the public.
4. Clarified that the polling and focus group ascertainment work is to get beyond just the business community.
5. Expanded on the desired outcome to go beyond just “transparency” of MWD, but a more thorough understanding of its scope, operations, governance, resources, finances and management staff. Ignorance of MWD is really hurting them.

6. The plan needs to describe the positions and qualifications of the proposed staff individually, not in general. In addition, need to see more specifics on the number and type of staff, as well as a table of organization.

My main concern is that to be acceptable to MWD, the plan needs to be more like a governmental relations strategy and less like a media/PR blitz.

Please review these comments and let me know a reasonable schedule for when you can have a draft written plan completed. Also, if we need to schedule a conference call to discuss the outline or the draft, please let me know. Finally, I would suggest that you reach out to Ron Gastelum and get his thoughts; particularly how the plan can be packaged to best incorporate into MWD’s current organization and culture. Really important if we want this to fly.

Thanks,

Paul

From: Craig Benedetto [mailto:craigm@calstrat.com]
Sent: Wednesday, November 14, 2012 3:14 PM
To: Jones, Paul
Cc: Walsh, Jolene; Ben Haddad; James Lawson; John Withers
Subject: Draft Plan

Paul: per our conversation, attached, please find the draft plan for your consideration. Please give me a call at the office today if you’d like to discuss, or tomorrow on my cell phone. Thanks...take care...csb

Email sent by:

Craig Benedetto
California Strategies
2488 Historic Decatur Road, Suite 200
San Diego, CA 92106

Ph: (619) 546-7451
Cl: (619) 980-8032

Email: craigm@calstrat.com
From: Jones, Paul  
Sent: Monday, November 26, 2012 2:30 PM  
To: 'Craig Benedetto'  
Cc: Walsh, Jolene; Ben Haddad; James Lawson; John Withers; rongastelum@aol.com; Steve O'Neill  
Subject: Confidential - Draft Plan  

Cal Strat team —

The purpose of this e-mail is to provide comments on the draft plan outline. Attached is a mark-up reflecting my revisions and general comments, which are also discussed, below:

1. The plan needs to have additional emphasis on building MWD's relationships, position as a resource and interaction with the water agencies and cities that are members of the CWA.
2. An additional goal I included is to establish MWD as the preeminent resource for all audiences on California and southern California water issues. We want MWD to be the go-to, not the CWA.
3. On the SWOT, one of the "threats" we want to emphasize is MWD and SDCWA not working together and making less than optimal financial and resource decisions on behalf of the public.
4. Clarified that the polling and focus group ascertainment work is to get beyond just the business community.
5. Expanded on the desired outcome to go beyond just "transparency" of MWD, but a more thorough understanding of its scope, operations, governance, resources, finances and management staff. Ignorance of MWD is really hurting them.
6. The plan needs to describe the positions and qualifications of the proposed staff individually, not in general. In addition, need to see more specifics on the number and type of staff, as well as a table of organization.

My main concern is that to be acceptable to MWD, the plan needs to be more like a governmental relations strategy and less like a media/PR blitz.

Please review these comments and let me know a reasonable schedule for when you can have a draft written plan completed. Also, if we need to schedule a conference call to discuss the outline or the draft, please let me know. Finally, I would suggest that you reach out to Ron Gastelum and get his thoughts; particularly how the plan can be packaged to best incorporate into MWD's current organization and culture. Really important if we want this to fly.

Thanks,

Paul

From: Craig Benedetto [mailto:craigb@calstrat.com]  
Sent: Wednesday, November 14, 2012 3:14 PM  
To: Jones, Paul  
Cc: Walsh, Jolene; Ben Haddad; James Lawson; John Withers  
Subject: Draft Plan  

Paul: per our conversation, attached, please find the draft plan for your consideration. Please give me a call at the office today if you'd like to discuss, or tomorrow on my cell phone. Thanks...take care...csb

Email sent by:

Craig Benedetto  
California Strategies  
2488 Historic Decatur Road, Suite 200  
San Diego, CA 92106  

EM-0036
Ph: (619) 546-7451
Cl: (619) 980-8032

Email: craigb@calstrat.com
Proposed Plan for MWD
Public and Governmental Relations Activities
In San Diego County

December 3, 2012

1. Plan Purpose

   a. What is the purpose?
      i. To engage the San Diego community and help educate about the mission, goals and activities of the Metropolitan Water District (MWD)
      ii. To establish MWD as the preeminent resource on California water issues for the water agencies, cities, county and other governmental agencies in San Diego
      iii. To provide accurate and unbiased information that will help frame the debate that is occurring on water issues and provide perspective to the local San Diego audience
      iv. To establish and build relationships with the local communities and trust among San Diego’s stakeholders.

   b. Who are the audiences?
      i. San Diego water leaders/agencies
      ii. Elected officials (local, state and federal) representing San Diego region constituents
      iii. Civic and community leaders
      iv. Non-governmental organizations (NGOs) engaged in natural resources issues
      v. Opinion leaders (educators, commentators, business owners)
      vi. News Media
      vii. General Public

   c. What are the objectives with these audiences?
      i. Effectively disseminating MWD’s message
      ii. Promoting regional collaboration between MWD and the San Diego community
      iii. Establishing relationships with target audiences in San Diego and becoming a trusted resource on water issues
      iv. Developing an understanding of:
         1. Statewide and Southern California issues
         2. MWD governance, decision making and rate structure
         3. Importance of state water system fix (including Bay-Delta)
      v. Effectively educate, provide information, gather feedback and build coalitions on behalf of MWD

EM-0038
vi. Identify and cultivate relationships with the media to insure MWD’s messages are being presented in a fair and unbiased manner
vii. Counter any potential editorial bias through timely communication with public via OpEd, Q&A and broadcast interviews

2. Construct of Plan

   a. Intro and context from ascertainment work
      i. Results of ascertainment
         1. Knew of dispute between San Diego County Water Authority (SDCWA) and MWD, but minimal understanding of details
         2. Limited understanding of variety of SDCWA projects (like emergency water storage) and the cost implications of those projects
         3. Little awareness of what MWD has done to improve water reliability and whether there was duplication between the two agencies
         4. Had been told that the SDCWA rate increases were largely driven by MWD, but also aware that there was another side to the story that was not being told
         5. In general, support spending more on water independence as an insurance policy against uncertainty
         6. Didn’t believe the SDCWA was picking on MWD and, in fact, thought MWD used the same tactics
         7. Demonstrated very little understanding of the Bay-Delta issue from an engineering, environmental or political standpoint
         8. Also did not understand the implications to a potential Bay-Delta “fix” from the SDCWA’s activities
         9. Were very interested in hearing the other side with their main issue being reliability and secondarily cost
      ii. MWD's strengths, weaknesses, opportunities and threats (SWOT)
         1. Strength: speaks for all of Southern California; Extensive financial resources; effective advocacy apparatus in Sacramento
         2. Weakness: no effective advocacy in San Diego; victim of continuous attacks from SDCWA
         3. Opportunities: alter dialogue in San Diego; heighten awareness of MWD initiatives to enhance reliability and keep costs under control; cast doubt on attacks
         4. Threats: failure to engage could impact Bay-Delta negotiations, cause poor water resource and investment decisions by MWD and SDCWA, and have other long term implications within the Southern California water community, as well as in Sacramento and Washington, DC.
   iii. Broader Public Ascertainment
1. Validate initial ascertainment briefings with advanced information gathering
2. Create a greater body of information through polling and focus groups in order to provide a baseline for current status within San Diego region
3. Establish a benchmark for future comparison following implementation of plan

b. Identify major strategic objectives for MWD
   i. Goals
      1. Conduct additional public outreach
      2. Develop key messages for stakeholder audiences
      3. Build a local San Diego infrastructure and presence
      4. Foster relationships in the local community
      5. Help communicate issues and educate local stakeholders on MWD, its operations and decisions without the filter of third parties
   ii. Desired outcomes/definition of success
      1. A more extensive and transparent awareness of MWD, its scope, operations, governance, resources, finances and management staff
      2. Making MWD a trusted point of contact for regional water issues and making certain that MWD is contacted early by local stakeholders rather than the local community simply relying on the SDCWA, particularly on issues related to the MWD

c. Basic tactical elements of Plan
   i. Government relations (cities, county, water agencies, including SDCWA)
   ii. Business community outreach
   iii. NGO outreach
   iv. Opinion leader outreach
   Media outreach
   vi. Public and general community outreach

d. Resources
   i. MWD office and organization: Build on existing presence in San Diego by raising the organization's stature and providing necessary resources to achieve its enumerated goals
   ii. Total number of FTEs (including current MWD staff person): 5 if media relations is outsourced, 6 if performed in-house
      1. Leader: key senior executive of MWD, preferably a recognizable, high integrity individual from the San Diego community; subject matter expertise desirable, but not most critical factor; ability to manage a small staff
2. **Staff:** administrative support for senior executive and office management

3. **Staff:** three community relations liaisons, assigned to San Diego’s north, east and south county areas:
   a. **North SD County**
      i. General Government Entities and Water Agencies
         1. City of Solana Beach
         2. City of Carlsbad/Carlsbad Municipal Water District
         3. City of Vista/Vista Irrigation District
         4. City of San Marcos
         5. City of Oceanside
         6. City of Poway
         7. City of Encinitas
         8. City of Escondido
         9. City of Del Mar
         10. Fallbrook Public Utility District
         11. Plymouth Municipal Water District
         12. Camp Pendleton Marine Corps Base
         13. Rainbow Municipal Water District
         14. Ramona Municipal Water District
         15. Rincon del Diablo Municipal Water District
         16. San Dieguito Water District
         17. Santa Fe Irrigation District
         18. Vallecitos Water District
         19. Valley Center Municipal Water District
         20.峪米 Municipal Water District
      ii. Business Organizations
         1. North County EDC
         2. San Diego North Chamber of Commerce
         3. San Diego Coastal Chamber of Commerce
         4. Carlsbad Chamber of Commerce
         5. Oceanside Chamber of Commerce
         6. Vista Chamber of Commerce
      iii. NGOs (Surfrider, others)
      iv. Community Groups
         1. Planning boards
         2. Town councils
         3. Business improvement districts
         4. Kiwanis clubs
         5. Rotaries
   b. **East SD County**
i. General Government Entities and Water Agencies
   1. City of El Cajon
   2. City of Santee
   3. City of La Mesa
   4. City of Lemon Grove
   5. Helix Water District
   6. Padre Dam Municipal Water District
   7. Lakeside Water District

ii. Business Organizations
   1. San Diego East County Chamber of Commerce
   2. Julian Chamber of Commerce
   3. Alpine Chamber of Commerce

iii. NGOs

iv. Community Groups
   1. Individual planning boards
   2. Town councils
   3. Business improvement districts
   4. Kiwanis clubs
   5. Rotaries

c. San Diego County
   General Government Entities and Water Agencies
   1. City of Chula Vista
   2. City of Imperial Beach
   3. City of National City (Sweetwater Authority)
   4. City of Coronado
   5. South Bay Irrigation District (Sweetwater Authority)
   6. Otay Water District

ii. Business Organizations
   1. South County EDC
   2. San Diego South Chamber of Commerce
   3. Chula Vista Chamber of Commerce
   4. National City Chamber of Commerce

iii. NGOs

iv. Community Groups
   1. Planning boards
   2. Town councils
   3. Business improvement districts
   4. Kiwanis clubs
   5. Rotaries
4. Staff: Media relations support: former reporter or public relations expert knowledgeable of San Diego County media market to focus on the various regional and community news outlets in the San Diego market; could be FTE or consultant
   a. Broadcast News - Television
      i. KFMB TV CBS8
      ii. KGTV TV ABC10
      iii. KNSD NBC7
      iv. KUSI TV
     v. FOX 5
    vi. San Diego 6CW
    vii. KPBS TV
   b. Broadcast News - Radio
      i. KOGO AM
     ii. KFMB AM
     iii. KPBS FM
   c. Print News
      i. Regional
         1. The Times
         2. U-T San Diego
         3. U-T North
         4. Associated Press San Diego
         5. San Diego Business Journal
         6. San Diego Daily Transcript
         7. San Diego Magazine
      ii. Community
          1. La Mesa Patch
          2. Rancho Bernardo News Journal
          3. La Jolla Light
          4. Beach & Bay Press
          5. National City Times
          6. San Diego Voice & Viewpoint
     d. Electronic News
        i. Voice of San Diego
        ii. San Diego City Beat
        iii. San Diego Downtown News
        iv. San Diego News Network

iii. Staff qualifications and duties
    1. Leader: Visible, seasoned, influential, respected individual from either the private or public sectors; basic to better understanding of water issues preferable, but not mandatory; strong presentation skills; management experience; Duties include establishing MWD presence in San Diego, becoming recognized as the “face and voice of MWD;” testifying before
government bodies, including water agencies; appearing before numerous community, business, non-profit organizations; giving interviews to media editorial boards, reporters (with assistance of media support staff/consultant); managing San Diego MWD staff; communicating regularly with MWD executives on progress and strategies; attend Southern Coalition meetings to improve coordination and communication (may also delegate or include other San Diego MWD staff)

2. Administrative Staff: experienced office manager with strong organizational and interpersonal skills; will often make first impression on visitors, either on phone, through email or in person; scheduling skills, computer literate; able to handle all office logistics

3. Community Relations/Liaisons: knowledge of specific geographic areas to which they are assigned; previously developed strong relationships with key governmental and community leaders in those areas; active listening skills paramount, leading to useful intelligence gathering; ability to speak for MWD within assigned area

4. Media Relations: strong relations with San Diego media outlets, particularly with working reporters; ability to share spokesperson duties with Leaders as appropriate; strong written and verbal communication skills; proven ability to write press releases, op-eds, letters-to-editors; prepare Leader (and community relations staff if needed) to address editorial boards, conduct interviews, etc.; the media relations position could be performed by an independent contractor who specializes in communications

e. Plan prioritization (schedule)

1. Set up and fully staff office immediately
   i. Phased implementation of public and government relations plan
      a. Public ascertainment (polling & focus groups)
   ii. Message development

2. Identification of contact constituencies
   a. community/civic/NGO
   b. public agencies
   c. business
   d. media

3. Implementation of plan

3. Budget
a. Determine cost of alternative office staffing levels and consultant resources
b. Develop working annual budget
c. Develop table of organization

4. Schedule
   a. Draft plan preparation
   b. Final plan
   c. Meeting with Kightlinger
Christine Carson

To: John Withers
Subject: RE: Checking In Took a look at the updated draft which looks good. Anything I can do in advance of the meeting 12/19 with the EMWD BOD?

John –

I spoke to Ben last Thursday. I let him know that we need to get the plan by today in a format that can be used for presentation purposes. Specifically, I have a lunch meeting tomorrow with the key MWD member agency managers to present the proposed plan to Jeff Kightlinger. We have one shot with him and as I expressed to Ben, we need a Powerpoint “flip book” or a similar professional presentation tool to walk him through the proposed plan concepts. The current version of the plan is a detailed, annotated outline and does not look “finished” and is difficult to walk through.

T

From: John Withers [mailto:jwt@calstrat.com]
Sent: Sunday, December 16, 2012 8:20 PM
To: Jones, Paul
Subject: Checking In Took a look at the updated draft which looks good. Anything I can do in advance of the meeting 12/19 with the EMWD BOD?

John Withers, Principal
California Strategies, LLC
18800 Von Karman Ave., Ste.190
Irvine, CA 92612

California Strategies, LLC
www.calstrat.com

EM - 00642
This is what I am going to present to Jeff and the managers tomorrow, and will be presented to the Board on Wednesday.
Proposed Plan for MWD Public and Governmental Relations Activities
In San Diego County
December 18, 2012
Situation Analysis

• SDCWA is MWD’s largest purchaser of water and its relationship with MWD is horrendous – organizational cancer on MWD.
• The San Diego civic, business and community leadership have a skewed and inaccurate understanding of MWD.
• MWD has no effective advocacy in San Diego - victim of continuous unchecked attacks from SDCWA.
• The situation threatens:
  – Bay-Delta negotiations and the perception of southern California’s position;
  – Cost effective and economic resource decision making;
  – Public perception of the southern California water community;
  – Relationships with state/federal agencies and institutions; and
  – The long-term stability of MWD.
Ascertainment Recap

- Knew of dispute between San Diego County Water Authority (SDCWA) and MWD, but minimal understanding of details
- Limited understanding of SDCWA projects (like emergency water storage) and cost implications
- No awareness of what MWD has done to improve water reliability and whether there was duplication between the two agencies
- Believed SDCWA rate increases were largely driven by MWD
- Supported spending more on water independence as an insurance policy against uncertainty based upon context provided by SDCWA
- Didn't believe the SDCWA was using inappropriate tactics to 'fight a larger enemy'
- Demonstrated very little understanding of the Bay-Delta issues or importance of Bay-Delta "fix" to San Diego
- Interested in hearing the other side with their main issues being reliability and secondarily cost
Plan Purpose

- To engage the San Diego community and help educate about the mission, goals and activities of the Metropolitan Water District (MWD)
- To establish MWD as the preeminent resource on California water issues for the water agencies, cities, county and other governmental agencies in San Diego
- To provide accurate and unbiased information that will help frame the debate that is occurring on water issues and provide perspective to the local San Diego audience
- To advocate the economic and water supply value of regional cooperation on state and interstate water issues
- To establish and build relationships with the local communities and trust among San Diego's stakeholders
Audiences

- San Diego water leaders/agencies
- Elected officials (local, state and federal) representing San Diego region constituents
- Civic and community leaders
- Non-governmental organizations (NGOs) engaged in natural resources issues
- Tax and rate payer advocacy groups
- Opinion leaders (educators, commentators, business owners)
- News Media and General Public
Objectives

• Effectively re-build MWD’s credibility, brand and support in San Diego
• Establish relationships with target audiences in San Diego and re-position MWD as a trusted resource on water issues
• Promote regional collaboration between MWD and the San Diego community
• Develop an understanding of:
  – Statewide and Southern California issues
  – MWD governance, decision making and rate structure
  – Importance of Bay-Delta “fix” to San Diego
• Effectively educate, provide information, gather feedback and build coalitions on behalf of MWD
• Identify and cultivate relationships with the media to insure MWD's messages are being presented in a fair and unbiased manner
• Counter any potential editorial bias through timely communication with public via OpEd, Q&A and broadcast interviews
SWOT Analysis

- **Strength**: speaks for all of Southern California; extensive financial resources; effective advocacy apparatus in Sacramento

- **Weakness**: no effective advocacy in San Diego; victim of continuous attacks from SDCWA

- **Opportunities**: alter dialogue in San Diego; heighten awareness of MWD initiatives to enhance reliability and keep costs under control; cast doubt on attacks

- **Threats**: failure to engage could impact Bay-Delta negotiations, cause poor water resource and investment decisions by MWD and SDCWA, and have other long term implications within the Southern California water community, as well as in Sacramento and Washington, DC.
Broader Ascertainment Program

- Validate initial ascertainment briefings with advanced information gathering
- Create a greater body of information though polling and focus groups in order to provide a baseline for current status within San Diego region
- Establish a benchmark for future comparison following implementation of plan
Basic Tactical Elements of Plan

- Government relations (cities, county, water agencies, including SDCWA)
- Business community engagement
- NGO outreach
- Opinion leader engagement
- Enhanced media relations
- Public and general community outreach
Needed Resources

- Build on existing office and staff in San Diego and raise MWD’s presence and stature.
- Total number of FTEs (including current MWD staff person): Five if media relations is outsourced, six if performed in-house.
  - **Team Leader (1):** Key senior executive of MWD, preferably a recognizable, high integrity individual from the San Diego community; subject matter expertise desirable but not most critical factor; ability to manage a small staff.
  - **Administrative (1):** Support for senior executive and office management.
  - **Community Relations Liaisons (3):** Regionally assigned to San Diego’s north, east and south county areas.
  - **Media Relations Support (1):** Former reporter or public relations expert knowledgeable of San Diego County media market to focus on the various regional and community news outlets in the San Diego market; could be FTE or consultant.
Staff Qualifications – SD Team Leader

• Visible, seasoned, influential, respected individual from either the private or public sectors with an understanding of water issues
• Strong management, financial analysis and audience presentation skills
• Duties include establishing MWD presence in San Diego, becoming recognized as the "face and voice of MWD"
• Would include testimony before government bodies, including water agencies and appearing before numerous community, business, non-profit organizations; giving interviews to media editorial boards, reporters
• Manages San Diego MWD staff
• Communicates regularly with MWD executives on progress and strategies
• Attends Southern Coalition meetings to improve coordination and communication
Staff Qualifications – Administrative

- Experienced office manager with strong organizational and interpersonal skills
- Strong first impression with excellent people and communication skills
- Organized and competent with experience with scheduling skills; computer literate
- Able to handle all office logistics
Staff Qualifications – Community Relations Liaison

- Strong knowledge/awareness of specific geographic areas to which they are assigned
- Previously developed strong relationships with key governmental and community leaders in those areas
- Active listening skills paramount, leading to useful intelligence gathering
- Ability to speak for MWD within assigned area
Staff Qualifications – Media Relations

- Strong relations with San Diego media outlets, particularly with working reporters
- Ability to share spokesperson duties with Leader as appropriate; strong written and verbal communications skills; proven ability to write press releases, op-eds, letters-to-editors
- Prepare Leader (and community relations staff if needed) to address editorial boards, conduct interviews, etc.
- Could be in-house or performed by an independent contractor who specializes in communications
Budget and Organization

• Determine cost of alternative office staffing levels and consultant resources
• Develop working annual budget, including discretionary funds for community activities and outreach
• Develop table of organization and titles
• Include costs for office space and existing staff member

Will require long-term commitment by MWD to achieve desired outcome
Plan Prioritization

- Set-up and fully staff office immediately
- Phased implementation of public and governmental relations plan:
  - Broader Ascertainment (polling and focus groups)
  - Message development and tactical refinement
  - Identification of contact constituencies
    - community/civic/NGO
    - public agencies
    - business
    - media
  - Implement tactical elements of plan
John, Craig and Ben —

I hope all of you had a great Christmas Holiday and are planning an enjoyable new year's day.

First, I want to thank you all again for your efforts on the MWD Public and Governmental Relations Plan. It was very well received by Jeff and other key member agency General Managers and we will continue to work with MWD on urging its implementation. Great job!

One of the key next steps identified in the plan is the broader ascertainment program. Specifically, additional ascertainment, polling and focus group work to validate and expand MWD's understanding and to create a baseline. This information would be essential for the new leader of an expanded MWD office in San Diego to execute his or her job effectively.

In discussions with my Board, MWD may be prompted along if some of this work could be done in advance by one or more of the member agencies. In that regard, could you please prepare a scope and cost estimate for doing this work to the level that you believe would provide sufficiently comprehensive information? Please include any outside consultant recommendations and costs for the polling, as necessary.

I am out of the office next week and will be returning on January 7th. If you could have this scope and estimated cost ready for early in that week that would be great.

Thanks and I look forward to talking with you soon,

Paul
Paul, thanks for your note. We hope you had a wonderful holiday, too. Enjoy your time off between now and January 7.

John, Craig and I will huddle and draft a new scope of work to capture the broader ascertainment described in the plan. As John and I mentioned during our recent visit with your board, we already have a professional pollster in mind.

Our San Diego office re-opens on January 3, so we will have the new scope and cost estimates ready for your return.

Thanks for your confidence in our work, Paul. We look forward to continuing our relationship with you in the days ahead.

Ben

Sent from Ben Haddad's iPad

On Dec 28, 2012, at 9:04 AM, "Jones, Paul" <jonesp@emwd.org> wrote:

John, Craig and Ben –

I hope all of you had a great Christmas Holiday and are planning an enjoyable new year’s day.

First, I want to thank you all again for your efforts on the MWD Public and Governmental Relations Plan. It was very well received by Jeff and other key member agency General Managers and we will continue to work with MWD on urging its implementation. Great job!

One of the key next steps identified in the plan is the broader ascertainment program. Specifically, additional ascertainment, polling and focus group work to validate and expand MWD's understanding and to create a baseline. This information would be essential for the new leader of an expanded MWD office in San Diego to execute his or her job effectively.

In discussions with my Board, MWD may be prompted along if some of this work could be done in advance by one or more of the member agencies. In that regard, could you please prepare a scope and cost estimate for doing this work to the level that you believe would provide sufficiently comprehensive
John - Randy and I are meeting with Jeff at noon.

Paul

Sent from my iPhone

On Jan 22, 2013, at 9:28 AM, "John Withers" <jwithers@calstrat.com> wrote:

Paul-

We are having an internal team call today at 2:30 as you know to discuss the project in light of several comments and feedback from the new mayor's office on CS involvement. Any updates for our guys?

John Withers, Principal  (949) 252-8990 office
California Strategies, LLC  (949) 861-1250 Mobile
18800 Von Karman Ave., Ste.190  (949) 252-8911 Fax
Irvine, CA 92612

<image001.png>
www.calstrat.com
Attachment 12:

Documents showing involvement by former MWD General Manager and MWD Board Member representing the City of Los Angeles, Ron Gastelum
Nina Jazmadarian

From: Harvey De La Torre <HDeLaTorre@mwdoc.com>
Sent: Tuesday, November 01, 2011 10:16 AM
To: Nina Jazmadarian
Subject: RE: Cordoba Contract

Nina,

When do you plan to go to your Board for the Cordoba Contract. Below is a table of who is participating. With Foothill participating, it's $7,500 per agency.

Let me know.

Thanks.

<table>
<thead>
<tr>
<th>MET Member Agency</th>
<th>Total One Time Payment for Malcolm (Feb. 2011 to June 2012)</th>
<th>Agencies Participating in the Cordoba Contract (October 2011 to June 2012)</th>
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<td>Los Angeles</td>
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<td>MWDOC</td>
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<td>Upper San Gabriel</td>
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<td>Western</td>
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<td>West Basin</td>
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<td>Calleguas</td>
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<td>Three Valleys</td>
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<td>Total</td>
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</tbody>
</table>
I will need to take this to my Board.

As soon as you get a better feel for how many agencies are participating, please let me know. I can use that as the maximum figure to obtain authorization.

Thanks,

Nina

Member Agency Managers:

As we have been discussing, the coming year will be critical for MET and Ron Gastelum’s advice and guidance is needed. Therefore, per our discussions, we are moving forward with renewing the contract with Cordoba Corp. for the remainder of the fiscal year (October 2011 to June 2012). The contract will continue as a retainer at $7,500/month, totaling $67,500 (9 months). Depending on the number of agencies participating in this contract will determine the contribution amount (For example, if seven agencies participate the contribution amount will be $9,643/per agency).

Unless there is an objection, MWDOC can manage the Cordoba Contract. Western MWD is currently “closing out” the existing contract. To make things easier, MWDOC could (if requested) bill a participating agency their Malcolm Pirnie and Cordoba share on one invoice and state them as “tasks”.

It is also important to note that when called upon, Ron will attend our working group meetings lead by Ed Means to provide strategic input; however, there may be times when there will be separate meetings with only those that participate in the Cordoba contract.
Due to the timing, we would like to process this quickly. Therefore, please send your response whether you plan to participating in the Cordoba Contract to Harvey De La Torre at hdelatorre@mwdoc.com.

For your information and review, below is Ron's Scope of Work/Services through Cordoba:

- Review key metropolitan issues monthly
- Provide strategic guidance as requested
- Participate in selected workgroups
- Brief, as needed, General Managers and staff on critical water policy issues

Sincerely,

Kevin P. Hunt, P.E.
Christine Carson

From: John Withers <jwithers@calstrat.com>
Sent: Sunday, May 06, 2012 8:35 PM
To: Jones, Paul
Subject: RE: Historic business support for IID transfer

Paul-

Thanks. Give me a call if you can first thing in the morning. Bob White, Gary Hunt, and I discussed the assignment and the conditions required for us to be involved. We have a call with the other SD Junior Partners and I'd like to share our thinking with you before that call. I should be in the office early.

John Withers, Principal
California Strategies, LLC
18800 Von Karman Ave., Ste.190
Irvine, CA 92612
(949) 252-8990 Office
(949) 861-1250 Mobile
(949) 252-8911 Fax

www.calstrat.com

----Original Message-----
From: Jones, Paul [mailto:jonesp@emwd.org]
Sent: Friday, May 04, 2012 2:56 PM
To: John Withers
Subject: Fwd: Historic business support for IID transfer

John -
Another data point for Cal Strat's consideration.
Paul

Sent from my iPhone

Begin forwarded message:

From: "rongastelum@aol.com" <rongastelum@aol.com>
To: "Jones, Paul" <jonesp@emwd.org>
Subject: Historic business support for IID transfer

See attached. Might be useful reference in your discussions. Note the emphasis on "cost certainty for a significant portion of San Diego's imported water supply". Also note the founding chair, Steve Cushman. Possible relation to Dennis?
Christine Carson

From: Jones, Paul
Sent: Monday, October 01, 2012 5:24 PM
To: 'rongastelum@aol.com'
Subject: RE: SDCWA Ascertainment

Ron –

I like the approach of engaging a neutral third party. A similar theme to what we attempted with the LAEDC study except using a direct advisor to the San Diego business leadership. It’s a sound concept.

The key question in my mind is how do we get them motivated enough to consider engaging such an independent advisor? Given the fact that the Cal-Strat ascertainment survey is not exactly showing a passionate concern for SDCWA’s actions and decisions, it’s hard to imagine that the business community would be sufficiently exercised. Perhaps this ocean desalination cram-down by the Authority before the election might be enough to get them stimulated.

Maybe the strategy would be for us to make a quick, compelling case of why they should be concerned and then immediately suggest that they “not take our word for it” and engage the third party. That third party could be a Lester Snow-type, an academic institution, or a non-LA based economic think tank, or a combination thereof. It will be interesting to see how this will scan with Cal-Strat’s recommendations for the next phase.

Paul

From: rongastelum@aol.com [mailto:rongastelum@aol.com]
Sent: Monday, October 01, 2012 12:21 PM
To: Jones, Paul
Subject: Re: SDCWA Ascertainment

Paul,

I have an idea I want to share with you. May not be practical, but since I am in the business of ideas and strategy, and you are in the business of deciding and implementing, here is an idea.

My premise is that any qualified economist or utility manager could look at the Authority’s system, plans, customers, and costs and concluded that they would be a lot better off working within the MWD system than continuing to try and tear it down or manipulate it to their perceived particular advantage. Unfortunately, the local business community and political leaders are regularly forced to the Authority’s view, and no amount of MWD and other member agency involvement can compensate. This is in large part due to the Authority’s style, but also to the prevailing view in San Diego that it is them against the rest of LA dominated Southern California.

What if the business community reached out to a retired executive like Lester Snow or another Northern California based individual without ties to MWD or LA? Maybe retired Judge Wanger? The executive could do a high level review and advise them on the facts and the issues. In part, you and John are trying to do the same thing. It may be enough to create doubt about the Authority’s strategy, however, it is hard to conceive that it will be enough to move them to action since you have a definite and declared financial interest in the dispute.

Just an idea.

Ron

-----Original Message-----
From: Jones, Paul <jonesp@emwd.org>
To: John Withers (jwithers@calstrat.com) <jwithers@calstrat.com>; Ben Haddad (benh@calstrat.com) <benh@calstrat.com>
I concur with Paul’s comments and edits. I will add two observations:

1. I think it would be most helpful if the Cal Strat team could identify potential candidates for the position we are recommending without actually contacting anyone to ascertain their interest. I think it will be more persuasive to Jeff Kightlinger if we can describe actual people that fit the profile. A risk of this strategy is that if it becomes public MWD is looking, and for whatever reason a good hire cannot be made, it could be embarrassing for MWD to fail. Jeff will not want a failure out of the box, and I suspect he would be more willing to undertake this initiative if he felt good candidates could be discreetly approached, and one of them hired. In thinking about what might attract a quality candidate, consider the fact that MWD may be able to offer a base salary close to $200 k per year. A 5 year term with Met could provide pension and life time health benefits that might be attractive to a successful person in the private sector with a high public profile nearing retirement. A well respected former public official, without future public office aspirations, and high integrity, could also be a good candidate.

2. Relative to messaging, I think simple will be best. Whoever is hired to lead this effort in San Diego is unlikely to be a "water expert". What MWD does and how it serves as San Diego's back up supply is a simple message. The fact that San Diego County, like all the other MWD member agencies cannot expect to be physically independent of MWD is another simple message that can help underscore the importance of maintaining a good relationship with MWD and the other member agencies. The cost of MWD water is also a number that is straightforward and the same for all the member agencies. The Authority has the tendency to characterize what MWD does and the cost of MWD water in terms that best serve its purposes, but the relevant numbers are actually very simple and can be presented by anyone with a little training. Simple messages in combination with the right person delivering the messages on a continuous and consistent basis throughout the community is the key.

Ron
---Original Message-----
From: Jones, Paul <jonesnp@emwd.org>
To: Craig Benedetto <craigb@calstrat.com>
Cc: Walsh, Jolene <allredj@emwd.org>; Ben Haddad <benh@calstrat.com>; James Lawson <jlawson@calstrat.com>
John Withers <jwithers@calstrat.com>; rongastelum <rongastelum@aol.com>; Steve O'Neil <steve@lemieux-oneill.com>
Sent: Mon, Nov 26, 2012 2:30 pm
Subject: Confidential - Draft Plan

Cal Strat team –

The purpose of this e-mail is to provide comments on the draft plan outline. Attached is a mark-up reflecting my revisions and general comments, which are also discussed, below:

1. The plan needs to have additional emphasis on building MWD's relationships, position as a resource and interaction with the water agencies and cities that are members of the CWA.
2. An additional goal I included is to establish MWD as the preeminent resource (for all audiences) on California and southern California water issues. We want MWD to be the go-to, not the CWA.
3. On the SWOT, one of the “threats” we want to emphasize is MWD and SDCWA not working together and making less than optimal financial and resource decisions on behalf of the public.
4. Clarified that the polling and focus group ascertainment work is to get beyond just the business community.
5. Expanded on the desired outcome to go beyond just “transparency” of MWD, but a more thorough understanding of its scope, operations, governance, resources, finances and management staff. Ignorance of MWD is really hurting them.
Christine Carson

From: Jones, Paul
Sent: Friday, December 07, 2012 2:56 PM
To: pjones6744@aol.com
Subject: FW: Confidential - Draft Plan
Attachments: MWD_Draft_Plan_01Dec2012.docx

From: rongastelum@aol.com [mailto:rongastelum@aol.com]
Sent: Friday, December 07, 2012 8:56 AM
To: Jones, Paul
Subject: Fwd: Confidential - Draft Plan

Paul,

Here are my final comments on the draft plan:

1. I would suggest adding an additional purpose in paragraph 1. a. as follows: "v. To advocate the economic and water supply value of regional cooperation on state and interstate water issues."

2. Suggest that "tax and rate payer advocacy groups" be added as a specific audience at the end of paragraph 1.b.

3. I would also suggest that a key attribute of the new key senior executive would be comfort with financial analysis and numbers. Clear and credible messaging on the numbers could be especially valuable in the business community. The costs and risks of the IID Transfer and the Poseldon deal will continue to be an opportunity to depart from the rhetoric of "independence" and bring home the economic value of regional cooperation.

4. On the budget for the new office, I cannot stress enough the value of having discretionary funds available for business meals (within reason), and contributions to local organizations and programs.

5. There is also an area we have not discussed that I would like to put on the table, but I am not sure it needs to be articulated in the plan. The Authority does not exist in a bubble. Water is just one of the issues that local leaders think about, and as we have heard, not necessarily an issue that has top priority during normal conditions. Transportation, schools, municipal fiscal integrity are major concerns. There is no reason why the senior executive could not volunteer to serve on various boards and committees to contribute his/her time to help on these issues. Contributing money to other causes may be tricky, but not necessarily if done in modest amounts. Having a community presence that rises above water and allows Met's representative to be seen as a valuable asset to San Diego County's quality of life could be extremely valuable, especially given the rather narrow and pushy inclinations of the Authority's leadership.

Ron

-----Original Message-----
From: Ben Haddad <benh@calstrat.com>
To: Jones, Paul <jonesp@emwd.org>
Hello again, Ron. Pardon my earlier brief answer.

As you know, the Chamber has been in the Water Authority's camp for a long time. They even gave Chris Frahm their coveted "Spirit of San Diego" award back in the late 90's. Maureen has been on the Chamber board for a number of years, and even served on the executive committee (called Management Council) for awhile.

Mayor Sanders is not that familiar with water issues, but was advised by Maureen and his recent appointees to the Authority, including Vince Mudd and Tom Wornham. His natural bent will be toward the Authority viewpoint.

However, I believe Jerry will be open to hearing other viewpoints. He may not agree with them, but I think he will give us an honest listen. Frankly, if we could turn Jerry toward a more balanced approach, he could become a huge asset for us with the rest of the business community. This will take work, but I believe this is worth pursuing.

Ben

---

From: rongastelum@aol.com [mailto:rongastelum@aol.com]
Sent: Friday, December 14, 2012 9:46 AM
To: Ben Haddad
Cc: jonesp@emwd.org
Subject: Re: Confidential - Draft Plan

Ben,

How does Jerry Sander's appointment to lead the Chamber affect outreach opportunities to the business community?

Ron

-----Original Message-----
From: Ben Haddad <benh@calstrat.com>
To: Jones, Paul <jonesp@emwd.org>
Cc: Walsh, Jolene <allredjo@emwd.org>; rongastelum <rongastelum@aol.com>; Steve O'Neill <steve@lemieux-oneill.com>; Craig Benedetto <craigb@calstrat.com>; John Withers <jwithers@calstrat.com>; James Lawson <jlawson@calstrat.com>; Tom Blair <tblair@calstrat.com>; Gary Hunt <ghunt@calstrat.com>; Bob White <bobwhite@calstrat.com>
Sent: Mon, Dec 3, 2012 6:39 pm
Subject: RE: Confidential - Draft Plan

Paul,

Per your comments and suggestions, and those of Ron and Jolene, we have updated the draft plan. We hope this captures your recommendations, particularly in the section describing the new MWD team proposed for San Diego, and their anticipated qualifications and duties.

Let me know if I can provide anything else. We look forward to your review.

Ben
Attachment 13:

Documents showing participation of MWD Member Agency Managers
Will do by cob today. Sorry for delay.

-----Original Message-----
From: Jones, Paul <jonesp@emwd.org>
To: John Withers
Sent: Tue May 15 10:02:53 2012
Subject: Cal Strat Scope for San Diego Issues

John -

Could you please give me an ETA on the scope of work? I have a coordination meeting with other MWD agencies on Friday and would tentatively like to take the item to our Board in closed session next Wednesday.

I would also recommend that you do a draft scope, get it over to me, and we finalize the scope, pricing and terms over the phone before it's "final."

Please let me know,

Paul

Sent from my iPad
Paul,

I think the Thursday call should suffice. Just wanted to make sure I was in touch as I was out for a week. May see you Friday morning as well if you are going to the Manager’s pre breakfast and then general meeting. Will only call before Thursday afternoon if you request. Thanks.

Ron

--- Original Message ---
From: Jones, Paul <jonesp@emwd.org>
To: rongastelum <rongastelum@aol.com>
Sent: Mon, Aug 13, 2012 3:13 pm
Subject: RE: EMWD & CalStrat Status Update Conference Call

Ron-

I received your voice mail this morning and was in the process of getting this set-up. I wanted to include you so I just asked the CS folks to contact you directly. Hope that was okay.

If you would like to talk on the phone I am available today from 5:00 to 6:00 PM; tomorrow at the same time, or Wednesday any time after 3:30 PM.

Let me know what works,

Paul

From: rongastelum@aol.com [mailto:rongastelum@aol.com]
Sent: Monday, August 13, 2012 3:07 PM
To: benh@calstrat.com
Cc: Jones, Paul
Subject: Re: EMWD & CalStrat Status Update Conference Call

I will join.

--- Original Message ---
From: Ben Haddad <benh@calstrat.com>
To: Craig Benedetto <craigb@calstrat.com>; John Withers <jwithers@calstrat.com>; jonesp <jonesp@emwd.org>; alredjo <alredjo@emwd.org>; rongastelum <rongastelum@aol.com>
Cc: Bob White <bobwhite@calstrat.com>; Gary Hunt <ghunt@calstrat.com>
Sent: Mon, Aug 13, 2012 2:51 pm
Subject: EMWD & CalStrat Status Update Conference Call

When: Thursday, August 16, 2012 3:30 PM-4:00 PM (GMT-07:00) Pacific Time (US & Canada).
Where: 916-290-6150, 5050#

Note: The GMT offset above does not reflect daylight saving time adjustments.

A conference call is scheduled for Thursday, Aug. 16, 3:30pm PT using 916-290-6150, 5050#.
Christine Carson

From: Jones, Paul
Sent: Thursday, September 27, 2012 2:37 PM
To: John Withers (jwithers@calstrat.com); Ben Haddad (benh@calstrat.com)
Cc: Walsh, Jolene; rongastelum@aol.com
Subject: RE: SDCWA Ascertainment

John —

I forgot to include on the schedule the briefing with Mark Leslie on October 16, 2012 at 1:00 PM. Attendees include you, Ben, me and John Rossi from Western Municipal Water District.

Thanks,

Paul

From: Jones, Paul
Sent: Thursday, September 27, 2012 2:12 PM
To: John Withers (jwithers@calstrat.com); Ben Haddad (benh@calstrat.com)
Cc: Walsh, Jolene; rongastelum@aol.com
Subject: SDCWA Ascertainment

John —

It was to talk to you yesterday. As a follow-up, these are what I see as the key milestones, dates and tasks going forward.

10/3 to 10/5 — First screencheck of ascertainment report and recommendations submitted to EMWD.

10/8 to 10/10 — EMWD provides comments to Cal Strat on draft.

10/10 to 10/12 - Conference call set-up with EMWD management, MWD management, Ron Gastalum and others to discuss findings and recommendations. If possible, I would really like to have either Gary Hunt and/or Bob White available to also add in their thoughts and strategic recommendations. EMWD to set-up meeting with your office.

10/15 — Draft of ascertainment report and initial recommendations completed.

10/17 — Cal Strat presents report and recommendation to EMWD Board. Will work with our legal counsel to confirm this is a closed session item (on-going litigation). Need to discuss in advance if there is any action to be taken on the recommendations if the next phase of work would be brought to a subsequent Board meeting.

10/26 — General discussion of findings and recommendation with member agency work group. Meeting is in Monrovia at 9:00 am. Jones to present but may want CalStrat representative to attend.

Please let me know if this is your understanding of the plan and if it generally works with your and Ben’s schedules. If it looks okay, I’ll start to get the conference call set-up.
From: Jones, Paul
Sent: Tuesday, October 30, 2012 2:59 PM
To: John Withers (jwithers@calstrat.com); Craig Benedetto (craigb@calstrat.com); Ben Haddad (benh@calstrat.com); rongastelum@aol.com
Cc: Walsh, Jolene; Howard, Rosemarie
Subject: Follow-up steps on SDCWA Ascertainment Work

All-

As a follow-up to the EMWD Board presentation by Ben and John as well as our discussion last Thursday, Cal Strat is tasked with preparing a specific plan for presentation to MWD Executive Management regarding a more rigorous, long term “client” outreach and service effort by MWD in SDCWA’s service area.

In my mind, the plan needs to address business and strategic issues and embody the recommendations from Cal Strat’s ascertainment work. A good structure may be to start with the major strategic objectives, key audiences and desired outcomes. The plan should then address the more business and tactical issues of required and recommended resources, organization of the office and internal/external resources, and deployment. It also needs to be written such that is fits into MWD’s organizational structure, and can be used by EMWD to work with the other MWD member agency managers to gain their support and advocacy for the concept.

I have asked Ron Gastelum and he has agreed to help assist the Cal Strat team and ENWD in putting this together. To start the effort and get Cal Strat on the right track, I suggest that we set-up a working conference call to frame the plan and to give Cal Strat the opportunity to get clarification and direction. Once an initial outline/draft is prepared, it can be distributed for comment by Ron and EMWD, with a follow-up conference call, if necessary. A final of the plan can be drafted thereafter. The goals would be to have an initial outline by November 8. We are trying to set a meeting with some of the member agency managers on November 9 and I would like to discuss the ascertainment work, recommendations and the plan outline. My overall goal would be to have a plan in final form ready to go before Thanksgiving.

If this sounds acceptable, I suggest we set a conference call late this week or very early next week to kick the effort off. Along with Ron, from Cal Strat’s side I assume the participants are Ben, Craig and John. From EMWD’s side, Jolene and Paul would participate.

John, Ben and Craig, please have your assistant contact my office to coordinate a time. Let me know if there are any problems or concerns.

Thanks,

Paul Jones
Cal Strat team –

Where do we stand on getting a Draft written plan? I haven't seen any acknowledgement to the comments provided by me, Jolene or Ron Gastelum; or any feedback on the schedule or need for a conference call.

Here's where my scheduling needs stand. I have a meeting with Jeff Klitzling and the key MWD member agency managers to present the plan on December 18, and am trying to arrange a pre-meeting with the managers to review the final draft of the plan on December 14.

Backing out the schedule from there, we will need a first draft of the written plan to be completed no later than next Friday, December 7. If EMWD can get a draft in-hand by Friday December 7, we can turn around comments and have them back to you by Tuesday, December 11. We would then ask you to turn around a final draft no later than Thursday, December 13.

Finally, I would like to review the plan in closed session with the EMWD Board on December 18. I need to know your availability (John and/or Ben) to discuss the plan with the Board at that time.

Please let

From: Jones, Paul
Sent: Monday, November 26, 2012 2:30 PM
To: 'Craig Benedetto'
Cc: Walsh, Jolene; Ben Haddad; James Lawson; John Withers; rongastelum@aol.com; Steve O'Neill
Subject: Confidential - Draft Plan

Cal Strat team –

The purpose of this e-mail is to provide comments on the draft plan outline. Attached is a mark-up reflecting my revisions and general comments, which are also discussed, below:

1. The plan needs to have additional emphasis on building MWD's relationships, position as a resource and interaction with the water agencies and cities that are members of the CWA.
2. An additional goal I included is to establish MWD as the preeminent resource (for all audiences) on California and southern California water issues. We want MWD to be the go-to, not the CWA.
3. On the SWOT, one of the “threats” we want to emphasize is MWD and SDCWA not working together and making less than optimal financial and resource decisions on behalf of the public.
4. Clarified that the polling and focus group ascertainment work is to get beyond just the business community.
5. Expanded on the desired outcome to go beyond just “transparency” of MWD, but a more thorough understanding of its scope, operations, governance, resources, finances and management staff. Ignorance of MWD is really hurting them.
6. The plan needs to describe the positions and qualifications of the proposed staff individually, not in general. In addition, need to see more specifics on the number and type of staff, as well as a table of organization.
My main concern is that to be acceptable to MWD, the plan needs to be more like a governmental relations strategy and less like a media/PR blitz.

Please review these comments and let me know a reasonable schedule for when you can have a draft written plan completed. Also, if we need to schedule a conference call to discuss the outline or the draft, please let me know. Finally, I would suggest that you reach out to Ron Gastelum and get his thoughts; particularly how the plan can be packaged to best incorporate into MWD's current organization and culture. Really important if we want this to fly.

Thanks,

Paul

---

From: Craig Benedetto [mailto:craigb@calstrat.com]
Sent: Wednesday, November 14, 2012 3:14 PM
To: Jones, Paul
Cc: Walsh, Jolene; Ben Haddad; James Lawson; John Withers
Subject: Draft Plan

Paul: per our conversation, attached, please find the draft plan for your consideration. Please give me a call at the office today if you'd like to discuss, or tomorrow on my cell phone. Thanks...take care...csb

Email sent by:

Craig Benedetto
California Strategies
2489 Historic Decatur Road, Suite 200
San Diego, CA 92106

Ph: (619) 546-7451
Cl: (619) 980-8032

Email: craigb@calstrat.com
Christine Carson

To: John Withers
Subject: RE: Checking In-Took a look at the updated draft which looks good. Anything I can do in advance of the meeting 12/19 with the EMWD BOD?

John –

I spoke to Ben last Thursday. I let him know that we need to get the plan by today in a format that can be used for presentation purposes. Specifically, I have a lunch meeting tomorrow with the key MWD member agency managers to present the proposed plan to Jeff Kightlinger. We have one shot with him and as I expressed to Ben, we need a Powerpoint “flip book” or a similar professional presentation tool to walk him through the proposed plan concepts. The current version of the plan is a detailed, annotated outline and does not look “finished” and is difficult to walk through.

From: John Withers [mailto:withers@calstrat.com]
Sent: Sunday, December 16, 2012 8:20 PM
To: Jones, Paul
Subject: Checking In-Took a look at the updated draft which looks good. Anything I can do in advance of the meeting 12/19 with the EMWD BOD?

John Withers, Principal
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(949) 252-8911 Fax
(949) 252-8990 Office
(949) 861-1230 Mobile

California Strategies, LLC
www.calstrat.com
John, Craig and Ben –

I hope all of you had a great Christmas Holiday and are planning an enjoyable new year’s day.

First, I want to thank you all again for your efforts on the MWD Public and Governmental Relations Plan. It was very well received by Jeff and other key member agency General Managers and we will continue to work with MWD on urging its implementation. Great job!

One of the key next steps identified in the plan is the broader ascertainment program. Specifically, additional ascertainment, polling and focus group work to validate and expand MWD’s understanding and to create a baseline. This information would be essential for the new leader of an expanded MWD office in San Diego to execute his or her job effectively.

In discussions with my Board, MWD may be prompted along if some of this work could be done in advance by one or more of the member agencies. In that regard, could you please prepare a scope and cost estimate for doing this work to the level that you believe would provide sufficiently comprehensive information? Please include any outside consultant recommendations and costs for the polling, as necessary.

I am out of the office next week and will be returning on January 7th. If you could have this scope and estimated cost ready for early in that week that would be great.

Thanks and I look forward to talking with you soon,

Paul
Christine Carson

From: Walsh, Jolene
Sent: Friday, January 25, 2013 11:45 AM
To: Jones, Paul
Subject: Meeting highlights

Paul-

Quick highlights from today's meeting. Please let me know if you have any questions.

Thanks,
Jolene

Member Agency Meeting

Dave Peterson attended, introduced himself and expressed interest in participating in MWD matters regularly. He says as a GM, he's trying to emulate you.

Update from Ron on water bond. Joe Caves says its a real simple formula, you need to start from the left and work toward the middle, because you will never get support from the right. Caves says the legislature will not come together with a bond proposal, may need to be a voter initiative.

Next meeting: The group will meet next on March 1, and we will invite MWD staff to come speak about the water bond.

MWD wants to define 'must haves' for the water bond, but Jeff wants to keep it very high level, not getting in the weeds to discuss individual projects. Shane wants MWD to prepare a calendar and an outline of all of the moving pieces of the water bond if it goes through legislature, or voter initiative.

Joe says in pole, it's not a particular a number that works best, but the big picture resonates more with the people. Right now all of the legislators are just talking, and lowering expectations.

sdcw is discussing the Bay Delta alternative, and board members wanted to be clear that they are not 'supporting' the 3000 CFS, but rather they want to be sure that option is considered.

Look at slide 6 of the SDCWA powerpoint on So Cal's Water Supply. They took projects out of all of the agencies UWMP's (and then some) and are pointing to that cumulative supply and saying all of MWD's agencies are going to be rolling off of MWD, and SDCWA is going to be left holding the bag.

SDCWA is trying to make everybody look irresponsible by putting those numbers back on us, when many of the numbers are exaggerated.

*** This item will be discussed again, and the MA's may want to prepare a letter rebutting SDCWA's argument on this. This letter needs to discuss good water management, which involves long term projections - many projects of which may never happen.

Susan spoke with Gary Arant who said that the 3,000 cfs option letter was a bit of a rogue move by the authority. Not all of the member agencies were on board.

EM-00319
SD really wanted LA to be a party to the 3,000 cfs campaign. LA is very influenced by the environmental entities, so NRDC and others are pushing LA very hard to join efforts to call for a 3,000 cfs.

SDCWA passed the Poseidon deal passed easily, but the purchase contracts will be the difficulty.

Fernando expressed concern about the Cal Strat contact and asked if this could be perceived as us losing moral high ground, he said we are critical of them for having expensive PR contracts in San Diego, and now we are doing the same thing. I explained the difference we were doing this solely for ascertainment to better understand dynamics in San Diego with the ultimate goal of better protecting our customers from the potential $180 million shift if SDCWA prevails in the litigation. They mentioned that you were planning to provide an overview of the ascertainment in the Feb 1 afternoon meeting and are looking forward to hearing about it.

Contract: MWDOC discussed continuing with the Ron Gastelum contract. It would be about $7,500 per agency per year if 12 agencies participate. Everybody generally agreed to keep Ron as the consultant, best suited for the position.

Follow-up: Shane is working on water bond briefing with MWD for the next meeting Shane, Dave and Ron will be working on the draft letter in response to SDCWA's presentation.

Rick's item: AB 72, Three Valleys bill is a good governance bill, the bill shortens the lame duck period. Over the years they had a majority of board members voted out, and they caused mischief for the in-between time. Just a wise move to keep boards efficient. Some board member who are voted out never go back to the board meetings, so they have a difficult time getting quorum on occasion.

Jolene

walshj@emwd.org
Attachment 14:

Various versions of the scopes of work and contracts
John –

Thanks for getting this over. I am in meetings this afternoon and will review it tonight and tomorrow.

Thanks,

Paul

---

From: John Withers [mailto:jwithers@calstrat.com]
Sent: Wednesday, May 16, 2012 2:01 PM
To: Jones, Paul
Subject: Draft Letter Proposal

Paul-

As promised here is a draft letter proposal for your review. After MUCH discussion it is thought to be better for the San Diego crew if it was sufficiently general in nature. (It is also being circulated one more time internally so there may be some additional tweaks). Call me to discuss.
John –

Our Board meeting is June 6th at 9:00 am; with the closed session at around 11 to noon. I plan to put the item on closed session (potential litigation) and present the proposed contract (which I would like to run through legal counsel, if possible). What I need is the following:

1. Your and Ben’s attendance at the meeting to discuss the scope and proposed activities.
2. A final revised version of the proposal you sent out last week with a dollar amount for the first six months work. John, you need to propose a number to me with a rationale so we can negotiate the fee and get this resolved.
3. A handout that you can provide at the meeting (and we can collect when you’re done) on the actual scope items. This should include the tasks (along the lines that I provided to you) and what Cal Strategies resources will be assigned to the tasks. We want clarification of Bob White’s involvement and role; as well as yours, Ben’s, Gary’s etc. I also need clarification on how Ben and company in the SD office are going to be involved given the fact that it was previously indicated to me that there involvement had to be limited.

To Gary’s point that I need to have everything in writing (because I am apparently thinking like an engineer), let me just say that we want to know exactly what we’re getting for the money we’ll be spending. That includes being extremely clear on the activities being undertaken, the personnel assets being deployed and the specific assignments of those personnel. John, as I mentioned before we are not just interested in strategic advice, we are interested in deploying assets on the ground to help shape key decision makers’ opinions. For me to sell this to the Board it can’t be some nebulous consultant service.

If this is acceptable please work on a cost and a handout and let’s discuss offline.

Thanks,

Paul

---

Paul-

Been giving this a lot of thought. I know there is reluctance to put specifics in writing given sensitivities but we have a very good idea of what needs to be done. Best approach is for Ben Haddad and myself to attend your Board meeting. We also have another call on June 7th to further discuss amongst the partners. I think your Board meeting is before that date? Perhaps you, Ben and I can schedule a call in the shorter term and give you further details on our thinking.

John Withers, Principal (949) 252-8990 Office
Very good. I'll contact John Withers and get this moving.

Dan

From: Jones, Paul
Sent: Wednesday, June 20, 2012 8:54 AM
To: Howell, Daniel
Subject: RE: California Strategies Proposal

The agreement should be for the six months; not seven. Cap with expenses at $100 K.

Thanks,

Paul

From: Howell, Daniel
Sent: Tuesday, June 19, 2012 4:03 PM
To: Jones, Paul
Cc: Ravishanker, Ravi
Subject: RE: California Strategies Proposal

Paul,

I touched base with Ravi on this earlier today, who suggested I e-mail you:

In putting together the Agreement for California Strategies I noted that the term of the proposal was 7 months (June through December). At $15,000 per month the total of $105,000 (plus travel and expenses) would require Board authorization. I understand this was a closed session matter and may not have received the typical authorization such as a Minute Order.

One suggestion for addressing this might be to request a revised proposal for a 6-month term ($90,000). We would cap the contract at $100,000 to cover any travel and expenses. If additional time/services were required, we could seek Board authorization toward the latter part of the term and request additional funds if needed. Alternatively, perhaps California Strategies would agree to a reduction in fees/scope to remain within a $100,000 budget?

Would you like for me to pursue either of these alternatives or discuss it with you further?

Thanks,

Dan

Dan Howell, C.P.M.
Director of Purchasing & Contracts
Paul-

Been giving this a lot of thought. I know there is reluctance to put specifics in writing given sensitivities but we have a very good idea of what needs to be done. Best approach is for Ben Haddad and myself to attend your Board meeting. We also have another call on June 7th to further discuss amongst the partners. I think your Board meeting is before that date? Perhaps you, Ben and I can schedule a call in the shorter term and give you further details on our thinking.
Paul,

Attached is a fully-executed copy of the California Strategies Agreement should you need it for reference.

Thanks,

Dan

Dan Howell, C.P.M.
Director of Purchasing & Contracts
Eastern Municipal Water District
(951) 928-3777, ext. 6246
howelld@emwd.org

-----Original Message-----
From: xeroxsend@emwd.org [mailto:xeroxsend@emwd.org]
Sent: Wednesday, August 08, 2012 11:53 AM
To: Howell, Daniel
Subject: Scan from a Xerox WorkCentre

Please open the attached document. It was scanned and sent to you using a Xerox WorkCentre.

Attachment File Type: PDF

WorkCentre Location: machine location not set
Device Name: x-purch

For more information on Xerox products and solutions, please visit http://www.xerox.com
AGREEMENT NO. 79451

GOVERNMENT AND COMMUNITY RELATIONS STRATEGY
CONSULTING SERVICES

THIS AGREEMENT, is made and entered into this 8th day of August, 2012, by and between the EASTERN MUNICIPAL WATER DISTRICT, a public agency, whose address is 2270 Trumble Road, Post Office Box 8300, Perris, CA 92572-8300, ("District"), and CALIFORNIA STRATEGIES, LLC, whose address is 980 Ninth Street, Suite 2000, Sacramento, CA 95814 ("Consultant").

RECITALS

WHEREAS, District has selected Company to perform Government and Community Relations Strategy Consulting Services based on Consultant's Proposal/Letter of Agreement, dated June 1, 2012; and

WHEREAS, District desires to utilize the services of Consultant to perform the services contemplated, herein; and

WHEREAS, Consultant agrees to provide such services pursuant to the terms and conditions of this Agreement and has represented to District that he/she possesses the necessary skills and qualifications to provide such services.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, District and Consultant agree as follows:

AGREEMENT

SECTION I: INCORPORATION OF RECITALS

The Recitals and section titles set forth above are incorporated herein and are an operative part of this Agreement.

SECTION II: EMPLOYMENT

District hereby contracts with Consultant to perform and/or furnish the professional consulting services contemplated, herein, at and for the consideration stipulated, and Consultant hereby accepts such contract under the hereinafter set forth terms and conditions.

SECTION III: SERVICES TO BE PERFORMED

Consultant agrees to provide Government and Community Relations Strategy Consulting Services, as assigned by the District's General Manager or his designated representative. Services performed by Consultant are more completely described in Consultant's Proposal/Letter of Agreement dated June 1, 2012, attached hereto, and incorporated herein, and include; strategic counsel and assistance; development of an advocacy program for
communication with key Southern California stakeholders; development of a communications plan; and development of a plan for third party statewide engagement on Southern California water issues and facilitation of relevant studies.

SECTION IV: TIME PERIOD

This Agreement shall become effective on the date last executed and will continue until December 1, 2012, unless extended or sooner terminate as provided for herein.

SECTION V: COMPENSATION

District shall pay Consultant a monthly retainer fee of $15,000 plus expenses. Reasonable and necessary business expenses incurred by Consultant while performing his duties for District (i.e. long distance telephone, facsimile, reproduction costs, airfare, meals, lodging, car rentals, etc.) shall be billed on a direct reimbursable basis. All travel expenses shall be in accordance with the appropriate sections within the District's Travel Policy and Procedure, attached hereto and incorporated herein. In addition, any expense of $500 or more and all long distance travel must be approved in advance. Total compensation under this agreement shall not exceed One-Hundred Thousand ($100,000) Dollars.

At the end of each calendar month, Consultant shall submit to District a detailed itemized invoice for the services rendered and reimbursable expenses incurred. Receipts for all travel expenses billed shall be attached to the monthly invoice and must identify the person(s) involved and include a description of what the charges were for in order to receive reimbursement.

All invoices must reference the Agreement Number on Page 1 and addressed to:

Eastern Municipal Water District
Attn: Finance Department
Post Office Box 8300
Perris, CA 92572-8300

SECTION VI: TERMINATION

Notwithstanding any other provision hereof, District shall have the right to terminate this Agreement, in whole or in part, with or without cause, upon thirty (30) days written notice to Consultant. Upon receipt of the termination notice, Consultant shall promptly discontinue services unless the notice directs to the contrary. District shall only pay Consultant for work done by Consultant up to, and including, the date of termination. Consultant may terminate this Agreement upon thirty (30) days written notice in the event of substantial failure of District to perform in accordance with the terms of this Agreement.

SECTION VII: DATA AND SERVICES FURNISHED BY DISTRICT

District shall provide Consultant with all reasonably available information pertinent to the tasks to be performed by Consultant under this Agreement. It shall be the responsibility of Consultant to apply reasonable caution in the interpretation and use of District furnished data and promptly advise District of any errors.
SECTION VIII: OBLIGATIONS OF CONSULTANT

Consultant agrees to perform services in accordance with the terms and conditions of this Agreement, and will supply all personnel, tools, equipment and materials required to perform the assigned services. Consultant shall be solely responsible in performing the services required by this Agreement, and shall comply with all local, state and federal laws.

SECTION IX: STATUS OF CONSULTANT

Consultant shall perform the services provided for herein in Consultant's own way as an independent contractor and in pursuit of Consultant's independent calling, and not as an employee of District. Consultant shall be under the control of District only as to the result to be accomplished. Neither Consultant nor any of his/her employees or agents shall have any claim under this Agreement or otherwise against District for vacation pay, paid sick leave, retirement benefits, social security, workers' compensation, health, disability, or unemployment insurance benefits or other employee benefits of any kind. Consultant is liable for all applicable Social Security, Federal and State taxes required on payments made by District. In the event the Internal Revenue Service or any other governmental agency should question or challenge the independent contractor status of Consultant or any of his respective employees or agents, the parties hereby agree that both Consultant and District shall have the right to participate in any discussion or negotiation occurring with such agency or agencies, regardless of with who or by whom such discussions or negotiations are initiated.

SECTION X: PARTIAL INVALIDITY

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.

SECTION XI: HOLD HARMLESS AND INDEMNIFICATION

District, its agents, officers and employees shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injuries or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligent act, omission, recklessness or willful misconduct of Consultant. Consultant hereby agrees to indemnify, save free and harmless, and defend District and its authorized agents, officers and employees against any of the foregoing liabilities, claims and/or any cost or expense that is incurred by District on account of any of the foregoing liabilities by reason of Consultant's negligence, omission, recklessness or willful misconduct in the performance of professional services under this Agreement.

Notwithstanding the language set forth immediately above, District hereby agrees to defend Consultant, and to assume all costs of such defense, from and against any and all claims and/or actions asserted by any third party or public agency related to the services provided by Consultant pursuant to this Agreement 79451.

EM-00286
SECTION XII: STANDARD OF CARE

Consultant’s services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions. All services shall be performed to District’s satisfaction.

SECTION XIII: INSURANCE

Consultant shall provide and maintain on file with the District; Commercial Liability Insurance in amounts not less than $1,000,000 per each occurrence; Automobile Liability insurance in amounts of no less than Combined Single Limit of $1,000,000; and Professional Liability Insurance not less than $1,000,000 Per Claim and Annual Aggregate. Where Excess Liability Insurance is used in connection with Primary Liability insurance, the combination of such must allow total limits of Liability to be in amounts no less than the above specified amounts. Such insurance shall name and list District as “Additional Insured”, and be issued by carriers licensed by the State of California with a rating of, not less than, A+, Class VII by the A.M. Best Company.

SECTION XIV: ASSIGNMENT

District has entered into this Agreement in order to receive professional services from Consultant. Any attempts by Consultant to sell, assign, or in any way transfer Consultant’s rights or obligations under this contract without District’s prior written consent shall be void. Consultant may, from time-to-time recommend the use of other Consultants for part-time assistance. Consultant will not retain such part-time assistance without the prior written approval of District. Compensation for such part-time assistance shall be reimbursed in accordance with Section V above.

SECTION XV: OTHER AGREEMENTS OR UNDERSTANDINGS

There are no understandings or agreements except as herein expressly stated. In the event of any inconsistency between Consultant’s proposal/letter of agreement and this Agreement, the terms and conditions of this Agreement shall take precedence.

SECTION XVI: AGREEMENT ENFORCEMENT

Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees and court costs, and attorney’s fee shall be paid to the prevailing party.

SECTION XVII: OTHER CONDITIONS

The scope of consulting services contemplated under this agreement does not include “lobbying” as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, District hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by District, if any. Should at any time a question arise regarding lobbying activities, District and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities, District and Consultant agree to
make such amendments immediately and file the appropriate paperwork with the Secretary of State.

CALIFORNIA STRATEGIES, LLC

By: [Signature]
Bob White, Managing Member

Date: 08-06-12

EASTERN MUNICIPAL WATER DISTRICT

By: [Signature]
Paul D. Jones II, P.E.
General Manager

Date: 8-8-12
June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

Dear Mr. Jones:

This Letter of Agreement (the “Consulting Services Agreement” or, “Agreement”) will serve to confirm the engagement of California Strategies, LLC (“Consultant”) as a consultant to the Eastern Municipal Water District (“Client”) to provide government and community relations strategy relative to local, regional, and statewide policy issues.

Firm Background:
California Strategies, LLC is a leading full-service government relations and advocacy firm based in Sacramento, with offices in Los Angeles, Irvine, San Diego, Inland Empire, and Silicon Valley. Our bipartisan firm has unrivaled experience across all three branches of government, at all three levels of government, in every state agency, and on both sides of the political aisle. We have unparalleled abilities to develop broad strategic visions and implement the targeted actions needed to achieve results and exceed expectations.

We provide superior legislative, administrative, and regulatory advocacy, constructive policy analysis, and innovative governmental strategies that achieve the objectives of our clients. Our clients include corporations, industry associations, real estate developers, government entities, and non-profit organizations. And our firm is dedicated to solving their problems and accomplishing real results.

Our partners and associates, all experienced policymakers and political strategists, have proven records of achievement in government, business, and not-for-profit sectors. Our expertise is in navigating the public policy and government decision-making processes. We have written, secured approval for, and implemented legislation and regulations.

Operationally, two or three principals are responsible for managing client contact and expediting communications between our clients and our firm. John Withers, Bob White, Gary Hunt, Ben Haddad, and Craig Benedetto will serve as your primary contacts in the office. Day-to-day strategic decisions are made on the basis of our staff members’ expertise and well-established relationships with the County of Riverside elected officials, legislators, and key stakeholders. This structure allows for targeted involvement of all of the members of the California Strategies team.

California Strategies brings decades of public and private sector involvement and unparalleled relationships with key decision-makers at all levels of government. This experience translates into the trust and expertise to achieve results for our clients. We are confident our team has the
unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

**Scope of Services (Phase One)**
Specifically, the following activities will be carried out for the client:

1. Strategic counsel and assistance in addressing the following issues:
   a. Regional and local water supply development
   b. Regional and local water rate setting
   c. Bay-Delta fix
   d. Water delivery infrastructure and cost allocation
   e. Water transportation and wheeling rates

2. Design and conduct an ascertainment program to communicate with 15-20 key stakeholders in the San Diego area on behalf of MWD and its member agencies, to identify issues of concern and other relevant feedback including, but not limited to:
   a. San Diego Regional Chamber of Commerce
   b. San Diego Regional Economic Development Corporation
   c. Building Industry Association
   d. San Diego County Taxpayers Association
   e. Other sub-regional business & economic development organizations
   f. Key business and thought leaders
   g. Other entities/individuals

**Scope of Services (Phase Two)**
Upon the completion of the services described in Phase One above, Client and Consultant will develop a scope of work for Phase Two services to address issues identified in Phase 1.

**Compensation:**
The Client agrees to provide to the Consultant the following compensation in return for the services as detailed in the Scope of Services above:

A fixed monthly retainer fee of US $15,000.00 per month. The Consultant will submit an invoice to the Client each month for the total amount due, including any expenses incurred during the billing period. The invoice should be addressed to:

Mr. Paul D. Jones, II  
Eastern Municipal Water District  
P.O. Box 8300  
Perris, CA 92572-8300

All invoices will be paid within 30 days of receipt.
Other Expenses:
The Consultant shall be reimbursed by the Client for reasonable expenses incurred in the normal course of business in support of Consultant's efforts on behalf of Client. "Expenses" may also include costs incurred to retain subcontracted consulting or professional services, should such retention be necessary. Prior approval from Client shall be obtained for items costing in excess of $1,000. Any expenses incurred on behalf of Client shall be documented and billed as they occur. Should subcontracted consulting or professional services become necessary, a management and administration fee not to exceed 10% of subcontractor fee(s) will apply in addition to the actual fees charged by any subcontractor(s).

Duration:
The services to be rendered by the Consultant under this Agreement, for which a fee shall be paid, will commence June 01, 2012 and conclude December 01, 2012, with the opportunity to continue the relationship if mutually agreeable. Either party may terminate this Agreement, without liability, with 30 days advance written notice.

Assignment:
The Client may assign this Agreement to any of its affiliates without the prior consent of the Consultant. Except as provided by the preceding sentence, this Agreement may not be assigned by either party except upon the express written consent of the other party.

Legal Expenses:
Client to pay for all legal expenses incurred by the Consultant on behalf of the Client in the event of any litigation which may arise as a result of Consultant's efforts.

Confidentiality:
The Consultant agrees to protect confidential information against unauthorized disclosure. The Consultant will protect such information using a reasonable degree of care as is used to protect its own confidential information of a like nature. The Consultant agrees to protect confidential information disclosed under this agreement in both a) a tangible form, clearly labeled confidential at time of disclosure, and b) in non-tangible form, pertaining to matters disclosed in writing or orally which protect or enhance the competitive position of the Client. This Agreement covers confidential information the Consultant has obtained to date and will obtain in the future. The Consultant's obligations regarding confidential information received under this Agreement shall survive for two years following any termination hereof.

Code of Ethics:
In respect to the performance of its Scope of Services, the Consultant specifically represents, warrants and agrees that, in respect of its involvement in the Client, no payment or offer of payment has been made or shall be approved or made by the Consultant with the intention or understanding that any part of such payment is to be used to influence or attempt to influence, corruptly or unlawfully, any decision or judgment of any official of any government or of any subdivision, agency, or instrument thereof or any political party in connection with the Client. The obligations in this paragraph shall survive the termination of this Agreement.
Independent Contractor Status:
By execution of this agreement, the Consultant acknowledges that it is an independent contractor and neither it nor its employees are employees of the Client for any purpose whatsoever. The Consultant has no right or authority to assume or create any obligation or responsibility, express or implied, on behalf of the Client, except as expressly authorized in writing by the Client.

Other Conditions:
This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California.

The scope of consulting services contemplated under this agreement does not include "lobbying" as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, the Client hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by the Client, if any. Should at any time a question arise regarding lobbying activities, the Client and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities the Client and Consultant agree to make such amendments immediately and file the appropriate paperwork with the Secretary of State.

This Agreement may be amended only by a written and signed agreement of both the Consultant and the Client.

Please review this Agreement and indicate your acceptance by signing below and returning to Sue Kappas in our Irvine Office (fax 949-252-8911).

We look forward to working with you.

Best regards,

ACCEPTED & AGREED:

Eastern Municipal Water District

By:__________________________________________
Paul D. Jones, II General Manager

California Strategies, LLC

By:__________________________________________
Bob White, Managing Member

By:__________________________________________
AGREEMENT NO. 79451

GOVERNMENT AND COMMUNITY RELATIONS STRATEGY
CONSULTING SERVICES

THIS AGREEMENT, is made and entered into this 20th day of June, 2012, by and between the EASTERN MUNICIPAL WATER DISTRICT, a public agency, whose address is 2270 Trumbie Road, Post Office Box 8300, Perris, CA 92572-8300, ("District"), and CALIFORNIA STRATEGIES, LLC, whose address is 980 Ninth Street, Suite 2000, Sacramento, CA 95814 ("Consultant").

RECITALS

WHEREAS, District has selected Company to perform Government and Community Relations Strategy Consulting Services based on Consultant's Proposal/Letter of Agreement, dated June 1, 2012; and

WHEREAS, District desires to utilize the services of Consultant to perform the services contemplated, herein; and

WHEREAS, Consultant agrees to provide such services pursuant to the terms and conditions of this Agreement and has represented to District that he/she possesses the necessary skills and qualifications to provide such services.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, District and Consultant agree as follows:

AGREEMENT

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plan; and development of a plan for third party statewide engagement on Southern California water issues and facilitation of relevant studies.

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All invoices must reference the Agreement Number on Page 1 and addressed to:

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Attn: Finance Department
Post Office Box 8300
Perris, CA 92572-8300

SECTION VI: TERMINATION

Notwithstanding any other provision hereof, District shall have the right to terminate this Agreement, in whole or in part, with or without cause, upon thirty (30) days written notice to Consultant. Upon receipt of the termination notice, Consultant shall promptly discontinue services unless the notice directs to the contrary. District shall only pay Consultant for work done by Consultant up to, and including, the date of termination. Consultant may terminate this Agreement upon thirty (30) days written notice in the event of substantial failure of District to perform in accordance with the terms of this Agreement.

SECTION VII: DATA AND SERVICES FURNISHED BY DISTRICT

District shall provide Consultant with all reasonably available information pertinent to the tasks to be performed by Consultant under this Agreement. It shall be the responsibility of Consultant to apply reasonable caution in the interpretation and uses of District furnished data and promptly advise District of any errors.
SECTION VIII: OBLIGATIONS OF CONSULTANT

Consultant agrees to perform services in accordance with the terms and conditions of this Agreement, and will supply all personnel, tools, equipment and materials required to perform the assigned services. Consultant shall be solely responsible in performing the services required by this Agreement, and shall comply with all local, state and federal laws.

SECTION IX: STATUS OF CONSULTANT

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SECTION X: PARTIAL INVALIDITY

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SECTION XI: HOLD HARMLESS AND INDEMNIFICATION

District, its agents, officers and employees shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injuries or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligent act, omission, recklessness or willful misconduct of Consultant. Consultant hereby agrees to indemnify, save free and harmless, and defend District and its authorized agents, officers and employees against any of the foregoing liabilities, claims and/or any cost or expense that is incurred by District on account of any of the foregoing liabilities by reason of Consultant's negligence, omission, recklessness or willful misconduct in the performance of professional services under this Agreement.

SECTION XII: STANDARD OF CARE

Consultant's services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions. All services shall be performed to District's satisfaction.

SECTION XIII: INSURANCE
Consultant shall provide and maintain on file with the District; Commercial Liability Insurance in amounts not less than $1,000,000 per each occurrence; Automobile Liability Insurance in amounts of no less than Combined Single Limit of $1,000,000; and Professional Liability Insurance not less than $1,000,000 Per Claim and Annual Aggregate. Where Excess Liability Insurance is used in connection with Primary Liability Insurance, the combination of such must allow total limits of Liability to be in amounts no less than the above specified amounts. Such insurance shall name and list District as “Additional Insured”, and be issued by carriers licensed by the State of California with a rating of, not less than, A-, Class VIII by the A.M. Best Company.

SECTION XIV: ASSIGNMENT

District has entered into this Agreement in order to receive professional services from Consultant. Any attempts by Consultant to sell, assign, or in any way transfer Consultant’s rights or obligations under this contract without District’s prior written consent shall be void. Consultant may, from time-to-time recommend the use of other Consultants for part-time assistance. Consultant will not retain such part-time assistance without the prior written approval of District. Compensation for such part-time assistance shall be reimbursed in accordance with Section V above.

SECTION XV: OTHER AGREEMENTS OR UNDERSTANDINGS

Other Conditions:

The scope of consulting services contemplated under this agreement does not include “lobbying” as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, the Client hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by the Client, if any. Should at any time a question arise regarding lobbying activities, the Client and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities the Client and Consultant agree to make such amendments immediately and file the appropriate paperwork with the Secretary of State.

SECTION XVI: AGREEMENT ENFORCEMENT

Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees and court costs, and attorney’s fee shall be paid to the prevailing party.

CALIFORNIA STRATEGIES, LLC

By:  

Date: 6/24/12
EASTERN MUNICIPAL WATER DISTRICT

By: Paul D. Jones II, P.E.

General Manager

Date: 6.30.12

EM - 00919
June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
P.O. Box 8300
Ferris, CA 92572-8300

Dear Mr. Jones:

This Letter of Agreement (the “Consulting Services Agreement” or, “Agreement”) will serve to confirm the engagement of California Strategies, LLC (“Consultant”) as a consultant to the Eastern Municipal Water District (“Client”) to provide government and community relations strategy relative to local, regional, and statewide policy issues.

Firm Background:
California Strategies, LLC is a leading full-service government relations and advocacy firm based in Sacramento, with offices in Los Angeles, Irvine, San Diego, Inland Empire, and Silicon Valley. Our bipartisan firm has unrivaled experience across all three branches of government, at all three levels of government, in every state agency, and on both sides of the political aisle. We have unparalleled abilities to develop broad strategic visions and implement the targeted actions needed to achieve results and exceed expectations.

We provide superior legislative, administrative, and regulatory advocacy, constructive policy analysis, and innovative governmental strategies that achieve the objectives of our clients. Our clients include corporations, industry associations, real estate developers, government entities, and non-profit organizations. And our firm is dedicated to solving their problems and accomplishing real results.

Our partners and associates, all experienced policymakers and political strategists, have proven records of achievement in government, business, and not-for-profit sectors. Our expertise is in navigating the public policy and government decision-making processes. We have written, secured approval for, and implemented legislation and regulations.

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TELEPHONE (916) 266-4575 • FAX (916) 266-4580

ATTORNEY-CLIENT PRIVILEGE
unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

**Scope of Services**
Specifically, the following activities will be carried out for the client:

1. Strategic counsel and assistance in addressing the following issues:
   a. Regional and local water supply development
   b. Regional and local water rate setting
   c. Bay-Delta fix
   d. Water delivery infrastructure and cost allocation
   e. Water transportation and wheeling rates

2. Develop an advocacy program to communicate with key stakeholders in Southern California on behalf of MWD and its member agencies, including, but not limited to:
   a. San Diego Regional Chamber of Commerce
   b. San Diego Regional Economic Development Corporation
   c. Building Industry Association
   d. San Diego County Taxpayers Association
   e. Other sub-regional business & economic development organizations
   f. Key business and thought leaders
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3. Develop a communications plan to educate the aforementioned groups and individuals regarding:
   a. Issues and costs associated with IID water transfer
   b. Need to work together as a Southern California region on key statewide water issues affecting San Diego (Bay-Delta fix)
   c. How water rates are set & what is driving current water rates in Southern California, including: (debt service principals payments, infrastructure costs, Carlsbad ocean desalination, legal expenses, etc.)
   d. Findings of LAEDC report

4. Develop a plan for third party statewide engagement on Southern California water issues, including facilitation of relevant studies

**Compensation:**
The Client agrees to provide to the Consultant the following compensation in return for the services as detailed in the Scope of Services above:

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Mr. Paul D. Jones, II  
Eastern Municipal Water District  
P.O. Box 8300  
Perris, CA 92572-8300  

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**Other Expenses:**
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Notwithstanding any provision of this Agreement to the contrary, neither party shall be liable to the other for indirect, incidental or consequential damages. In the event any damage, liability, loss, expense or cost, including attorneys’ fees, is the result of a negligent act, error, or omission of a party to this Agreement or any person employed by it, and arises out of the performance of this Agreement, the negligent party shall indemnify, defend and hold the other party harmless.

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We look forward to working with you.

Best regards,

**ACCEPTED & AGREED:**

Eastern Municipal Water District
By: __________________________
    Paul D. Jones, II General Manager

California Strategies, LLC
By: __________________________
    Gary Hunt, Managing Member

By: __________________________

EM - 00923
June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

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EM-00974
unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

**Scope of Services**

Specifically, the following activities will be carried out for the client:

1. California Strategies will provide overall strategic management of policy issues and implementation of a strategy and action plan to manage them with an outcome most favorable to the District, depending on the policy direction of the District Board of Directors. Initial policy issues include local and regional governmental issues, issues in support of Metropolitan Water District policy objectives in the Bay Delta.

2. Upon being retained, California Strategies will meet and confer with key District staff, board members, legal counsel and others to ascertain the status of current issues and activities pertaining to the identified issues. They will also review documents and background information as appropriate including past actions affecting the designated issues.

3. Thereafter, California Strategies will develop an initial strategy and action plan to deal with time sensitive issues, as well as a mid to long-term strategy and messaging to support the accomplishment of identified goals.

4. As part of the strategy, District resources will be evaluated and prioritized for use. Draft budgets and timelines will be produced as appropriate.

5. California Strategies will also support the preparation of other documents which advance the District's goals including identification and education of third parties including the general business community, community leaders, and other stakeholders who will support district objectives.

6. Additionally, the California Strategies Sacramento office will monitor legislation and regulations of interest to the District including legislative oversight of issues of interest.

**Compensation:**

The Client agrees to provide to the Consultant the following compensation in return for the services as detailed in the Scope of Services above:

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Eastern Municipal Water District  
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EM-00975
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**Lobbying Registration/Reporting:**
Our firm and your company are required to file quarterly reports that disclose your lobbying activities and ours, the payments you made for and in connection with these efforts, and any other payments you make to influence legislative or administrative action. These requirements are set forth in detail in California's Political Reform Act. We will assist you in complying with these requirements. I am sending the Form 602 for you to complete and sign under separate cover. Once signed, please return it to us for filing with the Secretary of State.

**Confidentiality:**
The Consultant agrees to protect confidential information against unauthorized disclosure. The Consultant will protect such information using a reasonable degree of care as is used to protect its own confidential information of a like nature. The Consultant agrees to protect confidential information disclosed under this agreement in both a) a tangible form, clearly labeled confidential at time of disclosure, and b) in non-tangible form, pertaining to matters disclosed in
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We look forward to working with you.

Best regards,

---

**ACCEPTED & AGREED:**

Eastern Municipal Water District

California Strategies, LLC

By: ________________________________ By: ________________________________

Paul D. Jones, II General Manager Gary Hunt, Managing Member

By: ________________________________
June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
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unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

**Scope of Services (Phase One)**
Specifically, the following activities will be carried out for the client:

1. Strategic counsel and assistance in addressing the following issues:
   a. Regional and local water supply development
   b. Regional and local water rate setting
   c. Bay-Delta fix
   d. Water delivery infrastructure and cost allocation
   e. Water transportation and wheeling rates

2. Design and conduct an ascertainment program to communicate with 15-20 key stakeholders in the San Diego area on behalf of MWD and its member agencies, to identify issues of concern and other relevant feedback including, but not limited to:
   a. San Diego Regional Chamber of Commerce
   b. San Diego Regional Economic Development Corporation
   c. Building Industry Association
   d. San Diego County Taxpayers Association
   e. Other sub-regional business & economic development organizations
   f. Key business and thought leaders
   g. Other entities/individuals

**Scope of Services (Phase Two)**
Upon the completion of the services described in Phase One above, Client and Consultant will develop a scope of work for Phase Two services to address issues identified in Phase 1.

**Compensation:**
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P.O. Box 8300
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All invoices will be paid within 30 days of receipt.
Other Expenses:
The Consultant shall be reimbursed by the Client for reasonable expenses incurred in the normal course of business in support of Consultant’s efforts on behalf of Client. “Expenses” may also include costs incurred to retain subcontracted consulting or professional services, should such retention be necessary. Prior approval from Client shall be obtained for items costing in excess of $1,000. Any expenses incurred on behalf of Client shall be documented and billed as they occur. Should subcontracted consulting or professional services become necessary, a management and administration fee not to exceed 10% of subcontractor fee(s) will apply in addition to the actual fees charged by any subcontractor(s).

Duration:
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Assignment:
The Client may assign this Agreement to any of its affiliates without the prior consent of the Consultant. Except as provided by the preceding sentence, this Agreement may not be assigned by either party except upon the express written consent of the other party.

Legal Expenses:
The Client to pay for all legal expenses incurred by the Consultant on behalf of the Client in the event of any litigation which may arise as a result of Consultant’s efforts.

Confidentiality:
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The scope of consulting services contemplated under this agreement does not include “lobbying” as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, the Client hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by the Client, if any. Should at any time a question arise regarding lobbying activities, the Client and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities the Client and Consultant agree to make such amendments immediately and file the appropriate paperwork with the Secretary of State.

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Please review this Agreement and indicate your acceptance by signing below and returning to Sue Kappas in our Irvine Office (fax 949-252-8911).

We look forward to working with you.

Best regards,

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**ACCEPTED & AGREED:**

Eastern Municipal Water District

By: ____________________________
Paul D. Jones, II General Manager

California Strategies, LLC

By: ____________________________
Bob White, Managing Member

By: ____________________________
June 01, 2012

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Best regards,

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**ACCEPTED & AGREED:**

Eastern Municipal Water District  California Strategies, LLC

By: __________________________________________  By: __________________________________________

Paul D. Jones, II General Manager  Gary Hunt, Managing Member

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EM-00968
Attachment 15:

News and editorial coverage of the Eastern Public Records Act litigation
As trial begins, more chicanery from MWD

By U-T San Diego Editorial Board
5 p.m. Dec. 16, 2013

The San Diego County Water Authority has long asserted that the giant Metropolitan Water District of Southern California, its primary supplier, overcharges by tens of millions of dollars a year for water. The authority says MWD rates can only legally reflect the amount it costs to convey water supplies to the county system. The MWD says it is within its rights to pass along other operating costs as well.

Tuesday, in San Francisco Superior Court, a trial will begin on two authority lawsuits against MWD over its billing practices. We offer no pretense of expertise on the legal questions. But if the case hinged on ethics, the MWD would lose.

Last month, court documents were released that showed that MWD used a Riverside County member agency, Eastern Municipal Water District, to fund a $60,000 public-relations campaign targeting the San Diego County Water Authority over its dispute with MWD. Last year, court documents were released that showed a “Secret Society” of MWD member agencies worked surreptitiously to undermine San Diego’s water agency.

Such skulduggery is not new for the MWD. In the 1990s, the massive water wholesaler paid hundreds of thousands of dollars to PR firms to try to discredit county water leaders.

We don’t believe this bad blood is driven solely by MWD’s objections to the county water agency actively working to lessen its dependence on MWD supplies. Instead, arrogance and bullying seem part of MWD’s DNA. If this led MWD to illegally overcharge the county authority, we wouldn’t be surprised in the least.
Litigation by the San Diego County Water Authority is a direct attack on Inland water customers. If the lawsuit succeeds, the ratepayers of Eastern Municipal Water District stand to lose $180 million over 75 years.

The Eastern Municipal Water District (EMWD) is responsible for providing reliable and affordable water services to more than 775,000 residents and businesses in western Riverside County. We take very seriously our obligation to protect our customers and our ratepayers from any threats to that reliability and affordability.

A recent Press-Enterprise editorial was critical of actions we took in direct defense of our customers ("Don't duck accountability for dubious PR spending," Our Views, Dec. 6). We stand by those actions as necessary to protect our customers from a massive cost shift to our ratepayers of more than $180 million.

Over the past few years the San Diego County Water Authority has waged a relentless legal, lobbying and public relations attack on EMWD and other Southern California water agencies to
unfairly shift hundreds of millions of dollars in water transportation costs to other southland ratepayers.

In direct response to the authority’s attacks and litigation, we retained a firm to evaluate if providing balanced information about southland water issues in San Diego could promote a more collaborative relationship. The effort did not progress beyond the planning phase.

EMWD and the authority are both part of the Metropolitan Water District of Southern California — a large, member-formed water agency responsible for procuring and delivering water for all of Southern California.

EMWD and 25 other member water agencies pool together to share in the cost of purchasing, transporting and delivering water. The structure is simple and fair: Each agency pays the same per-unit cost for transporting and treating water and for maintaining the Metropolitan transportation system.

Despite this equitable structure, the authority has filed four lawsuits in the past 12 years challenging the rate structure so it could pay less for transporting water — forcing the remaining agencies to pay more.

In the current litigation, the authority is seeking to shift a staggering $3 billion in costs to ratepayers in Riverside, Ventura, San Bernardino, Los Angeles and Orange counties. EMWD’s share would be $180 million.

The P-E questions why our agency developed a plan to better communicate with our neighboring water district, and why we didn’t leave the matter to Metropolitan. The authority’s litigation is a direct attack on our customers. Water rates for Metropolitan are a zero-sum game. If one Metropolitan member gets away with paying less, everyone else pays more.

Given that the stakes are so high, we believe the actions we took to prepare the plan, and the costs we paid, are justifiable.

Through its aggressive political campaign, the authority has vilified Eastern and the rest of the Southern California water community, claiming it wants water “independence.” In contrast, Eastern believes that a regional, collaborative approach is best.

In the name of independence, the authority has overpaid for water supplies it has secured from sources other than Metropolitan. According to a 2012 report by the Los Angeles County Economic Development Corporation, the authority spent $140 million more for 330,000 acre-feet of water it purchased from the Imperial Irrigation District than if it had purchased the same amount of water from Metropolitan.

Additionally, the authority has nearly tripled its debt load in just eight years — escalating debt from $864 million to $2.45 billion. The bottom line is that the authority has made costly water purchases and financial decisions that it’s attempting to shift onto other agencies.
As for the public records release, we initially withheld some documents because they were central to the authority's pending lawsuit. Once the litigation obstacles were clear, we quickly released relevant documents and continue to coordinate with the authority's counsel to ensure that all requested documents are produced.

We want our community to know: EMWD is doing what we can to protect our customers from a massive, unfair cost shift.

Paul D. Jones II, P.E., is the general manager of Eastern Municipal Water District in Perris.
Eastern Municipal Water District officials need to provide a full explanation for spending $60,000 on a secret public relations campaign in another county.

Leaving troubling questions unanswered does not build confidence in a public agency. Eastern Municipal Water District officials need to give ratepayers a full accounting for a $60,000 outlay on a secret public relations campaign in another county. Even a high-stakes legal battle does not excuse the water district from accountability.

Eastern released a trove of internal documents last month as part of a court case brought by the San Diego County Water Authority. The San Diego agency sued Eastern in January, seeking records relating to Eastern’s contract with Sacramento-based public affairs consultant California Strategies. The lawsuit is a skirmish in the larger legal war between the San Diego water agency and the Metropolitan Water District over water costs. San Diego says that it faces unfair water rates from Metropolitan, while MWD says that San Diego wants to shift its costs off onto
ratepayers in other water agencies, including Eastern. At stake is as much as $3 billion over the next 75 years.

But Eastern’s documents raise more questions than they answer. The records detail Eastern’s plans for a public relations campaign to boost the image of the Metropolitan Water District in San Diego County. The full campaign never materialized, but Eastern spent $60,000 on consultants who spoke to San Diego-area business leaders to gauge their awareness of water issues.

Start with the obvious question: Why was a Riverside County water district spending money on a PR campaign in another county? Eastern’s territory runs from Moreno Valley to Temecula, and east to Hemet and San Jacinto. The district has no authority over San Diego County water issues. And the agency’s spending on “ascertainment” — consultant-speak for a survey — only discovered the obvious fact that San Diego County residents did not pay close attention to water issues.

Nor does Eastern’s stated rationale for this campaign make much sense. The water district says the goal was to counter accusations against Metropolitan by San Diego water officials, and to help develop a defense strategy against San Diego’s lawsuit over Metropolitan’s rate structure. But why should just one of Metropolitan’s 26 member agencies be carrying the burden for the entire Metropolitan Water District? Eastern points to the potential for a $180 million hit to its ratepayers should San Diego win, but other Metropolitan members have as much or more at stake. Surely Metropolitan itself, with a budget of more than $1.8 billion this year, should be in charge of defending its water rates.

Eastern ratepayers also had no way of knowing where their money was going, because the district apparently authorized the consultant contract in closed session, and hid the documents behind a shield of confidentiality. At one point the district even said some correspondence that San Diego wanted did not exist — except that it showed up in the documents the district just released.

Eastern needs to offer a full explanation of the clandestine campaign if the agency wants to avoid further damage to its credibility. The threat of big bills in the future simply does not justify questionable spending now.
REGION: Water agency’s secret PR campaign described in documents

BY JANET ZIMMERMAN

STAFF WRITER
December 02, 2013; 07:58 PM

CONTRIBUTED IMAGE
Paul D. Jones II is general manager of Eastern Municipal Water District in Perris.

Documents released as part of a lawsuit between warring water agencies reveal a costly, months-long effort by Eastern Municipal Water District to promote its wholesaler, Metropolitan Water District, to leaders and businesses in San Diego County.

The public relations campaign eventually was rejected by Metropolitan, but not before Eastern spent $60,000 in ratepayer funds to hire consultants who spoke to San Diego-area business leaders to gauge their awareness of water issues, according to emails and other communications between Eastern and Sacramento-based California Strategies.

The goal of the PR campaign was to counter the San Diego County Water Authority’s portrayal of Metropolitan as the bad guy, Eastern spokesman Kevin Pearson said. It also was aimed at
gaining knowledge about public opinion to develop a defense strategy against San Diego's lawsuit over Metropolitan's rate structure, he said. Eastern customers would pay millions if San Diego wins its case, he said.

In its legal action, the San Diego agency contends Metropolitan since 2011 has been overcharging to move Colorado River water to San Diego County. Trial is set for Dec. 17.

Eastern, which has headquarters in Perris and is Riverside County's largest water agency, is one of 26 agencies that receive water from Metropolitan.

If the court sides with San Diego, the disputed charges would be spread among all of Metropolitan's member agencies, which contract to buy supplies from the State Water Project and the Colorado River; it would cost Eastern's customers about $180 million, Pearson said.

San Diego requested the documents in December 2012, contending the records would show that Eastern was doing what amounted to PR work on behalf of Metropolitan.

Dennis Cushman, assistant general manager of the San Diego utility, said the documents bolster his allegations of a conspiracy among Metropolitan and its member agencies to secretly set rates and develop policies that are detrimental to his agency.

In January, San Diego sued Eastern for violating the California Public Records Act by not releasing the documents. The records were made public on Nov. 26.

"We want to bring daylight to a subterranean effort to conspire against the water authority and damage us in our own community," he said. "Why is a Riverside County water agency spending tens of thousands of its ratepayer dollars to develop and implement a PR campaign in San Diego County designed to undermine another water agency in its own community?"

Cushman said he believes Metropolitan was behind the campaign, and that Eastern has not released all of the related documents — charges that both those agencies deny.

About 65 pages of records from 2012 were released, primarily of conversations between Paul D. Jones II, Eastern's general manager, and California Strategies. They show:

— Jones pushed the company to have a PR plan ready by December 2012 so he could present it to Metropolitan's managers and to Eastern's board in closed session.

— They were planning a "new MWD team" in San Diego, where they wanted to educate local leaders about the "mission, goals and activities" of the Los Angeles-based wholesaler and to build coalitions.

— California Strategies recommended boosting Metropolitan's one-man San Diego office to six people, including administrative staff and community relations liaisons to work different areas of the county.
The office would have included a senior executive making about $200,000 a year, plus a pension and lifetime health benefits after five years of service with Metropolitan.

Pearson, Eastern’s spokesman, said his district embarked on the outreach proposal to protect customers from the potential fallout if San Diego wins the lawsuit.

“I know $60,000 does seem like a hefty figure, but compared to the potential of $180 million, it’s a small price to pay to protect our ratepayers from what would be an unfair cost shift,” he said.

Eastern released the documents after a year because of a Nov. 5 court ruling that said the information would not be admissible as part of the San Diego-Metropolitan rate trial, Pearson said. The district agreed to release the documents and pay $30,000 in attorney’s fees to settle the lawsuit, he said.

But Cushman said his agency has no intention of settling the case and will take depositions next week.
PERRIS: Water agency agrees to release documents

BY IMRAN GHORI
STAFF WRITER
November 27, 2013; 05:21 PM

/contributed image
Paul D. Jones, general manager of Eastern Municipal Water District in Perris.

After months of litigation, Eastern Municipal Water District has turned over documents detailing a $60,000 consulting contract — records sought by the San Diego Water Authority in a long-running water rate dispute.

In a declaration signed Tuesday, Nov. 26, and filed in Los Angeles County Superior Court, Paul Jones, general manager of the Perris-based water district, stated that the agency has produced all the records sought by the San Diego agency under a Public Records Act request.

The district provided those same records to the media Wednesday.

Eastern also agreed to pay $30,000 in attorney fees to the San Diego agency, said Kevin Pearson, an Eastern spokesman.
A news release and legal documents provided by Eastern stated that the documents were provided as part of a settlement. However, Dennis Cushman, the San Diego agency’s assistant general manager, said his agency has not agreed to a settlement, although it did receive the records.

“We and our attorneys are beginning our review of the documents,” he said.

The San Diego agency sued Eastern in January, seeking records detailing the scope of work done by California Strategies, a Sacramento-based public affairs company that Eastern hired in August 2012. Eastern would provide only redacted records previously, stating some of the information was protected by attorney-client privilege.

The San Diego County Water Authority has contended Eastern took on the contract to promote the interests of Metropolitan Water District of Southern California.

Metropolitan and the San Diego authority have had a long-running battle over fees that Metropolitan charges for moving Colorado River water to San Diego. If the San Diego authority succeeds in paying less, Inland agencies such as Eastern would end up paying the difference, officials say.

Eastern decided to settle following a Nov. 5 decision in a related case that determined that the documents were not admissible in that case and were no longer part of pending litigation, Pearson said.

The 84 pages of records released by Eastern include emails, memos and draft versions of the proposed public relations campaign that indicate promoting Metropolitan Water District of Southern California was a top concern.

An objective listed at the top of a draft plan was to “effectively rebuild MWD’s credibility, brand and support in San Diego.”

Pearson said Eastern, which is a member agency of Metropolitan, put together the proposal without any involvement by Metropolitan. Once it was presented to Metropolitan, the larger agency said it wasn’t interested and the strategy was never carried out.

“We contracted with a firm to conduct a listening tour in San Diego to better understand if community leaders there were fully aware of all the variables affecting water resource decisions and costs for water in all of Southern California,” stated Paul Jones, general manager of Eastern.
U-T SAN DIEGO

Water war breaks out over PR contract

By Aaron Burgin 6:25 p.m. Jan. 24, 2013


A Riverside County water agency is spending $15,000 a month on government and community relations in San Diego County, and the water authority here is waging a legal battle to find out why.

The San Diego County Water Authority filed a lawsuit on Tuesday against the Eastern Municipal Water District in Perris, seeking public documents related to the contract with California Strategies.

The Perris group has redacted certain details of the consultant’s marching orders, and the San Diego group wants to see them.

The records dispute stems from a lawsuit by San Diego’s water authority against the Los Angeles-based Metropolitan Water District of Southern California over its rate structure affecting 19 million customers in six counties, saying residents here get shortchanged.

The Perris agency stands to lose if San Diego wins that lawsuit, and released a statement on Thursday saying it’s just protecting its own interests with the government relations contract here.
“EMWD customers would be required to unfairly pay $180 million to backfill the void left by the rate reduction provided to SDCWA,” the statement said. “Given the implications to its ratepayers, EMWD felt it was appropriate to better understand the environment and dynamics in San Diego.”

According to the agency, the contract is aimed at ascertaining how knowledgeable San Diego business leaders are with the MWD litigation, considering they have interests across the state.

San Diego County’s agency has been successful in learning some details of the government relations contract.

According to documents released so far, California Strategies officials were to meet with 15 to 20 San Diego stakeholder groups, including the San Diego Chamber of Commerce, the Building Industry Association of San Diego, the San Diego Regional Economic Development Corp. and the San Diego County Taxpayers Association.

Further details have been redacted, with the Perris agency saying to divulge them would reveal legal strategies in the broader rates lawsuit.

San Diego County Water officials have demanded that Eastern release the rest of the information to the public.

“There is no legitimate legal basis for Eastern officials to hide a public relations contract from the public,” said Kelly Aviles, an attorney representing San Diego’s water authority in legal efforts involving Metropolitan.

As part of the lawsuit, the San Diego water agency has launched its own public-relations offensive, accusing MWD’s voting majority of creating a “Secret Society” with the purpose of setting water rates and Southern California’s political agenda against San Diego and its ratepayers.

Metropolitan officials have denied those
METROPOLITAN WATER DISTRICT
An agreement to transfer Colorado River water to San Diego is the crux of lawsuits by the San Diego County Water Authority against Metropolitan Water District, Eastern Municipal Water District in Perris, and other agencies.

BY JANET ZIMMERMAN
STAFF WRITER
Published: January 24, 2013; 06:05 PM

A San Diego agency is suing Riverside County’s largest water district for failing to release documents related to a $15,000-a-month consulting contract.

Eastern Municipal Water District, headquartered in Perris, has paid $60,000 to California Strategies, a Sacramento-based public affairs company hired in August to “provide government and community relations strategy” on policy issues, according to documents included in the lawsuit filed Jan. 22 in Riverside.

The San Diego County Water Authority contends Eastern is handling the contract to promote the interests of Metropolitan Water District of Southern California. The authority filed a public records request to get details of the California Strategies contract.
Eastern redacted some of the information related to the scope of the work, claiming it was protected by attorney-client privilege.

Kelly Aviles, the San Diego authority’s lawyer, said the privilege does not apply in this case. “If this is a public undertaking for another public agency, the citizens and taxpayers should know,” Aviles said Thursday, Jan. 24.

She questioned why the consulting agreement was authorized in closed session, and why the public records request produced no data, notes, email or correspondence between Eastern and California Strategies.

This is the latest salvo in a long-running battle between the San Diego authority and Metropolitan. The water authority already has sued Metropolitan over the fees it charges for moving Colorado River water to San Diego. It also alleges a conspiracy among Metropolitan and its 25 member agencies, including Eastern, to secretly set rates, develop policies and discriminate against San Diego.

Metropolitan and the other agencies deny the allegations.

If San Diego is successful in its earlier lawsuit and the water transportation rate is reduced, Metropolitan’s Inland member agencies would end up paying the difference – more than $500 million over the next 60 years, local water officials said. Of that, Eastern’s 228,000 customers would pay about $180 million.

Eastern spokesman Kevin Pearson said California Strategies was hired to survey San Diego business leaders about their knowledge of the San Diego-Metropolitan lawsuit. Eastern has joined Metropolitan in defending the suit.

That information was provided to legal counsel and may be used as part of the pending litigation, which makes it protected, Pearson said.

“All we’re doing is trying to better understand the environment and dynamics in San Diego given the potential $180 million implication on our ratepayers. Our goal in this process, first and foremost, is to protect our ratepayers,” he said.

Eastern’s service area spans 555 square miles from Moreno Valley south along the Interstate 215 corridor to Temecula and east to Hemet and San Jacinto.

In addressing why no correspondence was turned over, Pearson said the scope of services was given verbally by the general manager as the work evolved. California Strategies’ four-month contract expired in December.

The consulting company’s spokesman, Jason Kinney, could not be reached for comment.

Eastern officials said they hired California Strategies independently of Metropolitan and no other agencies helped fund the work.
Metropolitan spokesman Bob Muir said his district did not ask Eastern to hire California Strategies.

“Once again the county water authority is making reckless and false allegations about Metropolitan,” he said.

Last year, the water authority released documents it said showed that some Southern California water agencies surreptitiously commissioned the Los Angeles Economic Development Corp. to produce an economic analysis of a 2003 deal between San Diego and the Imperial Irrigation District to transfer water to San Diego. They spent $50,000 of ratepayer money to fund the study supported by Metropolitan, San Diego officials said.

That transfer deal, known as the Quantification Settlement Agreement, relies on Metropolitan’s delivery system of canals, pipelines and pumping stations. Metropolitan says the price of moving the water is fair. But San Diego officials say that in addition to the transportation – or “wheeling” – fee, Metropolitan is charging for the cost of its water supply, which violates a California law prohibiting water agencies from charging more than the actual cost of operating and maintaining the facilities used for transfers.

Metropolitan says San Diego is trying to avoid paying its share for maintaining the transportation system and funding conservation efforts.

The case is expected to go to trial late this year.
Congressional Schedule

Congress has been on a two-week recess and will resume business on April 28. Including additional breaks for holidays and the August recess, there are only 32 full days remaining of legislative business before Election Day.

Feinstein Introduces Revised Drought Bill

Senator Feinstein introduced a revised version of an earlier drought-response bill (S. 2016) to address the criticism of Senate Republicans regarding new emergency spending. S.2198, the Emergency Drought Relief Act of 2014, has garnered more cosponsors, including one Republican (Senator Dean Heller of Nevada). A few more Republicans have indicated they may support cloture for the bill, but Feinstein continues to search for 60 votes to bring the bill before the full Senate.

The bill is essentially the same as S. 2016, but Feinstein dropped $300 million of new emergency funding from the bill and broadened incentives for other Western states, particularly Hawaii, Nevada, and Arizona. The bill authorizes funding to increase water supply at Lake Mead and other reservoirs in the Colorado River system.

The bill would extend State Revolving Fund loan repayments to 40 years, from the current 20-year length. It would increase authorized funding under the Drought Relief Act by $100 million and increases authorized funding for WaterSMART conservation programs by $100 million. It would also waive the cost-share requirement for emergency-related water supply projects funded through the WaterSMART program.

While agricultural organizations south of the Delta generally support S. 2198, environmentalists have been very critical of the bill. Senator Boxer remains a supporter of the legislation and is working to head off much of their criticism. She also intends to soon introduce her own drought response legislation, Water for the 21st Century (W21). The White House has not taken a position on S. 2198.
If Feinstein can secure 60 votes for cloture, Majority Leader Harry Reid (also a cosponsor) has said he would like to bring it up as soon as possible. With summer approaching, failure to move a drought bill will likely shift attention to the annual appropriations process as a way to direct funding for drought-relief, but enactment of spending bills is not expected before October at the earliest.

**Other Water Supply and Drought Bills Introduced**

Various members of the California delegation introduced bills earlier this year that would increase storage capacity at Los Vaqueros, Shasta, and San Luis reservoirs. Bills would also authorize construction of Temperance Flat and Sites reservoirs. While these bills are unlikely to be a part of a drought-response solution this year, they will continue to anchor debate over a longer-term drought response approach that could include new storage, conservation, and other incentives to improve water supply management throughout the West. A summary of the introduced bills include:

- Reps. Jim Costa (D-Fresno) and George Miller (D-Richmond) introduced H.R. 4456, a bill that would increase the capacity of Los Vaqueros Reservoir from 160,000 acre-feet to 275,000 AF. The cost for expansion of the reservoir would be borne mostly by users. The bill is cosponsored by Reps. Jerry McNerney, Doris Matsui, Mike Thompson, Anna Eshoo, Jared Huffman, Grace Napolitano, and Henry Waxman.

- Reps. John Garamendi (D-Davis) and Doug LaMalfa (R-Redding) introduced H.R. 4300, the Sacramento Valley Water Storage and Restoration Act of 2014. The bill, also cosponsored by Reps. Costa and Calvert, would authorize construction of Sites Reservoir, with a 1.9-million AF capacity. The bill is cosponsored by Reps. Costa and Ken Calvert.

Representative Costa also introduced a trio of bills at the end of February. They are:

- **H.R. 4125 – Shasta Dam Expansion Act**: the bill would authorize raising Shasta Dam to add an additional 634,000 acre-feets of storage. The estimated total cost of the project is $1.1 billion. Cosponsored by Rep. Juan Vargas and Reps. Garamendi, Ami Bera, and Tony Cardenas.

- **H.R. 4126 – San Luis Reservoir Expansion Act**: The bill would expand San Luis Reservoir to increase storage capacity by 130,000 AF, with an approximate annual yield of 40,000 AF. The total cost of the project would be $360 million, but $240 million of that is already being invested for seismic improvements. Cosponsored by Rep. Juan Vargas and Reps. Garamendi, Ami Bera, Sam Farr, and Tony Cardenas.