Proposed Staff Recommendation Consent Calendar for August 28, 2014

**WATER PLANNING COMMITTEE**

9- 1. Annual Water Supply Report for distribution pursuant to Administrative Code Section 8.00.050.
   Approve the Annual Water Supply Report for distribution pursuant to Administrative Code 8.00.050.

9- 2. Report on potable reuse efforts and direct staff to further assist member agencies with planning, regulatory advocacy and regional outreach for potable reuse projects.
   Direct staff to proceed with expanding the assistance provided to member agencies developing potable reuse projects in the Water Authority’s service area in the following key areas: 1) enhanced public outreach and messaging, 2) engaging with regulatory agencies and the State Drinking Water Program’s Expert Panel, 3) assist in planning of projects by securing external funding for local projects; and 4) work with member agencies to develop and implement a regional public outreach plan in support of potable reuse.

**LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE**

   Adopt Resolution 2014-___ endorsing Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014.

9- 4. Adopt positions on various state bills.
   Adopt a position of Support on Ab 1739 (Dickinson). Adopt a position of Support on SB 411 (Wolk). Adopt a position of Support on SB 1168 (Pavley)

**ENGINEERING AND OPERATIONS COMMITTEE**

9- 5. Notice of Completion for Pipeline 3 Relining Sweetwater to Lower Otay.
   Authorize the General Manager to accept the Pipeline 3 Relining Sweetwater to Lower Otay project as complete, record the Notice of Completion, and release funds held in retention to L.H. Woods & Sons, Inc., following the expiration of the retention period.

9- 6. Professional services contract with ABM Electrical Power Services, LLC for electrical preventative maintenance, inspection, testing, and repair services for Water Authority facilities.
   Authorize the General Manager to execute a two-year professional services contract (with optional third year) to ABM Electrical Power Systems, LLC for an amount not-to-exceed $400,000 for electrical preventative maintenance, inspection, testing and repair services.
9-7. Professional services contract with City of San Diego for Water Quality Testing and Analysis services. 
Authorize the General Manager to execute a five-year professional services contract with the City of San Diego for an amount not-to-exceed $250,000 to perform water quality laboratory analysis as required on the aqueduct delivery system.

9-8. Design-Build contract with NEWest Construction Company, Inc. for the Twin Oaks Valley Water Treatment Plant Expanded Service Area project. 
Authorize the General Manager to award a design-build contract to NEWest Construction Company, Inc. in the amount of $3,682,000 for the Twin Oaks Valley Water Treatment Plant Expanded Service Area project.

Approve the following actions in support of the Water Authority’s petition with the Federal Energy Regulatory Commission. 
Authorize the General Manager to execute an agreement with the City of San Diego for the implementation of the next necessary steps for the San Vicente Pumped Storage Study including the San Vicente Reservoir modeling and the inlet outlet study. Accept Amendments 1 and 2 for $105,000 and approve Amendment 3 in the amount of $450,000 to provide engineering and environmental studies and support for the San Vicente Pumped Storage Study, increasing the contract amount from $149,920 to $704,920. Authorize the expenditure of $215,000 for the Water Authority’s share of the modeling of San Vicente Reservoir and $135,000 for project administration.

**ADMINISTRATIVE AND FINANCE COMMITTEE**

9-10. Treasurer’s report.
Note and file the monthly Treasurer’s report.

9-11. Resolution establishing amount due from the city of San Diego for the In-Lieu Charge as a condition of providing water service for fiscal year 2015. 
Adopt Resolution No. 2014-____ establishing an amount due of $1,897,901.11 from the city of San Diego for the In-Lieu Charge for fiscal year 2015.

9-12. Approve amendments to the San Diego County Water Authority Local Conflict of Interest Code. 
Conduct the Public Hearing. Adopt Resolution No. 2014-____ approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.
LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

REVISED

AGENDA FOR

AUGUST 28, 2014

Gary Croucher – Chair
David Barnum – Vice Chair
Jim Madaffer – Vice Chair
Betty Evans
Ed Gallo
Christy Guerin
Frank Hilliker

Jerry Kern
Ron Morrison
Mark Muir
Vince Mudd
Elsa Saxod
DeAna Verbeke
Barbara Wight

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/DISCUSION

1. Legislative Issues.
   1-A Written report by Ken Carpi. (supplemental materials)

   1-B Sacramento report by Gonzalez, Quintana & Hunter – Steve Cruz.

   1-C Adopt a Resolution Of Support for Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014.
   Staff recommendation: Adopt Resolution 2014-___ endorsing Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014. (Action)

Dennis Cushman
1-D  Adopt positions on various state bills.  
   Staff recommendation:  
   1. Adopt a position of Support on AB 1739 (Dickinson)  
   2. Adopt a position of Support on SB 411 (Wolk)  
   3. Adopt a position of Support on SB 1168 (Pavley)  (Action)

   Dennis Cushman

III. INFORMATION

1. Update on the Water Authority’s Agricultural Water Management Program.  
   Lori Swanson

2. Quarterly Water Conservation Garden report.  
   John Linden

   Jason Foster

   Glenn Farrel

5. Status report on legislation and legislative positions.  
   Alexi Schnell

IV. ADJOURNMENT

   Kelly L. Walker  
   Clerk of the Board

NOTE: This meeting is called as a Legislation, Conservation, and Outreach 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 (Revised). 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.
The mission of the San Diego County Water Authority is to provide a safe and reliable supply of water to its member agencies serving the San Diego region.

August, 28, 2014

3:00 p.m.

1. Call to Order.

2. Salute to the flag.

3. Roll call, determination of quorum.
   3-A Report on proxies received.

4. Additions to agenda. (Government code Sec. 54954.2(b)).

5. Approve the minutes of the Formal Board of Directors’ meeting of July 24, 2014.

6. Opportunity for members of the public who wish to address the Board on matters within the Board’s jurisdiction.

7. PRESENTATIONS & PUBLIC HEARINGS
   7-A City of Escondido Overview – Christopher McKinney, Director of Utilities.
   7-B Recognition of Kirk Whitaker, Engineer P.E., Employee of the 4th Quarter.
   7-D Retirement of Director. Adopt Resolution No. 2014-__ honoring Vincent Mudd upon his retirement from the Board of Directors.

8. REPORTS BY CHAIRS
   8-A Chairs report: Chair Wornham:
      1. Metropolitan Water District Delegate vacancy.
      2. Nomination of Board officers.
8-B Report by Committee Chairs
Water Planning Committee     Director Tu
Legislation, Conservation and Outreach Committee  Director Croucher
Imported Water Committee     Director Saxod
Engineering and Operations Committee   Director Brady
Administrative and Finance Committee   Director Saunders

9. CONSENT CALENDAR

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   projects.
   Direct staff to proceed with expanding the assistance provided to member
   agencies developing potable reuse projects in the Water Authority’s service area
   in the following key areas: 1) enhanced public outreach and messaging, 2)
   engaging with regulatory agencies and the State Drinking Water Program’s
   Expert Panel, 3) assist in planning of projects by securing external funding for
   local projects; and 4) work with member agencies to develop and implement a
   regional public outreach plan in support of potable reuse.

9- 3. Adopt a Resolution Of Support for Proposition 1 – the Water Quality, Supply,
   and Infrastructure Improvement Act of 2014.
   Adopt Resolution 2014-__ endorsing Proposition 1, the Water Quality, Supply,
   and Infrastructure Improvement Act of 2014.

9- 4. Adopt positions on various state bills.
   Adopt a position of Support on Ab 1739 (Dickinson). Adopt a position of Support
   on SB 411 (Wolk). Adopt a position of Support on SB 1168 (Pavley)

9- 5. Notice of Completion for Pipeline 3 Relining Sweetwater to Lower Otay.
   Authorize the General Manager to accept the Pipeline 3 Relining Sweetwater to
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Authorize the General Manager to award a design-build contract to NEWest Construction Company, Inc. in the amount of $3,682,000 for the Twin Oaks Valley Water Treatment Plant Expanded Service Area project.

San Vicente Pumped Storage Study.

Approve the following actions in support of the Water Authority’s petition with the Federal Energy Regulatory Commission.

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Treasurer’s report.

Note and file the monthly Treasurer’s report.

Resolution establishing amount due from the city of San Diego for the In-Lieu Charge as a condition of providing water service for fiscal year 2015.

Adopt Resolution No. 2014-___ establishing an amount due of $1,897,901.11 from the city of San Diego for the In-Lieu Charge for fiscal year 2015.
9-12. Approve amendments to the San Diego County Water Authority Local Conflict of Interest Code.

Conduct the Public Hearing. Adopt Resolution No. 2014-____ approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.

10. ACTION / DISCUSSION

11. CLOSED SESSION(S)

11-A 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; CPF-12-512466; and BC547139

11-B CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1) – Shimmick Construction Co., Inc./Obayashi Corp., joint venture v. San Diego County Water Authority
San Diego Superior Court Case No. 37-2014-00026740-CU-BC-CTL

11-C CLOSED SESSION:
Public Employee Performance Evaluation
Government Code §54957 - Title: General Manager

11-D CLOSED SESSION:
Conference with Labor Negotiators, Government Code §54957.6
Designated Board Representatives: Chair, Vice-Chair, Secretary
Unrepresented Employee: General Manager

11-E CLOSED SESSION:
Public Employee Performance Evaluation
Government Code §54957 - Title: General Counsel

11-F CLOSED SESSION:
Conference with Labor Negotiators, Government Code §54957.6
Designated Board Representatives: Chair, Vice-Chair, Secretary
Unrepresented Employee: General Counsel

12. Action following Closed Session
13. SPECIAL REPORTS
   13-A GENERAL MANAGER’S REPORT – Ms. Stapleton
   13-B GENERAL COUNSEL’S REPORT – Mr. Hentschke
   13-C SANDAG REPORT – Chair Wornham
       SANDAG Subcommittee: Borders/Regional Planning Committee –
       Director Saxod
   13-D AB 1234 Compliance Reports – Directors

14. OTHER COMMUNICATIONS

15. ADJOURNMENT

NOTE: The agendas for the Formal Board meeting and the meetings of the Standing Committees
      held on the day of the regular Board meeting are considered a single agenda. All information or
      possible action items on the agenda of committees or the Board may be deliberated by and become
      subject to consideration and action by the Board.

Kelly L. Walker
Clerk of the Board
Date: August 27, 2014
To: San Diego County Water Authority Board Members
From: Ken Carpi, Washington Representative
Subject: Federal Legislative Update

**Movement, But Little Progress, on Appropriations**

Congress has been in recess for the month of August and returns for business the week of September 8. The Senate is set to adjourn on September 23 to allow members to campaign, giving itself two weeks and two days to complete business before Election Day. The House is likely to follow suit on that date or soon thereafter.

Must-pass items in September include a Continuing Resolution to keep the federal government operating when the new fiscal year begins on October 1. Each chamber is likely to consider other bills designed to generate support among their political bases.

**San Diego Members Support San Vicente Pumped Storage**

Four members of the San Diego congressional delegation signed a July 31 joint letter to the Acting Chairman of the Federal Energy Regulatory Commission (FERC) registering their “surprise and concern” that FERC recently denied the third successive preliminary permit for the San Vicente Pumped Storage Project. Rep. Duncan Hunter, whose district includes San Vicente Dam, coordinated a letter that was also signed by Reps. Vargas, Davis, and Peters. A copy of the letter was distributed to Water Authority Board Members at a special board meeting earlier this month.

The Members of Congress concluded their letter by saying ‘We have encouraged the Water Authority to file for a rehearing before the Commission and we request that you thoughtfully consider the rehearing request and grant it the favorable consideration it deserves.”

**Time Running Short for Drought Compromise**

Negotiations continue on federal legislation to address the drought in California and other Western States, but the compressed business calendar is making odds for passage before Election Day more remote. Closed-door discussions have continued throughout August, but multiple reports cite key areas of disagreement that have yet to be resolved.
Senator Dianne Feinstein and Central Valley Republicans are leading the talks while Northern California Democrats continue to complain they are shut out from the meetings. Senator Barbara Boxer remains involved, but whether she will be able to support a final deal – and whether President Obama will sign it – remain an open question as talks proceed. A further complication is the reluctance of many Senate Republicans to support explicit funding, even if it is subject to future appropriations, for projects or programs.

**Corps of Engineers Begins WRRDA Listening Sessions**

The U.S. Army Corps of Engineers began a series of listening sessions to gather input on how it should implement various aspects of the recently enacted “Water Resources Reform and Development Act” (WRRDA). The opening session on August 13 addressed de-authorizing projects, preventing future project backlogs, and project development and delivery. The next session, on August 27, will address alternative financing of projects, including the role of non-Federal entities, and the new innovative financing pilot program (WIFIA).
August 27, 2014

Attention: Legislation, Conservation and Outreach Committee

Adopt positions on various state bills. (Action)

Staff recommendation
1. Adopt a position of Support on AB 1739 (Dickinson)
2. Adopt a position of Support on SB 411 (Wolk)
3. Adopt a position of Support on SB 1168 (Pavley)

Alternatives
1. Do not adopt one or more of the recommended positions.
2. Modify one or more of the recommended positions.

Fiscal Impact
There is no direct fiscal impact associated with the consideration of adopting policy positions on legislation.

Discussion

Groundwater Legislation

AB 1739 (Dickinson) – Groundwater Management
SB 1168 (Pavley) – Groundwater Management

Under existing law, the Department of Water Resources (DWR) is required to conduct an investigation of the state’s groundwater basins and to report its findings to the Legislature not later than January 1, 2012, and thereafter in years ending in 5 and 0. Existing law also requires DWR to identify the extent of monitoring of groundwater elevations that is being undertaken within each groundwater basin or subbasin and to prioritize groundwater basins for further attention and action. In addition, existing law authorizes local agencies to adopt and implement groundwater management plans, and requires a groundwater management plan to contain specific information relative to the condition of the groundwater basin, the uses of the basin, and those parties with interest in the groundwater basin.

Groundwater is critical to California’s statewide water supplies, accounting for approximately 40 percent of the water used in California during normal years and up to 60 percent of the water used during droughts. Over 75 percent of Californians (about 30 million people) rely on groundwater for a portion of their drinking water. Groundwater resources are also essential to the state’s multi-billion dollar agricultural industry, manufacturing industries, and other sectors of the state economy. Managed properly, groundwater is intended to provide a critical buffer against droughts by providing additional water supplies in years when there is insufficient precipitation or snowpack.

When water withdrawals from groundwater basins exceed the rate that the groundwater is replenished by rain and snowmelt, the result is known as “overdraft.” If enough overdraft occurs, there can be dire consequences:
• Land can sink (subsidence), damaging canals, flood control facilities, roads, bridges, pipelines, and other infrastructure, costing private landowners and taxpayers hundreds of millions of dollars to repair the damage.

• Conflicts can develop between neighbors and landowners when water levels drop and wells run dry.

• Costs for groundwater increase, as the need to dig deeper wells and incur greater energy costs to pump groundwater occur.

• Water quality can be degraded.

According to the Senate Natural Resources and Water Committee, the cumulative overdraft of California’s groundwater basins is equivalent to the entire amount of water stored in Lake Tahoe. In many areas of the state, local groundwater managers lack the tools and authority to properly manage groundwater basins.

The Governor’s California Water Action Plan released earlier this year highlights the need for sustainable groundwater management. In addition, public opinion clearly sides with the need for improved groundwater management. According to a July 2014 poll released by the California Water Foundation:

• 78 percent of voters statewide agree “we need to act now to ensure we are managing groundwater supplies carefully to address the needs of future generations.”

• 78 percent of voters agree that “water availability is so important to our state’s future that we need to make major changes now in the way we manage groundwater supplies.”

• 73 percent support a comprehensive groundwater management plan for California that includes: setting state standards for local groundwater management; providing local communities with the tools to manage local groundwater supplies; reducing the risk of permanent damage to groundwater quality; and increasing groundwater storage.

AB 1739 (Dickinson) and SB 1168 (Pavley) are complementary measures that are double-joined and will be enacted or fail passage together. Collectively, the measures would establish and enact the Sustainable Groundwater Management Act, and would accomplish the following key objectives:

• Adopt state policy that groundwater resources be managed sustainably and affirm that groundwater is most effectively managed at the local level.

• Focus on groundwater basins ranked as high- and medium-priority by DWR through the California Statewide Groundwater Elevation Monitoring program.
• Exempt adjudicated basins from the new groundwater sustainability requirements, except for an annual reporting requirement.

• Require, by January 1, 2017, that local communities with high- and medium-priority groundwater basins must identify their proposed governance structure for the groundwater basin, including the ability for the creation of more than one groundwater sustainability agency in a basin if planning and management of the basin is coordinated by the agencies.

• Require, by January 1, 2020, that groundwater sustainability agencies must prepare groundwater sustainability plans that identify measurable objectives and implementation strategies for achieving sustainability within 20 years.

• Provide groundwater sustainability agencies with management authorities needed to effectively manage their groundwater and enable the local decision makers to choose the tools that are right for their communities.

• Provide an appropriate state “backstop” with clear timelines that allows DWR and the State Water Resources Control Board to intervene in the instance when local leaders have not moved forward to sustainably manage their groundwater resources. Responsibility for groundwater basin management would be required to be shifted back to the local community once a local agency has been identified that is capable of sustainably managing the groundwater resources.

• Recognize the use of groundwater as an important property right, but one that must be shared with neighbors and other landowners who rely on the limited resources.

The Water Authority’s legislative policy guidelines state that the Water Authority shall support legislation that:

• Provides funding or other incentives for conservation, peak management programs, water recycling, potable reuse, groundwater recovery and recharge, surface water development and management projects, including reservoir management, source water protection and watershed planning studies and facilities that sustain long-term reliable water resources.

• Encourages land use practices that promote efficient landscape design and groundwater recharge.

• Preserves the local water agency’s ability to establish local priorities for water resources planning decisions.

• Provides funding for, or otherwise facilitates, development of groundwater management plans pursuant to AB 3030.

• Protects floodplains and lands over prime groundwater recharge zones for stormwater catchment and bioremediation.


• Provides for the protection of source water such as reservoirs and groundwater basins so that the waters can be beneficially used for consumptive purposes.


**Water Use Efficiency Legislation**

**SB 411 (Wolk) – Building Standards: Water Meters: Multiunit Structures**

Under existing law, every water purveyor is required, as a condition of new water service, to install a water meter to measure water service. Existing law also requires urban water suppliers to charge water users based on the actual volume of deliveries, as measured by those water meters.

SB 411, as amended on August 22, 2014, would require a water purveyor that provides water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure that submits an application for a water connection after January 1, 2017, to measure the quantity of water supplied to each individual dwelling unit as a condition of new water service and permit the measurement to be by individual water meters or submeters. SB 411 would also require the owner of the structure to ensure that a water submeter installed for measurement purposes complies with the laws and regulations governing installation, approval of meter type, maintenance, reading, billing, and testing of submeters. In addition, SB 411 would prohibit a landlord from charging tenants separately for water service in a property, unless submeters have been installed and the landlord has executed a rental agreement with the tenant, disclosing that the tenant will be billed for water separately from the rent and that the tenant will also be billed for a portion of any recurring fixed charge billed to the property by the water purveyor. SB 411 would exempt several types of structures from the requirements of the bill, including: low income housing, student dormitories, long-term healthcare facilities, time-share properties, and residential care facilities. Finally, SB 411 would “grandfather” a submetering ordinance adopted prior to January 1, 2013 that regulates the approval of submeter types or the installation, maintenance, reading, billing, or testing of submeters.

Historically, renters have not been responsible for individual utility costs, such as those costs for water, sewer, electricity, and natural gas. Renters have typically been responsible for paying rent, and a portion of that rent payment would be utilized by the landlord to pay for utilities. However, when the United States faced a severe energy crisis in the late 1970s and early 1980s,
efforts to conserve energy led to changes from this historical rental arrangement, including the individual metering of gas and electricity for multifamily housing residents. Once renters began receiving individual bills for gas and electricity, they tended to have more motivation to conserve those resources in order to keep their gas and electricity bills low. When there was only one gas meter and one electric meter serving multifamily housing, the renters did not have the similar pricing motivation to conserve.

This same theory is the genesis for SB 411: that once consumers receive individual bills for water service, there will be a greater tendency toward conservation of the resource because of the direct pricing motivation that doesn’t necessarily exist today when there is only a single water meter serving a multifamily residential dwelling or when water costs are simply allocated and billed based on the square footage of the apartment residence or on the number of occupants. The submeter would provide a direct pricing signal to the consumer, and would allow that consumer to take action to conserve water and, in turn, lower their individual residence water bill.

During the 2013 legislative session, the Water Authority Board adopted a Support if Amended position on a very similar measure – SB 750 (Wolk). At the time, SB 750 did not adequately “grandfather” existing submetering ordinances and also raised concerns that a consumer may have been subjected to a double-charge for connection charges or capacity fees when submetered. During the course of the 2013 legislative session, SB 750 was amended to fully address the Water Authority’s identified issues, and the Water Authority was then fully supportive of the measure. However, due to opposition by a variety of interests, the measure failed passage. SB 411 is nearly identical to the version of SB 750 that failed passage in the Legislature during 2013, but that also incorporates the amendments sought by the Water Authority.

The Water Authority has long been a statewide leader in improving water use efficiency. SB 411 would make important advancements in this area by taking a significant step toward providing direct pricing signals to water consumers, even those residing within multifamily residential dwellings.

The Water Authority’s legislative policy guidelines state that the Water Authority shall support legislation that:

- Furthers the statewide goal of a 20 percent reduction in per capita water use by 2020 as set forth in SBX7-7, enacted in November 2009.

- Requires submetering connections to be built in new construction of multiple commercial or residential buildings.
(2014 Legislative Policy Guidelines, Water Use Efficiency, Support, pages 16-17, items 1 and 9).

Prepared by: Glenn A. Farrel, Government Relations Manager
Approved by: Dennis A. Cushman, Assistant General Manager
August 28, 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 August 18 and 19. The next regular MWD board and committee meetings are scheduled for September 8 and 9.

Discussion
The Water Authority delegation supported 15 of 16 action items approved by the MWD board. The delegates did not support the resolution suspending MWD’s ad valorem tax rate limitation. MWD’s annual ad valorem tax rate is scheduled to decrease as debts that can be funded by taxes are paid off. Under MWD’s Act, its tax rate limitation can be suspended when the board determines that suspending the tax rate decrease is “essential to the fiscal integrity of the district.” MWD’s resolution relied on the need to keep fixed revenue as a rationale to suspend the tax rate. Because MWD Chief Financial Officer Breaux stated that MWD could generate fixed revenues through other means, the delegates were unable to support the determination that the ad valorem tax rate suspension was essential to MWD’s fiscal integrity.

Attachment 1 is a copy of MWD’s August committee and board meeting agendas and summary report, respectively.

Asset Financing Corporation
The Asset Financing Corporation (AFC) was originally formed as a means to fund the construction of MWD’s Union Station Headquarters without impacting MWD’s limit on revenue bonds specified under its Act. Due to excess revenues collected at that time, MWD cash funded the construction of its Union Station Headquarters instead, and did not finance the project through the AFC. Nonetheless, MWD kept the AFC because it can be used to assist MWD by acquiring, constructing, operating, and maintaining facilities, equipment, or other property needed by MWD and leasing or selling such property to MWD. This month, the AFC elected its new officers. Board Chairman Record (Eastern), Director Peterson (Las Virgenes), MWD General Counsel Scully, and Breaux were elected as President, Vice-President, Secretary, and Treasurer, respectively.

Board Meeting
The board received a report on the department heads’ salary survey, comparing MWD with nine agencies, which included the Los Angeles Department of Water and Power, San Francisco Public Utilities Commission, and the Water Authority. Staff’s presentation compared the four department heads’ salaries to the 75th percentile – the historic benchmark used for all employees, according to Director Morris (San Marino).
Subsequently, in the Executive Committee, Director Lewinger asked staff provide the board with raw salary survey data and more details on why the 75th percentile is used as the benchmark for setting compensation. He commented that without the raw data, the context between the median salary and the 75th percentile is lacking. For example, the 75th percentile could actually be $1 less than the highest salary of those surveyed. Director J. Murray (Los Angeles) said that the 75th percentile is just a “starting point” to compare compensation levels. He added that the compensation package is at the complete discretion of the board.

The Executive Committee decided to defer consideration of the four direct reports’ performance evaluation and salary increase recommendations, because the General Auditor and Ethics Officer’s evaluations had not been conducted by their “home committee.” The committee will consider the four direct report’s evaluations and recommendations at the next scheduled committee meeting set for Monday, September 8.

Communications and Legislation Committee
The committee received an update on the approved $7.5 billion state water bond package, which replaced an $11 billion water bond proposal already on the November 4 ballot. The Assembly approved the water bond on a 77-2 vote, and was unanimously approved in the Senate. General Manager Kightlinger indicated that MWD staff’s support in formulating the new water bond package was based on legislative guidelines set by the Board. Kightlinger added that staff anticipates returning to the Board for consideration of a support position on the water bond in September. In response to Director Lewinger’s inquiry, staff said that the Association of California Water Agencies will be leading a “Yes on the Water Bond” campaign.

The committee also heard a report on MWD’s drought outreach efforts. Per an earlier request from Director Mudd, staff provided the schedule of the campaign, which included a breakdown of estimated costs for the various media efforts. The total cost of the effort is estimated to be about $5.5 million, which includes unallocated funds for potential future recommendations if dry conditions continue beyond October. Staff also said that MWD conducted a pre-campaign survey in May to benchmark people’s awareness of the drought and their response, and anticipates conducting a post-campaign survey to evaluate the effectiveness of the campaign in November.

Staff also reported on federal rulemaking related to defining “waters of the United States” and other state and federal legislative activities, including Senators Dianne Feinstein and Barbara Boxer introduction of the Water in the 21st Century Act.

Engineering and Operations Committee
The committee and Board approved six items, related to infrastructure reliability and rehabilitation projects. The committee also received a report on solar power generation opportunities for the Weymouth and Jensen Water Treatment Plants. Staff anticipates returning to the committee and Board with a recommendation to install solar facilities at the two plants next month. Lewinger requested that staff bring the items back as separate action items for consideration.

Water Systems Operations Manager Green reported that MWD is continuing its drought actions, which includes shifting about 150,000 acre-feet of demand previously served by the State Water Project (SWP) water to Colorado River water.
Executive Committee
The committee received a report and adopted the findings and recommendations related to ethics rules violations by former Director Fleming (Los Angeles). The report reviewed Fleming’s dual role as a MWD director and as an attorney affiliated with a law firm contracting with MWD.

Finance and Insurance Committee
Four representatives of the public addressed the committee on matters relating to the setting of the tax rate for fiscal year 2015, which staff’s report indicated is essential to MWD’s fiscal integrity to offset SWP cost increases. Mr. Walker Foley (Food and Water Watch) requested that the committee not support suspending the tax rate decrease and that MWD return $75 million of over-collected funds from Los Angeles ratepayers to the Los Angeles Department of Water and Power. He suggested the $75 million could be used to repair the city of Los Angeles’ “infrastructure and groundwater aquifers.” Foley also said that if the committee and Board chose to maintain the tax rate, “at the very least” it should invest these funds in local projects rather than state programs. Ms. Andrea Leon Grossman (Los Angeles resident and homeowner) also supported using the collected taxes for local projects rather than the BDCP. Ms. Suzette Horsepool (Neighborhood Green Council in Pasadena) opposed the BDCP’s twin-tunnels concept and requested that MWD’s board assure (its ratepayers) that the funds go “where MWD said it would go.” Horsepool pointed out that MWD indicated it would build two reclamation plants, but appears to only have funded one plant. Ms. Cindy Olson (Los Angeles resident) suggested that the BDCP tunnel project is “useless” and MWD should educate people on new types of (water efficiency) technologies, such as greywater systems. Subsequently, in the Water, Planning and Stewardship Committee, Water Resources Manager Upadhyay said MWD is not moving forward with active participation in greywater systems.

Subsequent to the committee meeting, four representatives of the public also addressed the board on matters relating to the setting of the tax rate for fiscal year 2015. Mr. Steve Fox (Los Angeles resident) questioned if the use of the funds collected from the tax is “going in the right direction.” He suggested that MWD focus efforts on reclaimed water projects. Ms. Brenna Norton (Food and Water Watch) commented that MWD over-collected almost $75 million (from Los Angeles) to stockpile funds for the Bay Delta Conservation Plan (BDCP). She suggested that MWD put local infrastructure projects first, such as stormwater capture. Ms. Sheila Goldmar and Mr. Frank Hill (both North Hollywood residents) opposed increasing the tax on the premise that it was not needed. Director Koretz (Los Angeles) said that as a result of the drought and the need to implement programs to address the challenges, he supported “freezing the ad valorem tax” at its current level for fiscal year 2015, because “it does not make sense (to shrink taxes) this year.”

The committee and Board approved two items, including the adoption of a resolution maintaining the tax rate for fiscal year 2015 (which the delegates did not support). Breaux reported that the tax rate will generate about $92 million. Director Wunderlich (Beverly Hills) urged support for maintaining the tax rate at its current level for a variety of reasons, including his view that this is a “pro-conservation, pro-sustainable” option. Wunderlich argued that MWD gets most of its revenue by selling water; which means there is a financial disincentive for MWD to encourage conservation because it results in less volumetric sales. However, by increasing fixed revenues, MWD would be more inclined to encourage conservation. Peterson also supported staff’s recommendation to maintain the tax rate, but commented that the term
“supplemental” should be modified in the resolution because some member agencies are entirely dependent on MWD for their water supply rather than using MWD’s water as a supplemental supply. Committee Chair Barbre (Municipal Water District of Orange County) concurred with Peterson and asked staff to suggest the appropriate committee to have the discussion on modifying the term.

Lewinger supported efforts to better match MWD’s fixed revenues with its fixed costs, but he pointed out that the board must find that maintaining the ad valorem tax rate is “essential” to MWD’s fiscal integrity. Since Breaux affirmed that there are other ways for MWD to meet its requirements, maintaining the ad valorem tax rate is not essential by default. Deputy General Counsel Benion said that because the Legislature left the term “essential” undefined, the majority of the board determines whether suspending Section 124.5 restriction of the MWD Act is necessary to the fiscal integrity of the district. Kurtz referred to Breaux’s presentation and questioned if 18 percent fixed revenues was enough given the size of MWD’s capital investment plan. Barbre suggested that Benion provide (to Kurtz) a 16-page document explaining the legal background of the ad valorem tax. Director Dake (Los Angeles) commented that at the March public hearing there were six speakers (that opposed suspending the tax rate limitations). He added that if MWD’s Local Resources Program (LRP) does not perform well, there would likely be more than six speakers when the board next considers setting the tax rate limitation. Director Evans (Western) said because “it is so rare” for public members to address this committee, he requests that the committee chair respond to the speakers and clarify what MWD’s responsibilities are.

The second item approved by the committee and Board was related to authorizing an agreement with MWDOC for a credit of $8.14 million due to overcharges resulting from an improperly calibrated meter. Barbre, being a MWDOC board member, recused himself from the committee and board discussions as well as the votes on this item. Staff also presented on MWD’s investment activity and financial highlights.

The committee also received reports on MWD’s investment activities and financial highlights. Following Breaux’s report on financial highlights ending July 31, 2014, Lewinger asked the outcome of MWD’s unrestricted reserves over the maximum last fiscal year. Breaux indicated that the final figures will be available following the external audit. Upon further questioning, it was revealed that MWD ended last fiscal year with unrestricted reserves over the maximum were between $400 million to $425 million, when compared to original budget. Breaux pointed out that when the board took action to adopt the biennial budget for fiscal years 2015 and 2016, it also approved spending down any unrestricted reserves over maximum from fiscal year 2014 for other purposes.

**Legal and Claims Committee**

Scully announced the upcoming retirement of Benion in September. In closed session, the committee discussed litigation with the Water Authority, the *Consolidated Delta Smelt and Salmonid Cases*, among other items. There were no reportable action items.

**Real Property and Asset Management Committee**

The committee and board approved three items related to granting easements. Staff reported efforts are under way to develop a master standard agreement for easements. Director Blois
(Calleguas) asked that MWD place on the agenda an update on Ormond Beach. He indicated that he was approached by potential buyers interested in the 20-acre property.

**Water Planning and Stewardship Committee**
Mr. Conner Everts (Southern California Watershed Alliance) addressed the committee and urged MWD to push forward with an early allocation program, citing that because the city of Santa Monica moved to mandatory water budgets, its wholesale agency (MWD) should support it with like actions. Everts also suggested that MWD expand its conservation funding as demand grows.

The committee received several reports related to MWD’s drought management efforts.

**State Water Resources Control Board Adopted Water Restrictions.** Staff reviewed the State Water Resources Control Board’s (SWRCB) adopted water restrictions, including the emergency regulations required of retail urban water suppliers. The emergency regulations do not apply to wholesale agencies, such as MWD and the Water Authority. Nevertheless, MWD sent a letter to SWRCB Chair Marcus expressing support for the emergency regulations passed by the SWRCB and describing actions by MWD in response to the drought (see Attachment 2).

**Conservation Activities.** The committee received an update related to conservation activities. Upadhyay said that the 12-month rolling demand on MWD (currently about 2.06 million acre-feet) is about 15 percent lower than demand during the 2006-2007 drought. He said MWD should build on that success focusing on increased water use efficiency and resource development programs. Staff is projecting consumer demand for conservation rebate programs will increase from $18 million in fiscal year 2014 to between $40 million to $60 million in fiscal year 2015 depending on the completion rate of the turf removal program, and impact of outreach messaging. If the drought continues, staff may adjust the conservation budget to match demand. Chief Operating Officer Man responded that $60 million (total) was approved in the biennial budget earlier this year, which included an additional $20 million (for two years) that was approved by the board in response to the drought emergency. Man said staff is tracking program reservations and completions on a weekly basis to ensure that the board will be kept apprised of the status of existing programs and potential future funding needs.

Blois asked if staff is also monitoring how much water is being conserved through the turf removal program. Upadhyay said that staff is using “study estimates” that show the benefit of water savings from removing turf; however, he added that MWD is currently paying slightly more than the economic value of the water saved through the program to further entice participation. Staff added that the savings are about 40 gallons per square foot per year (which equates to about $1,629 per acre-foot). Director Steiner asked for clarification on how the residential turf removal program worked because, as she explained, it appeared that one could invest $1,000 for turf removal and be reimbursed double the amount from MWD. Staff responded that it was difficult to review and collect multiple receipts, so MWD determined that a flat $2 per square foot rebate, which staff believed was below cost to remove turf, could be applied to the program. Staff also assured the committee that random, onsite inspections and phone follow-ups are made to confirm that turf is removed.

**Local Resources Program.** Staff reported that the 2007 target (by 2025) for LRP development is 174,000 acre-feet per year for the region. As of this report date, 63,000 acre-feet per year is needed to meet the target and there are currently no recycled or groundwater applications under
review. Staff reported plans to return to the board for consideration in October to update the subsidy amount (currently about $40 million per year) and payment structure of the LRP based on member agencies’ comments that cost is prohibiting development of projects. Lewinger asked if all the member agencies are on track to meet the state’s mandated 20 by 2020 conservation goal. Upadhyay said the “region” is meeting its goal. Lewinger said it is not appropriate for MWD to use regional dollars to fund individual agencies mandates and that MWD’s funds should be spent on projects that reduce demand beyond individual mandates. Lewinger asked that future LRP discussion also include methods to demonstrate the regional benefits of selected projects and the establishing a baseline requirement that agencies meet, or are tracking to meet, the state conservation mandate in order to be eligible for LRP funding. Record commented that Eastern has exceeded the 20 by 2020 goal by implementing “allocation-based” tiered rates “not by LRP grants from MWD.” Peterson contended that if the region meets MWD’s Integrated Resources Plan goal that is a regional benefit. Director Abdo (Santa Monica) commented that any conservation achieved anywhere in MWD’s service area is a benefit to all member agencies.

The committee also received a report on 2015 water resources activities that will likely return for board consideration, including a program to enhance the groundwater extraction capability in MWD’s Semitropic Program. Staff anticipates returning to the Board for action in September.

Assistant General Manager Patterson reported on Bay-Delta activities. He said that the state is sifting through the 11,000 BDCP comment letters received and will likely have a recommendation on the BDCP within the next two months. In response to Lewinger, Patterson said that all state water contractors are still “in the game.” The contractors are working to determine the allocation of BDCP’s costs, which he said will be based on how much water a contractor receives.

Prepared by: Debbie Discar-Espe, Senior Water Resources Specialist
Approved by: Communications and Legislation Committee by 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
Water Planning and Stewardship Committee by Keith Lewinger and Fern Steiner

Attachment 1: MWD’s committee and board meeting agendas and Summary of Actions, dated August 18-19, 2014
Attachment 2: MWD letter to SWRCB, dated August 18, 2014
REVISED AGENDA

Adjourned Finance and Insurance Committee

Meeting with Board of Directors*

August 18, 2014

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

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

* The Metropolitan Water District’s 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 July 7, 2014**

3. **OTHER MATTERS**

   5J. Tax Levy for fiscal year 2014/15. (F&I)

   5J-1 Report on list of certified assessed valuations for fiscal year 2014/15 and tabulation of assessed valuations, percentage participation, and vote entitlement of member public agencies as of August 15, 2014.

   5J-2 Adopt (1) the resolution finding that continuing an ad valorem tax rate at the rate levied for fiscal year 2013/14 is essential to Metropolitan’s fiscal integrity; and (2) the resolution establishing the tax rate for fiscal year 2014/15.
Finance and Insurance Committee  
August 18, 2014

Agenda

Page 2

Added

Recommendation:

Option #1:

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

a. Adopt the Resolution Finding that Continuing an Ad Valorem Tax Rate at the Rate Levied for FY 2013/14 is Essential to the Fiscal Integrity of the District and Suspending the Ad Valorem Tax Rate Restriction; and

b. Adopt the Resolution Levying Taxes for the Fiscal Year Commencing July 1, 2014 and ending June 30, 2015 for the Purposes of The Metropolitan Water District of Southern California maintaining the tax rate at .0035% of assessed valuation (exclusive of annexation levies), the same rate levied in FY 2013/14.

4. CONSENT CALENDAR ITEMS — ACTION

None

5. OTHER BOARD ITEMS — ACTION

8-1 Authorize agreement with the Municipal Water District of Orange County for a credit in the amount of $8,145,566.18 due to overcharges on deliveries through Service Connection OC-88. (F&I)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize the General Manager to enter into an agreement with MWDOC under Administrative Code Section 4507(n) in a form approved by the General Counsel, to credit the overbillings for OC-88 from May 1, 2005 through April 2014, as described in the board letter.

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Oral report on investment activities

REVISED: Date of Notice: August 13, 2014
8 MANAGEMENT REPORT

a. Chief Financial Officer’s report

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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REVISED AGENDA

Adjourned Water Planning and Stewardship Committee
Meeting with Board of Directors*

August 18, 2014

10:00 a.m. – Room 2-456

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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 July 7, 2014

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   None

REVISED: Date of Notice: August 11, 2014
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on SWRCB adopted water restrictions
b. Update on Conservation Activities
c. Update on Local Resources Program

d. 2015 Water Resource Activities

e. Overview of Water Supply Allocation Plan

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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REVISED: Date of Notice: August 11, 2014
REVISED AGENDA

Adjourned Engineering and Operations Committee
Meeting with Board of Directors*

August 18, 2014
12:00 p.m. -- Room 2-145

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

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

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

2. Approval of the Minutes of the meeting of the Engineering and Operations Committee held July 7, 2014

3. CONSENT CALENDAR ITEMS — ACTION

7-1 Appropriate $680,000; and award $428,280 contract to Kaveh Engineering & Construction, Inc. for solids handling area improvements at the Robert A. Skinner Water Treatment Plant (Approp. 15365). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
a. Appropriate $680,000; and
b. Award $428,280 contract to Kaveh Engineering & Construction, Inc. for the Skinner Solids Handling Area Improvements.

7-2 Appropriate $980,000; and authorize: (1) final design of an operations and maintenance service center for the Orange County region; and
(2) agreement with La Cañada Design Group for architectural design services (Approp. 15480). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt, and
a. Appropriate $980,000;
b. Authorize final design of an operations and maintenance service center for the Orange County region; and
c. Authorize an agreement with La Cañada Design Group in an amount not to exceed $347,000 for architectural design services.

7-3 Appropriate $1.6 million; and award $858,000 contract to Kiewit Infrastructure West Co. to rehabilitate Service Connection G-01 on the Santa Monica Feeder (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the project is categorically exempt from CEQA, and
a. Appropriate $1.6 million; and
b. Award $858,000 contract to Kiewit Infrastructure West Co. to rehabilitate Service Connection G-01 on the Santa Monica Feeder.

7-4 Appropriate $1.68 million; and authorize three rehabilitation projects at the Joseph Jensen Water Treatment Plant (Approps. 15486 and 15442). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are categorically exempt, and
a. Appropriate $1.68 million; and
b. Authorize three rehabilitation projects at the Jensen plant.

4. OTHER BOARD ITEMS — ACTION

8-2 Appropriate $13.6 million; and authorize: (1) design and permitting to address right-of-way and erosion issues throughout the distribution system; and (2) amendments to agreements with Carollo Engineers, Inc., CH2M Hill, Inc., Dudek, Inc., and Riggs and Riggs, Inc. (Approp. 15474). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and is not subject to CEQA, and
a. Appropriate $13.6 million;
b. Authorize design of pipeline and access improvements throughout Metropolitan's distribution system;
c. Authorize permitting and right-of-way planning within the Los Angeles and Riverside/San Diego County operating regions;
d. Authorize increase of $2.1 million to the existing agreement with Carollo Engineers, Inc., for a new not-to-exceed total of $2.5 million;
e. Authorize increase of $2.1 million to the existing agreement with CH2M Hill, Inc., for a new not-to-exceed total of $2.35 million;
f. Authorize increase of $2.4 million to the existing agreement with Dudek, Inc., for a new not-to-exceed total of $3,375,000; and
g. Authorize increase of $290,000 to the existing agreement with Riggs and Riggs, Inc., for a new not-to-exceed total of $390,000.

Added 8-3 Appropriate $9.4 million; award $4,082,555 contract to J. F. Shea Construction, Inc. to line the Lakeview Pipeline's Bernasconi Tunnel; and award $552,982.84 valve procurement contract to Bray International (Approps. 15480 and 15488). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the action is statutorily exempt from CEQA, and
a. Appropriate $9.4 million;
b. Award $4,082,555 contract to J. F. Shea Construction, Inc. to install liner pipe within the Bernasconi Tunnel; and
c. Award $522,982.84 valve procurement contract to Bray International for the Lakeview Pipeline/Inland Feeder Intertie.
5. **BOARD INFORMATION ITEMS**

   9-1 Update on solar power generation opportunities for the F. E. Weymouth and Joseph Jensen Water Treatment Plants.  (E&O)

6. **COMMITTEE ITEMS**

   None

7. **MANAGEMENT REPORTS**

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

8. **FOLLOW-UP ITEMS**

   None

9. **FUTURE AGENDA ITEMS**

10. **ADJOURNMENT**

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**REVISED:** Date of Notice: August 13, 2014
Adjourned Communications and Legislation Committee

Meeting with Board of Directors*

August 18, 2014

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

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

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

2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held July 7, 2014

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   None

Date of Notice: August 6, 2014
5. BOARD INFORMATION ITEMS

9-2 Report on federal rulemaking regarding definition of “waters of the United States” under the Clean Water Act. (C&L)

6. COMMITTEE ITEMS

   a. Report on activities from Washington, D.C.
   
   b. Report on activities from Sacramento
   
   c. Update on 2015/16 Legislative Proposal Process

7. MANAGEMENT REPORT

   a. External Affairs Management report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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Asset Financing Corporation

August 19, 2014

8:30 a.m. -- Room 2-456

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

2. CORPORATION MATTERS
   a. Election of Officers
   b. Oral report on activities of Corporation

3. FUTURE AGENDA ITEMS

4. ADJOURNMENT

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Date of Notice: August 6, 2014
Adjourned Legal and Claims Committee

Meeting with Board of Directors*

August 19, 2014

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

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

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

2. Approval of the Minutes of the meeting of the Legal and Claims Committee held July 8, 2014

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   None

5. BOARD INFORMATION ITEMS

   None

Date of Notice: August 6, 2014
6. COMMITTEE ITEMS

a. General Counsel's report of monthly activities

b. Review and provide a recommendation to the Executive Committee on the General Counsel's overall performance and recommended FY 2014/15 goals for evaluation follow-up actions.

[Discussion of public employee's performance evaluation -- General Counsel; to be heard in closed session pursuant to Gov. Code Section 54957]

c. 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)]

d. Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830 and CPF-12-512466, and San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., Los Angeles County Superior Court Case No. BC 547139.

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

7. FOLLOW-UP ITEMS

None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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

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

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

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

Date of Notice: August 6, 2014
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Real Property and Asset Management Committee
Meeting with Board of Directors

August 19, 2014
10:30 a.m. – Room 2-456

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

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

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

2. Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held June 16, 2014

3. CONSENT CALENDAR ITEMS – ACTION

7-5 Authorize granting a 1,440-square-foot permanent easement to Southern California Edison on Metropolitan-owned property located in Orange County. (RP&AM)

7-5 Board Letter and Attachments

7-6 Authorize granting a 3.42-acre permanent easement to the city of Fontana on Metropolitan-owned property located in San Bernardino County. (RP&AM)

7-6 Board Letter and Attachment

7-7 Authorize granting a 2,447-square-foot permanent easement to Southern California Edison on Metropolitan-owned property at the Chemical Unloading Facility in the city of Perris, Riverside County. (RP&AM)

7-7 Board Letter and Attachments

4. OTHER BOARD ITEMS – ACTION

None

5. COMMITTEE ITEMS


6. MANAGEMENT REPORT

a. Real Property Development and Management Manager’s Report

7. FUTURE AGENDA ITEMS
8. ADJOURNMENT

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

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

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Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.
1. Call to Order
   (a) Invocation: Sr. Angela Faustina, CSJ, Major Superior, Los Angeles Province
   (b) Pledge of Allegiance: Director Richard Atwater

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS
   A. Approval of the Minutes of the Meeting for July 8, 2014. (A copy has been mailed to each Director)
      Any additions, corrections, or omissions

REVISED: Date of Notice: August 13, 2014
B. Report on Directors' events attended at Metropolitan expense for month of July

C. Presentation of five-year service pin to Director Kristine Murray, representing city of Anaheim

D. Presentation of Commendatory Resolution to past Director Aaron Grunfeld, representing city of Los Angeles

E. Approve Commendatory Resolutions for past Directors Jennifer Fitzgerald and Leticia Vasquez

F. Approve naming of Metropolitan’s Courtyard to Colonel John V. Foley Memorial Courtyard

G. Approve committee assignments

H. Chairman’s Monthly Activity Report

I. Presentation on Department Head Salary Comparison with Comparator Agencies

J. Tax Levy for fiscal year 2014/15. (F&I)

5J-1 Report on list of certified assessed valuations for fiscal year 2014/15 and tabulation of assessed valuations, percentage participation, and vote entitlement of member public agencies as of August 15, 2014.

5J-2 Adopt (1) the resolution finding that continuing an ad valorem tax rate at the rate levied for fiscal year 2013/14 is essential to Metropolitan’s fiscal integrity; and (2) the resolution establishing the tax rate for fiscal year 2014/15. (Roll call vote—two-thirds vote required)

Added

Recommendation:

Option #1:

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

a. Adopt the Resolution Finding that Continuing an Ad Valorem Tax Rate at the Rate Levied for FY 2013/14 is Essential to the Fiscal Integrity of the District and Suspending the Ad Valorem Tax Rate Restriction; and

b. Adopt the Resolution Levying Taxes for the Fiscal Year Commencing July 1, 2014 and ending June 30, 2015 for the Purposes of The Metropolitan Water District of Southern California maintaining the tax rate at .0035% of assessed valuation (exclusive of annexation levies), the same rate levied in FY 2013/14.
K. Approve 30-day leaves of absence for:
   Director Friedman, commencing August 8, 2014
   Director Dick, commencing August 15, 2014

6. DEPARTMENT HEADS' REPORTS

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

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Appropriate $680,000; and award $428,280 contract to Kaveh Engineering & Construction, Inc. for solids handling area improvements at the Robert A. Skinner Water Treatment Plant (Approp. 15365). (E&O)

   Recommendation:

   Option #1:

   Adopt the CEQA determination that the proposed action is categorically exempt, and
   a. Appropriate $680,000; and
   b. Award $428,280 contract to Kaveh Engineering & Construction, Inc. for the Skinner Solids Handling Area Improvements.

7-2 Appropriate $980,000; and authorize: (1) final design of an operations and maintenance service center for the Orange County region; and (2) agreement with La Cañada Design Group for architectural design services (Approp. 15480). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt, and
a. Appropriate $980,000;
b. Authorize final design of an operations and maintenance service center for the Orange County region; and
c. Authorize an agreement with La Cañada Design Group in an amount not to exceed $347,000 for architectural design services.

7-3 Appropriate $1.6 million; and award $858,000 contract to Kiewit Infrastructure West Co. to rehabilitate Service Connection G-01 on the Santa Monica Feeder (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the project is categorically exempt from CEQA, and
a. Appropriate $1.6 million; and
b. Award $858,000 contract to Kiewit Infrastructure West Co. to rehabilitate Service Connection G-01 on the Santa Monica Feeder.

7-4 Appropriate $1.68 million; and authorize three rehabilitation projects at the Joseph Jensen Water Treatment Plant (Approps. 15486 and 15442). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are categorically exempt, and
a. Appropriate $1.68 million; and
b. Authorize three rehabilitation projects at the Jensen plant.

7-5 Authorize granting a 1,440-square-foot permanent easement to Southern California Edison on Metropolitan-owned property located in Orange County. (RP&AM)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was considered in the previously certified 2011 Final EIR and MMRP and 2013 Addendum No. 2, and adopt the Lead Agency’s findings and MMRP related to the easement; and authorize the General Manager to grant a permanent easement to Southern California Edison.

7-6 Authorize granting a 3.42-acre permanent easement to the city of Fontana on Metropolitan-owned property located in San Bernardino County. (RP&AM)

Recommendation:

Option #1:

Review and consider the information in the Lead Agency’s adopted 2013 MND and mitigation measures, adopt the Lead Agency’s findings, and authorize the General Manager to grant a permanent easement to the city of Fontana.

7-7 Authorize granting a 2,477-square-foot permanent easement to Southern California Edison on Metropolitan-owned property at the Chemical Unloading Facility in the city of Perris, Riverside County. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and authorize the General Manager to grant a permanent easement to Southern California Edison.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Authorize agreement with the Municipal Water District of Orange County for a credit in the amount of $8,145,566.18 due to overcharges on deliveries through Service Connection OC-88. (F&I)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize the General Manager to enter into an agreement with MWDOC under Administrative Code Section 4507(n) in a form approved by the General Counsel, to credit the overbillings for OC-88 from May 1, 2005 through April 2014, as described in the board letter.

8-2

Appropriate $13.6 million; and authorize: (1) design and permitting to address right-of-way and erosion issues throughout the distribution system; and (2) amendments to agreements with Carollo Engineers, Inc., CH2M Hill, Inc., Dudek, Inc., and Riggs and Riggs, Inc. (Approp. 15474). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $13.6 million;

b. Authorize design of pipeline and access improvements throughout Metropolitan’s distribution system;

c. Authorize permitting and right-of-way planning within the Los Angeles and Riverside/San Diego County operating regions;

d. Authorize increase of $2.1 million to the existing agreement with Carollo Engineers, Inc., for a new not-to-exceed total of $2.5 million;

e. Authorize increase of $2.1 million to the existing agreement with CH2M Hill, Inc., for a new not-to-exceed total of $2.35 million;

f. Authorize increase of $2.4 million to the existing agreement with Dudek, Inc., for a new not-to-exceed total of $3,375,000; and

g. Authorize increase of $290,000 to the existing agreement with Riggs and Riggs, Inc., for a new not-to-exceed total of $390,000.

Added

8-3

Appropriate $9.4 million; award $4,082,555 contract to J. F. Shea Construction, Inc. to line the Lakeview Pipeline’s Bernasconi Tunnel; and award $552,982.84 valve procurement contract to Bray International (Approps. 15480 and 15488). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the action is statutorily exempt from CEQA, and

a. Appropriate $9.4 million;

b. Award $4,082,555 contract to J. F. Shea Construction, Inc. to install liner pipe within the Bernasconi Tunnel; and

c. Award $522,982.84 valve procurement contract to Bray International for the Lakeview Pipeline/Inland Feeder Intertie.
9. BOARD INFORMATION ITEMS

9-1 Update on solar power generation opportunities for the F. E. Weymouth and Joseph Jensen Water Treatment Plants. (E&O)

9-2 Report on federal rulemaking regarding definition of “waters of the United States” under the Clean Water Act. (C&L)

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.

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.
Adjourned Executive Committee
Meeting with Board of Directors

August 19, 2014
01:00 p.m. – Board Room

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

2. Approval of the Minutes of the meeting of the Executive Committee held July 22, 2014

3. COMMITTEE ITEMS
   a. Review and provide recommendations on the General Manager's overall performance and recommended FY 2014/15 goals for evaluation follow-up actions. [Discussion of public employee's performance evaluations - General Manager; to be heard in closed session pursuant to Gov. Code Section 54957]
   
   b. Review and consider the annual evaluation of and recommendations concerning the General Manager, General Counsel, General Auditor, and Ethics Officer, for providing final recommendations to the Board on overall performance and compensation. [Discussion of public employees' performance evaluations - General Manager, General Counsel, General Auditor, and Ethics Officer; to be heard in closed session pursuant to Gov. Code Section 54957]
   
   c. Department Heads' Compensation Recommendations
   
   d. Consider findings and recommendations of subcommittee of Audit and Ethics Committee for appropriate action relating to Ethics Officer's report concerning ethics rules violations by former Director David Fleming, under Administrative Code Section 7140. (To be mailed separately)

4. ADJOURNMENT

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

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

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

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Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting...
should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.
Summary Report for  
The Metropolitan Water District of Southern California  
Board Meetings  
August 19, 2014

COMMITTEE ASSIGNMENTS

Director Dear was appointed as Vice Chair of the Audit and Ethics Committee. Director Lefevre was appointed as Vice Chair of the Agriculture and Business Outreach Committee. Director Hawkins was appointed to the Legal and Claims Committee and the Organization, Personnel and Technology Committee. Director Peterson was appointed to the Real Property and Asset Management Committee.  (Agenda Item 5G)

FINANCE AND INSURANCE COMMITTEE

Tax Levy for fiscal year 2014/15. (Agenda Item 5J)

Reported on list of certified assessed valuations for fiscal year 2014/15 and tabulation of assessed valuations, percentage participation, and vote entitlement of member public agencies as of August 15, 2014. (Agenda Item 5J-1)

Adopted (1) the resolution finding that continuing an ad valorem tax rate up to the rate levied for fiscal year 2013/14 is essential to Metropolitan’s fiscal integrity; and (2) the resolution establishing the tax rate for fiscal year 2014/15. (Agenda Item 5J-2)

Authorized agreement with the Municipal Water District of Orange County for credit in the amount of $8,145,566.18 due to overcharges on deliveries through Service Connection OC-88. (Agenda Item 8-1)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $13.6 million; authorized design of pipeline and access improvements throughout Metropolitan’s distribution system; authorized permitting and right-of-way planning within the Los Angeles and Riverside/San Diego County operating regions; authorized increase of $2.1 million to the existing agreement with Carollo Engineers, Inc., for a new not-to-exceed total of $2.5 million; authorized increase of $2.1 million to the existing agreement with CH2M Hill, Inc., for a new not-to-exceed total of $2.35 million; authorized increase of $2.4 million to the existing agreement with Dudek, Inc., for a new not-to-exceed total of $3,375,000; and authorized increase of $290,000 to the existing agreement with Riggs and Riggs, Inc., for a new not-to-exceed total of $390,000. (Agenda Item 8-2)

Appropriated $9.4 million; awarded $4,082,555 contract to J. F. Shea Construction, Inc. to install liner pipe within the Bernasconi Tunnel; and awarded $552,982.84 valve procurement contract to Bray International for the Lakeview Pipeline/Inland Feeder Intertie. (Approps 15480 and 15488) (Agenda Item 8-3)

In other action, the Board:

Appropriated $680,000; and awarded $428,280 contract to Kaveh Engineering & Construction, Inc. for the solids handling area improvements at the Robert A. Skinner Water Treatment Plant. (Approp. 15365) (Agenda Item 7-1)
Appropriated $980,000; authorized final design of an operations and maintenance service center for the Orange County region; and authorized an agreement with La Cañada Design Group in an amount not to exceed $347,000 for architectural design services. (Approp. 15480) (Agenda Item 7-2)

Appropriated $1.6 million; and awarded $858,000 contract to Kiewit Infrastructure West Co. to rehabilitate Service Connection G-01 on the Santa Monica Feeder. (Approp. 15441) (Agenda Item 7-3)

Appropriated $1.68 million; and authorized three rehabilitation projects at the Joseph Jensen Water Treatment Plant. (Approps. 15486 and 15442) (Agenda Item 7-4)

Authorized granting a 1,440-square-foot permanent easement to Southern California Edison on Metropolitan-owned property located in Orange County. (Agenda Item 7-5)

Authorized granting a 3.42-acre permanent easement to the city of Fontana on Metropolitan-owned property located in San Bernardino County. (Agenda Item 7-6)

Authorized granting a 2,477-square-foot permanent easement to Southern California Edison on Metropolitan owned property at the Chemical Unloading Facility in the city of Perris, Riverside County. (Agenda Item 7-7)

**OTHER MATTERS**

Director Kristine Murray, representing city of Anaheim, received a 5-year service pin. (Agenda Item 5C)

Presentation of Commendatory Resolution for past Director Aaron Grunfeld, representing city of Los Angeles. (Agenda Item 5D)

Approved Commendatory Resolutions for past Directors Jennifer Fitzgerald and Leticia Vazquez. (Agenda Item 5E)

Approved naming of Metropolitan Courtyard to Colonel John V. “Jack” Foley Memorial Courtyard. (Agenda Item 5F)

Approved 30-day leaves of absence for Director Friedman commencing August 8, 2014 and Director Dick commencing August 15, 2014. (Agenda Item 5K)

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

Board letters related to the items in this summary are generally posted in the Board Letter Archive approximately one week after the board meeting. In order to view them and their attachments, please copy and paste the following into your browser [http://edmsidm.mwdh2o.com/idmweb/home.asp](http://edmsidm.mwdh2o.com/idmweb/home.asp).
August 18, 2014

Ms. Felicia Marcus
Board Chair
State Water Resources Control Board
1001 I Street, 15th Floor
P.O. Box 100
Sacramento, CA 95814

Dear Ms. Marcus:

Emergency Water Conservation and Curtailment Regulations

The purpose of this letter is to express support for the emergency regulations passed by the State Water Resources Control Board (SWRCB) on July 15 and update the SWRCB on actions by The Metropolitan Water District of Southern California (Metropolitan) to respond to California’s extreme drought conditions.

Emergency Water Conservation
Although multi-year dry periods are a fact of life in California, the current drought is unprecedented in geographic scope and severity. On July 17, the National Weather Service (NWS) reported that 81 percent of California is in extreme drought or higher, up from 28 percent at the start of the calendar year. Over 36 percent of the state is in “exceptional drought” – the highest level – according to the NWS drought monitor. Virtually the entire state and its surrounding watersheds are affected by drought. The NWS also reported that the first six months of 2014 were 4.7 degrees hotter than average, setting a new record for California. The heat wave was more intense in Southern California, where the first six months were 5.7 degrees hotter than average, also a record. These conditions, preceded by two dry years, have adversely affected water supplies across the state. The State Water Project (SWP) record low five percent allocation in 2014 is but one example.

Managing the State’s stressed water supplies is vital to the health and wellbeing of California’s population, economy, agriculture and environment. Metropolitan appreciates the strong leadership demonstrated by the Governor, the SWRCB, and other state agencies. In January, the Governor issued a drought emergency proclamation calling for Californians to reduce their water use by 20 percent and for water agencies to implement water shortage plans. The outdoor water restrictions adopted by the SWRCB this month support the Governor’s proclamation by targeting outdoor urban water use that would normally increase under the hot and dry conditions afflicting California. We applaud the Governor’s and SWRCB’s powerful message to Californians that now is the time to save water.
Metropolitan’s Actions
Metropolitan’s mission is to provide high quality, reliable supplies to our region in an economically and environmentally responsible way. As the steward of Southern California’s water supply, Metropolitan and our member agency partners have spent the past 25 years preparing for drought by investing in a robust, diversified water resource portfolio. In the process, our utilities have become statewide leaders in water conservation, wastewater recycling and groundwater recovery. Metropolitan’s cumulative investments in reliable local supplies exceed $1 billion and include:

- $333 million for conservation programs,
- $331 million for recycled water projects,
- $118 million for groundwater recovery projects, and
- $373 million for groundwater storage programs.

Metropolitan has also supported stringent requirements for water efficient appliances and along with our member agencies, we have pushed the envelope for recycled water use. Since 1991, these efforts have generated a cumulative 16.7 million acre feet of reduced demands and new supplies.

Southern California’s investment in conservation, recycling, and groundwater recovery has created a remarkable reduction in water demands and increased local supplies. In February of 2014, Metropolitan released its Annual Report to the California State Legislature on Achievements in Conservation, Recycling, and Groundwater Recharge for fiscal year 2012/13 [http://www.mwdh2o.com/mwdh2o/pages/yourwater/SB60/archive/SB60_2013.pdf](http://www.mwdh2o.com/mwdh2o/pages/yourwater/SB60/archive/SB60_2013.pdf). The report shows that Southern California had annual savings due to conservation efforts of more than 900 thousand acre-feet. In addition to conservation savings, about 419 thousand acre-feet of water was produced through wastewater recycling and another 100 thousand acre-feet of contaminated groundwater was recovered. The annual water savings and new production from these investments is more than the water used by the cities of Los Angeles, San Francisco, and San Diego combined. In fact, it is more water than can be supplied through Metropolitan’s Colorado River Aqueduct in a given year.

Potable retail demands in Metropolitan’s service area reflect the investments shown above. In the late 1980’s, Southern California’s potable demands averaged 199 gallons per capita per day (gpcd). By comparison, the average potable demand from 2010 to 2013 was 151 gpcd – a 24 percent reduction. Over the same period, Metropolitan has invested $2.0 billion to build Diamond Valley Lake, doubling the region’s surface water storage capacity, and has developed numerous storage, transfer and exchange programs along the SWP, our own Colorado River Aqueduct, and within our service area. Metropolitan is leveraging our region’s investments in water use efficiency, local supplies and dry-year storage to manage and mitigate the drought’s impacts on the region’s 19 million residents and trillion dollar economy.

Conservation, local supplies and storage assets have all reduced Southern California’s reliance on imported supplies during dry years. Water use efficiency is best measured as a trend over a period rather than at a single snapshot in time. There are many factors that impact water consumption including
precipitation, temperature, or demographic and economic conditions. These factors can distort short-term comparisons of demand and mask the long-term gains that have been made. In fiscal year 2006/07, the beginning of the last significant dry period, Metropolitan delivered 2.41 million acre-feet of imported supplies to our member agencies. By comparison, Metropolitan delivered 2.06 million acre-feet in fiscal year 2013/14. The 350,000 acre-feet drop amounts to a 15 percent reduction in imported supplies despite the current drought’s record heat and over a half a million more people living in Southern California. Even with these significant reductions in demand, Southern California is committed to continued increases in water use efficiency, particularly in outdoor water use.

**Response to the Governor’s Drought Proclamation**

After meeting with the Governor earlier this year, Metropolitan acted proactively to conserve water in Southern California. In February, Metropolitan called on local cities and water agencies to immediately implement extraordinary conservation measures and institute local drought ordinances. The call for local drought ordinances supports the SWRCB’s water waste prohibitions and includes outdoor water use provisions that:

- Restrict hours of outdoor watering
- Prohibit landscape irrigation run-off
- Require water efficient landscaping
- Enable reporting of inefficient water use
- Implement tiered rate structures
- Restrict the use of potable water for street cleaning
- Maximize use of recycled water

These provisions will have the greatest impact on water demand during the summer and fall, when irrigation demands typically peak. Metropolitan also significantly expanded its water conservation programs to respond to the Governor’s drought proclamation. This included:

- **Doubling our conservation budget**: Metropolitan doubled its annual regional conservation budget from $20 million to $40 million. The increase will be combined with local retail agency contributions and incentivize our customers to achieve additional water savings throughout the year.

- **Increasing outdoor water efficiency incentives**: In May, Metropolitan doubled incentives for replacing turf from $1.00 to $2.00 per square foot. Coupled with additional member agency contributions, many residents in our service area can receive up to $3.00 per square foot. Over 21 million square feet of turf has been permanently removed under the program, the equivalent of about 480 football fields. Metropolitan also extended financial incentives for rain barrels and more than doubled recycled water retrofit incentives to large landscape irrigators to accelerate conversions from potable to recycled water.

- **Launching a major outreach campaign**: In July Metropolitan launched a $5.5 million outreach campaign – the largest in Metropolitan’s history. The goal of the campaign is to raise awareness of
Ms. Felicia Marcus  
Page 4  
August 18, 2014

...the drought and urge residents and businesses to save water this year. The campaign features multiple media platforms, including radio and television, with enhanced outreach to the region’s ethnic communities. Activity on Metropolitan’s BeWaterWise website has quadrupled as a result of the campaign. Metropolitan’s conservation incentive program is also seeing record breaking increases in applications for incentives as a result of these outreach efforts. It is clear that Southern California is responding to these calls for increased conservation efforts.

Thank you for your leadership during this critical drought, which is affecting all Californians. Droughts are unpredictable, and we share your concern over next year’s troubling water supply outlook. Metropolitan is committed to doing our part in promoting water use efficiency and increasing local supplies while collaborating with the SWRCB and other stakeholders to protect critical reserves. We are open to and welcome future discussions with your staff on these issues. Please contact Deven Upadhyay on my staff at (213) 217-6686 or via e-mail at dupadhyay@mwdh2o.com if you have any questions.

Very truly yours,

Jeffrey Kightlinger  
General Manager

Enclosure

cc: Chairman Randy Record  
    Board of Directors  
    Member Agency Managers
August 28, 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.

Discussion
This report covers activities from the August 13, 2014 CRB meeting held in San Diego, California at the Water Authority. Director Wilson welcomed everyone to San Diego indicating that a tour of significant San Diego water projects would occur at a future CRB meeting in 2015. The previously planned tour for this meeting was postponed due to the conflicting Urban Water Institute Conference.

The CRB meeting included comments from guest speaker Terry Fulp, the Lower Colorado Regional Director for the Bureau of Reclamation, and informational reports from CRB staff on activities discussed below:

Water Supply and Reservoir Conditions
A water supply and reservoir conditions update was provided with data from August 4 (Table 1).

<table>
<thead>
<tr>
<th>Conditions as of August 4, 2014</th>
<th>Volume (million acre-feet)</th>
<th>Percent of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total System Storage</td>
<td>30.44</td>
<td>51%</td>
</tr>
<tr>
<td>Lake Powell</td>
<td>12.53</td>
<td>52%</td>
</tr>
<tr>
<td>Lake Mead</td>
<td>10.05</td>
<td>38%</td>
</tr>
<tr>
<td>Forecasted Unregulated Inflow to Lake Powell for Water Year 2014</td>
<td>10.15</td>
<td>--</td>
</tr>
</tbody>
</table>

A more detailed water supply report is included as Attachment 1.

2015 Annual Operating Plan
Reclamation issued the second draft of the Annual Operating Plan for Water Year 2015 on July 31, 2014. July projections indicate conditions for a release of 9.0 million acre-feet (maf) from Lake Powell and normal/ICS surplus operations for Lake Mead. The final determination will be announced in September.

Drought Update
Drought conditions in California have not improved and Governor Brown’s April 25, 2014 and January 17, 2014 proclamations remain in effect. The entire state is still facing drought conditions with over 99% experiencing severe drought levels on the August 5, 2014 drought monitor map. On July 29, the State Water Resources Control Board’s mandatory conservation measures went into effect. The new requirements restrict outdoor water use and allow water suppliers to fine water users for wasting water. State and local agencies have engaged in a “Save
our Water” campaign to encourage water conservation and discourage waste. More drought information is provided in the Department of Water Resources’ weekly drought briefing (Attachment 2).

California’s Colorado River Water Use Plan
In accordance with the 2007 Interim Guidelines for the Coordinated Operation of Lake Mead and Lake Powell, the CRB reported on the progress of California meeting its water use benchmark and implementation of California’s Colorado River Water Use Plan at the July 31 Annual Operating Plan consultation meeting. The draft Colorado River Water Use Plan serves as a guide for maintaining California’s Colorado River water uses at or below the basic apportionment of 4.4 maf. Key points of the report included:

- Since 2003, California’s water use has remained within its basic apportionment of 4.4 maf.
- Since 2003, the California agencies and State of California have made significant progress in implementing the Quantification Settlement Agreement (QSA). Close to 3 maf has been conserved and transferred from agricultural to municipal users since 2003.
- In addition to the QSA, other successful programs include the 2004 long-term fallowing agreement between the Metropolitan Water District of Southern California (MWD) and the Palo Verde Irrigation District. As of 2013, the program has produced approximately 900,000 acre-feet of water savings.
- Conservation, transfers, and additional fallowing programs have enabled California to meet the 2012 benchmark of required agricultural use reductions, which will provide future benefits to California in a surplus declaration.
- The Imperial Irrigation District has been successfully implementing its water use allocation system and fallowing programs to meet its overrun payback obligations.
- On May 19, 2014, the Ninth Circuit Court of Appeals affirmed the Federal District Court’s April 2012 decision that claims by Imperial County and the Imperial County Air Pollution Control District should be dismissed because no NEPA violations had occurred.
- As of June 2014, the QSA Joint Powers Authority has spent more than $55 million on mitigation activities at the Salton Sea, including mitigation water to offset reduced inflows caused by QSA transfers.

Basin States’ Drought Contingency Planning
With fourteen years of drought conditions impacting the Lower Colorado River Basin, the Lower Basin states and water agencies have been working to develop additional tools to lessen the impacts of continued drought and decrease the likelihood of Lake Mead dropping to critically low elevation levels. On July 30, MWD, Southern Nevada Water Authority, Central Arizona Project, Denver Water, and the U.S. finalized a System Conservation Pilot Program to fund up to $11 million for “system” water. The Basin States will continue to develop additional agreements for improved water management and additional conservation opportunities.

Colorado River Basin Supply and Demand Study (Basin Study)
The initial drafts of the Basin Study’s Phase I reports for the Agricultural Conservation and Environmental Flows workgroups were released in early August. The Agricultural Conservation, Productivity, and Water Transfers report includes an overview of agricultural water use as well as an analysis of water conservation programs and practices utilized throughout the Basin. The Environmental and Recreational Flows draft report provides a detailed description of ecological, recreational, and hydropower resources in the Basin. The report also
provides a detailed assessment of four focus reaches along the Colorado River. The draft report for the Municipal and Industrial Conservation workgroup is still under development.

**Minute 319**
The bi-national environmental flows workgroup met in June to review the progress and initial monitoring results of the pulse flow. Monitoring efforts will continue to evaluate operational, hydrological, and ecological conditions resulting from the pulse flow. The Environmental Pulse Flow Delivery Plan includes the delivery of a base flow of 52,000 acre-feet between 2014 and 2017 to maintain restoration areas.

Bi-national workgroups met in June and July to continue discussions on the Rosarito Desalination project with potential for direct delivery and/or water exchange options with the U.S.

**Salinity Control Program**
The Salinity Control Forum and Advisory Council met June 12-13 to continue development of potential strategies to address the funding shortfalls of the program. The Salinity Control Workgroup met in July to finalize the draft Triennial Review of Water Quality Standards for Salinity for 2014-17 (Triennial Review). The Triennial Review includes a guide for salinity control efforts for the upcoming three years, including control of an additional 67,000 tons of salt by 2017. This Triennial Review also includes a recommendation to keep the numeric criteria for salinity for the three key stations at the current limits. The Salinity Control Workgroup also received an update on the preparation of the Environmental Impact Statement (EIS) for replacement of system components of the Paradox Valley Unit. A subcommittee of the Salinity Control Workgroup has been created to develop a more accurate model to better quantify economic damages related to Colorado River water salinity affecting water users in the Lower Division States.

**Glen Canyon Dam Adaptive Management Program**
The Glen Canyon Dam Adaptive Management Work Group (AMWG) met August 4 to review the final draft of the triennial budget for the fiscal years 2015 through 2017. The annual budget is approximately $10 million.

The Basin States continue to work on the development of a hybrid alternative for evaluation of the Long-Term Experimental and Management EIS process that incorporates characteristics of alternatives from the Basin States and Department of Interior.

**Lower Colorado River Multi-Species Conservation Program (MSCP)**
Senate Bill 2503, introduced in June, seeks approval of a lease of certain land and water rights associated with Planet Ranch on the Bill Williams River for the benefit of the MSCP. In exchange for $8.3 million from the MSCP, 3,418 acres of Planet Ranch will be donated to the Arizona Game and Fish Commission with a portion credited to the MSCP as cottonwood-willow and marsh habitat. At an upcoming meeting in October, the MSCP Steering Committee will consider a recommendation to the Bureau of Reclamation to enter into a long-term lease to secure the Planet Ranch property and associated water rights.

In February 2014, it was discovered that there had been underfunding of the MSCP due to an error in incorporating changes to the inflation factor indices used to determine annual funding contributions. The additional contributions related to underfunding will be made by contributing
entities in fiscal year 2015. The Water Authority is a funding contributor to the MSCP but the error will not increase our contributions.

On July 8, 2014, the U.S. Fish and Wildlife Service (US FWS) designated two snake species, the northern Mexican gartersnake and the narrow-headed gartersnake, as threatened species pursuant to the Endangered Species Act. The MSCP will work with US FWS to determine whether these species will be formally added to the list of Lower Colorado River MSCP “Covered Species.”

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 Water Supply Report
Attachment 2: CRB Drought Report
## 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</th>
<th>ELEV. (Feet)</th>
<th>7-Day Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAKE POWELL</td>
<td>52%</td>
<td>12,532</td>
<td>3608.02</td>
</tr>
<tr>
<td>* LAKE MEAD</td>
<td>38%</td>
<td>10,053</td>
<td>1080.51</td>
</tr>
<tr>
<td>LAKE MOHAVE</td>
<td>94%</td>
<td>1,708</td>
<td>643.32</td>
</tr>
<tr>
<td>LAKE HAVASU</td>
<td>96%</td>
<td>592</td>
<td>448.62</td>
</tr>
</tbody>
</table>

**TOTAL SYSTEM CONTENTS **

As of 08/03/2014

| SYSTEM CONTENT LAST YEAR | 51% | 30,441 |

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

| Salt/Verde System   | 49%  | 1,132 |
| Painted Rock Dam    | 0%   | 0     |
| Alamo Dam           | 5%   | 47    |

### Forecasted Water Use for Calendar Year 2014 (as of 08/04/2014) (values in kaf)

**NEVADA**

- SOUTHERN NEVADA WATER SYSTEM
- OTHERS

**CALIFORNIA**

- METROPOLITAN WATER DISTRICT OF CALIFORNIA
- IRRIGATION DISTRICTS
- OTHERS

**ARIZONA**

- CENTRAL ARIZONA PROJECT
- OTHERS

**TOTAL LOWER BASIN USE**

- DELIVERY TO MEXICO - 2014 (Mexico Scheduled Delivery + Preliminary Yearly Excess)

**UNREGULATED INFLOW INTO LAKE POWELL - AUGUST FINAL FORECAST DATED 08/01/2014**

| WATER YEAR 2014 PRECIP TO DATE | 99% (27.3") |
| CURRENT BASIN SNOWPACK         | NA (NA)     |

*Delivery to Mexico forecasted yearly excess calculated using year-to-date observed and projected excess.*
ARIZONA, CALIFORNIA, NEVADA, MEXICO
FORECAST OF END OF YEAR CONSUMPTIVE USE
FORECAST BASED ON USE TO DATE AND APPROVED ANNUAL WATER ORDERS ¹
(ACRE-FEET)

<table>
<thead>
<tr>
<th></th>
<th>Use Forecast</th>
<th>Approved Use</th>
<th>Excess to Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To Date</td>
<td>2014</td>
<td>2014</td>
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<tr>
<td>ARIZONA</td>
<td>1,755,960</td>
<td>2,788,799</td>
<td>2,790,672</td>
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<tr>
<td>CALIFORNIA</td>
<td>2,944,146</td>
<td>4,291,143</td>
<td>4,057,609</td>
</tr>
<tr>
<td>NEVADA</td>
<td>133,652</td>
<td>251,004</td>
<td>300,000</td>
</tr>
<tr>
<td>STATES TOTAL</td>
<td>4,833,758</td>
<td>7,310,946</td>
<td>7,148,281</td>
</tr>
<tr>
<td>MEXICO IN SATISFACTION OF TREATY (including downward delivery)</td>
<td>1,137,942</td>
<td>1,521,798</td>
<td>1,500,000</td>
</tr>
<tr>
<td>TO MEXICO AS SCHEDULED</td>
<td>1,128,644</td>
<td>1,500,000</td>
<td></td>
</tr>
<tr>
<td>MEXICO IN EXCESS OF TREATY</td>
<td>9,298</td>
<td>21,798</td>
<td></td>
</tr>
<tr>
<td>BYPASS PURSUANT TO MINUTE 242</td>
<td>85,705</td>
<td>144,728</td>
<td></td>
</tr>
<tr>
<td>TOTAL LOWER BASIN &amp; MEXICO</td>
<td>6,057,405</td>
<td>8,977,472</td>
<td></td>
</tr>
</tbody>
</table>

¹ Incorporates Jan-May USGS monthly data and 80 daily reporting stations which may be revised after provisional data reports are distributed by the USGS. Use to date estimated for users reporting monthly and annually.

Graph notes: Jan 1 forecast use is scheduled use in accordance with the Annual Operating Plan’s state entitlements, available unused entitlements, and over-run paybacks. A downward sloping line indicates use at a lower rate than scheduled, upward sloping is above schedule, and a flat line indicates a use rate equal to schedule. Lower priority users such as CAP, MWD, and Robt.B.Griffith may adjust use rates to meet state entitlements as higher priority use deviates from schedule. Abrupt changes in the forecast use line may be due to a diversion schedule change or monthly updating of provisional realtime diversions.
### California Water Users
#### Forecast of End of Year Consumptive Use

Forecast based on use to date and approved annual water orders. California 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>Estimated Use CY2014</th>
<th>Excess to Estimated Use CY2014</th>
<th>Diversion Use 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 Pumpsers</td>
<td>1,283</td>
<td>1,959</td>
<td>1,959</td>
<td>---</td>
<td>2,291</td>
<td>3,499</td>
<td>3,499</td>
<td>0</td>
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<tr>
<td>Fort Mojave Indian Reservation,CA</td>
<td>5,391</td>
<td>7,554</td>
<td>8,996</td>
<td>---</td>
<td>10,021</td>
<td>14,041</td>
<td>16,720</td>
<td>-2,679</td>
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<tr>
<td>City of Needles (Includes LCWSP use)</td>
<td>1,284</td>
<td>1,931</td>
<td>1,931</td>
<td>0</td>
<td>1,781</td>
<td>2,720</td>
<td>2,720</td>
<td>0</td>
</tr>
<tr>
<td>Metropolitan Water District</td>
<td>651,517</td>
<td>755,497</td>
<td>546,660</td>
<td>---</td>
<td>653,213</td>
<td>758,495</td>
<td>549,763</td>
<td>---</td>
</tr>
<tr>
<td>Colorado River Indian Reservation,CA</td>
<td>2,255</td>
<td>3,444</td>
<td>3,444</td>
<td>---</td>
<td>3,869</td>
<td>5,909</td>
<td>5,909</td>
<td>0</td>
</tr>
<tr>
<td>Pal Verde Irrigation District</td>
<td>305,553</td>
<td>441,445</td>
<td>454,108</td>
<td>---</td>
<td>616,997</td>
<td>994,997</td>
<td>994,500</td>
<td>-5,007</td>
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<tr>
<td>Yuma Project Reservation Division - Indian Unit</td>
<td>40,652</td>
<td>55,066</td>
<td>47,864</td>
<td>---</td>
<td>64,053</td>
<td>102,553</td>
<td>102,700</td>
<td>-147</td>
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<tr>
<td>Yuma Project Reservation Division - Bard Unit</td>
<td>27,320</td>
<td>35,240</td>
<td>24,831</td>
<td>---</td>
<td>33,227</td>
<td>54,227</td>
<td>53,600</td>
<td>627</td>
</tr>
<tr>
<td>Yuma Island Pumpsers</td>
<td>3,257</td>
<td>4,974</td>
<td>4,974</td>
<td>---</td>
<td>5,893</td>
<td>9,001</td>
<td>9,001</td>
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<tr>
<td>Fort Yuma Indian Reservation - Ranch 5</td>
<td>442</td>
<td>675</td>
<td>675</td>
<td>---</td>
<td>799</td>
<td>1,221</td>
<td>1,221</td>
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<tr>
<td>Imperial Irrigation District</td>
<td>1,677,268</td>
<td>2,578,153</td>
<td>2,544,150</td>
<td>34,003</td>
<td>1,658,047</td>
<td>2,604,123</td>
<td>2,645,857</td>
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</tr>
<tr>
<td>Salton Sea Salinity Management</td>
<td>45,131</td>
<td>90,000</td>
<td>90,000</td>
<td>0</td>
<td>46,922</td>
<td>101,532</td>
<td>93,451</td>
<td>---</td>
</tr>
<tr>
<td>Coachella Valley Water District</td>
<td>209,578</td>
<td>349,578</td>
<td>352,000</td>
<td>-2,422</td>
<td>217,231</td>
<td>364,274</td>
<td>366,370</td>
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<tr>
<td>Other LCWSP Contractors</td>
<td>426</td>
<td>650</td>
<td>650</td>
<td>---</td>
<td>665</td>
<td>1,016</td>
<td>1,016</td>
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</tr>
<tr>
<td>City of Winterhaven</td>
<td>45</td>
<td>69</td>
<td>69</td>
<td>---</td>
<td>68</td>
<td>104</td>
<td>104</td>
<td>0</td>
</tr>
<tr>
<td>Chemehuevi Indian Reservation</td>
<td>84</td>
<td>128</td>
<td>128</td>
<td>---</td>
<td>7,425</td>
<td>11,340</td>
<td>11,340</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total California**

<table>
<thead>
<tr>
<th>Use To Date CY2014</th>
<th>Forecast Use CY2014</th>
<th>Estimated Use CY2014</th>
<th>Excess to Estimated Use CY2014</th>
<th>Diversion Use CY2014</th>
<th>Forecast Diversion CY2014</th>
<th>Approved Diversion CY2014</th>
<th>Excess to Approved Diversion CY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,944,146</td>
<td>4,291,143</td>
<td>3,289,275</td>
<td>4,964,825</td>
<td>4,804,171</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### California Adjusted Apportionment Calculation

- California Basic Apportionment: 4,400,000
- Payback of IOPP Overrun (IID): -117,391
- Intentionally Created Surplus Water (IID): -25,000
- Creation of Extraordinary Conservation ICS (MWD): -200,000
- Total State Adjusted Apportionment: 4,057,609
- Excess to Total State Adjusted Apportionment: 233,534

### ISG Annual Target Comparison Calculation

- Priorities 1, 2, 3b Use (PVID+YPRD+Island+PVID Mesa): 501,505
- MWD Adjustment: -81,505
- Total California Agricultural Use (PVID+YPRD+Island+IID+CVWD): 3,429,236
- California Agricultural Paybacks: -25,000
- Misc. PPRs Covered by IID and CVWD: -14,500
- California ICS Creation (IID ICS): -25,000
- Total Use for Target Comparison: 3,504,622
- ISG Annual Target (Exhibit B): 3,455,000
- Amount over/(under) ISG Annual Target: 49,622

### Notes

- 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.
- 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 diversion entitlement.
- Click on California Schedules and Approvals above for incoming diversion schedules and approvals.

**1/** 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

#### Historic Use Records (Water Accounting Reports)

<table>
<thead>
<tr>
<th>WATER USER</th>
<th>Use To Date</th>
<th>Forecast Use</th>
<th>Estimated Use</th>
<th>Excess to Estimated Use</th>
<th>Diversion To Date</th>
<th>Forecast Diversion</th>
<th>Approved Diversion</th>
<th>Excess to Approved Diversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARIZONA PUMPERS</td>
<td>11,681</td>
<td>17,841</td>
<td>17,841</td>
<td>--</td>
<td>18,075</td>
<td>27,607</td>
<td>--</td>
<td>27,607</td>
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<tr>
<td>LAKE MEAD NRA, AZ - Diversions from Lake Mead</td>
<td>92</td>
<td>143</td>
<td>143</td>
<td>--</td>
<td>92</td>
<td>143</td>
<td>143</td>
<td>0</td>
</tr>
<tr>
<td>LAKE MEAD NRA, AZ - Diversions from Lake Mohave</td>
<td>107</td>
<td>191</td>
<td>191</td>
<td>--</td>
<td>107</td>
<td>191</td>
<td>191</td>
<td>0</td>
</tr>
<tr>
<td>DAVIS DAM PROJECT</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>--</td>
<td>35</td>
<td>54</td>
<td>54</td>
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<tr>
<td>BULLHEAD CITY</td>
<td>3,236</td>
<td>6,922</td>
<td>8,523</td>
<td>--</td>
<td>4,830</td>
<td>10,330</td>
<td>12,720</td>
<td>-2,390</td>
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<tr>
<td>MOHAVE WATER CONSERVATION</td>
<td>324</td>
<td>495</td>
<td>495</td>
<td>--</td>
<td>483</td>
<td>736</td>
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<td>0</td>
</tr>
<tr>
<td>BROOKE WATER LLC</td>
<td>137</td>
<td>210</td>
<td>210</td>
<td>--</td>
<td>208</td>
<td>317</td>
<td>317</td>
<td>0</td>
</tr>
<tr>
<td>MOHAVE VALLEY IDD</td>
<td>13,476</td>
<td>22,784</td>
<td>22,617</td>
<td>--</td>
<td>24,956</td>
<td>42,192</td>
<td>41,883</td>
<td>309</td>
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<td>FORT MOJAVE INDIAN RESERVATION, AZ</td>
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<td>38,208</td>
<td>42,120</td>
<td>--</td>
<td>45,755</td>
<td>70,755</td>
<td>78,000</td>
<td>-7,245</td>
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<td>LAKE HAVASU CITY</td>
<td>4,603</td>
<td>8,509</td>
<td>9,083</td>
<td>--</td>
<td>7,424</td>
<td>13,724</td>
<td>14,650</td>
<td>-926</td>
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<td>CENTRAL ARIZONA PROJECT</td>
<td>977,964</td>
<td>1,561,666</td>
<td>1,528,908</td>
<td>--</td>
<td>977,964</td>
<td>1,561,666</td>
<td>1,528,908</td>
<td>0</td>
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<tr>
<td>TOWN OF PARKER</td>
<td>230</td>
<td>368</td>
<td>359</td>
<td>--</td>
<td>507</td>
<td>890</td>
<td>935</td>
<td>-45</td>
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<tr>
<td>COLORADO RIVER INDIAN RESERVATION, AZ</td>
<td>232,255</td>
<td>353,988</td>
<td>376,964</td>
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<td>368,614</td>
<td>642,417</td>
<td>622,402</td>
<td>-19,985</td>
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<tr>
<td>EHRENBURG IMPROVEMENT ASSOCIATION</td>
<td>160</td>
<td>244</td>
<td>244</td>
<td>--</td>
<td>225</td>
<td>343</td>
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<td>0</td>
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<tr>
<td>CIBOLA VALLEY IRRIGATION DISTRICT</td>
<td>11,098</td>
<td>16,951</td>
<td>16,951</td>
<td>--</td>
<td>10,745</td>
<td>20,550</td>
<td>20,550</td>
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</tr>
<tr>
<td>CIBOLA NATIONAL WILDLIFE REFUGE</td>
<td>8,342</td>
<td>12,741</td>
<td>12,741</td>
<td>--</td>
<td>13,455</td>
<td>20,550</td>
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<td>IMPERIAL NATIONAL WILDLIFE REFUGE</td>
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<td>2,616</td>
<td>2,616</td>
<td>--</td>
<td>2,766</td>
<td>4,224</td>
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<td>YUMA PROVING GROUND</td>
<td>279</td>
<td>486</td>
<td>550</td>
<td>--</td>
<td>279</td>
<td>486</td>
<td>550</td>
<td>-64</td>
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<td>GILA MONSTER FARMS</td>
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<td>4,559</td>
<td>5,244</td>
<td>--</td>
<td>5,514</td>
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<td>775</td>
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<td>1,718</td>
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<td>775</td>
<td>1,466</td>
<td>1,718</td>
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<td>UNION PACIFIC RAILROAD</td>
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<td>30</td>
<td>24</td>
<td>--</td>
<td>28</td>
<td>48</td>
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<tr>
<td>UNIVERSITY OF ARIZONA</td>
<td>315</td>
<td>494</td>
<td>536</td>
<td>--</td>
<td>315</td>
<td>494</td>
<td>536</td>
<td>-42</td>
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<td>YUMA UNION HIGH SCHOOL DISTRICT</td>
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<td>209</td>
<td>148</td>
<td>--</td>
<td>202</td>
<td>268</td>
<td>200</td>
<td>68</td>
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<td>DESERT LAWN MEMORIAL</td>
<td>30</td>
<td>46</td>
<td>46</td>
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<td>43</td>
<td>66</td>
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<td>--</td>
<td>29,960</td>
<td>50,309</td>
<td>51,963</td>
<td>-1,654</td>
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<td>YUMA IRRIGATION DISTRICT</td>
<td>24,216</td>
<td>38,696</td>
<td>42,991</td>
<td>--</td>
<td>43,099</td>
<td>71,209</td>
<td>76,600</td>
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<td>UNIT &quot;B&quot; IRRIGATION DISTRICT</td>
<td>12,447</td>
<td>20,357</td>
<td>20,408</td>
<td>--</td>
<td>17,653</td>
<td>31,353</td>
<td>33,450</td>
<td>-2,097</td>
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<td>FORT YUMA INDIAN RESERVATION</td>
<td>914</td>
<td>1,396</td>
<td>1,396</td>
<td>--</td>
<td>1,408</td>
<td>2,150</td>
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<td>YUMA COUNTY WATER USERS' ASSOCIATION</td>
<td>156,237</td>
<td>238,668</td>
<td>241,118</td>
<td>--</td>
<td>225,971</td>
<td>366,971</td>
<td>383,000</td>
<td>-16,029</td>
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<td>COCOPAH INDIAN RESERVATION</td>
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<td>4,106</td>
<td>6,599</td>
<td>--</td>
<td>1,407</td>
<td>5,557</td>
<td>10,055</td>
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<td>YUMA UNION HIGH SCHOOL DISTRICT</td>
<td>103,521</td>
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<td>250,000</td>
<td>-85,437</td>
<td>328,194</td>
<td>328,194</td>
<td>328,194</td>
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<td>RETURN FROM SOUTH GILA WELLS</td>
<td>13,476</td>
<td>22,784</td>
<td>22,617</td>
<td>--</td>
<td>24,956</td>
<td>42,192</td>
<td>41,883</td>
<td>309</td>
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<td>TOTAL ARIZONA</td>
<td>1,755,960</td>
<td>2,784,000</td>
<td>2,790,746</td>
<td>2,252,862</td>
<td>3,638,062</td>
<td>3,698,131</td>
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<td>CAP</td>
<td>977,964</td>
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<td></td>
<td></td>
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<td>ALL OTHERS</td>
<td>777,996</td>
<td>1,207,133</td>
<td>1,261,838</td>
<td>2,076,396</td>
<td>2,169,223</td>
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<td></td>
</tr>
<tr>
<td>YUMA MESA DIVISION, GILA PROJECT</td>
<td>103,521</td>
<td>164,563</td>
<td>250,000</td>
<td>-85,437</td>
<td>328,194</td>
<td>328,194</td>
<td>328,194</td>
<td>0</td>
</tr>
</tbody>
</table>

**Arizona Adjusted Apportionment Calculation**

| Arizona Basic Apportionment | 2,800,000 |
| Payback of IOPP overruns - (Cocopah and Beattie) | -328 |
| CAGRD/YMIDD Pilot Conservation Program | -900 |
| Total State Adjusted Apportionment | 2,790,672 |
| Excess to Total State Adjusted Apportionment | -21,873 |

NOTES:
- Diversions and uses that are pending approval are noted in red italic.
- Water users with a consumptive use entitlement - Excess to Estimated Use column indicates overrun/underrun of 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 diversion entitlement.
# 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**

| Historic Use Records (Water Accounting Reports) |

<table>
<thead>
<tr>
<th>WATER USER</th>
<th>CY2014 Use To Date</th>
<th>CY2014 Forecast Use</th>
<th>CY2014 Estimated Use</th>
<th>CY2014 Excess to Estimated Use</th>
<th>CY2014 Diversion To Date</th>
<th>CY2014 Forecast Diversion</th>
<th>CY2014 Approved Diversion</th>
<th>CY2014 Excess to Approved Diversion</th>
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</thead>
<tbody>
<tr>
<td>ROBERT B. GRIFFITH WATER PROJECT (SNWS)</td>
<td>243,677</td>
<td>435,371</td>
<td>473,360</td>
<td>-37,989</td>
<td>243,600</td>
<td>435,294</td>
<td>473,360</td>
<td>-38,066</td>
</tr>
<tr>
<td>LAKE MEAD NRA, NV - Diversions from Lake Mead</td>
<td>265</td>
<td>492</td>
<td>568</td>
<td>---</td>
<td>265</td>
<td>492</td>
<td>568</td>
<td>---</td>
</tr>
<tr>
<td>LAKE MEAD NRA, NV - Diversions from Lake Mohave</td>
<td>99</td>
<td>192</td>
<td>224</td>
<td>---</td>
<td>99</td>
<td>192</td>
<td>224</td>
<td>---</td>
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<td>BASIC MANAGEMENT INC.</td>
<td>2,153</td>
<td>5,486</td>
<td>8,208</td>
<td>---</td>
<td>2,153</td>
<td>5,486</td>
<td>8,208</td>
<td>-2,722</td>
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<td>CITY OF HENDERSON (BMI DELIVERY)</td>
<td>6,437</td>
<td>12,133</td>
<td>15,878</td>
<td>---</td>
<td>6,437</td>
<td>12,133</td>
<td>15,878</td>
<td>-3,745</td>
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<tr>
<td>NEVADA STATE DEPT. OF FISH &amp; GAME</td>
<td>4</td>
<td>36</td>
<td>12</td>
<td>24</td>
<td>189</td>
<td>368</td>
<td>300</td>
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<tr>
<td>PACIFIC COAST BUILDING PRODUCTS INC.</td>
<td>335</td>
<td>751</td>
<td>928</td>
<td>---</td>
<td>335</td>
<td>751</td>
<td>928</td>
<td>-177</td>
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<td>BOULDER CANYON PROJECT</td>
<td>26</td>
<td>40</td>
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<td>---</td>
<td>47</td>
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<td>BIG BEND WATER DISTRICT</td>
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<td>2,062</td>
<td>---</td>
<td>2,427</td>
<td>4,775</td>
<td>4,961</td>
<td>-186</td>
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<td>FORT MOJAVE INDIAN TRIBE</td>
<td>1,348</td>
<td>2,621</td>
<td>3,685</td>
<td>---</td>
<td>2,012</td>
<td>3,912</td>
<td>5,500</td>
<td>-1,588</td>
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<tr>
<td>LAS VEGAS WASH RETURN FLOWS</td>
<td>-121,921</td>
<td>-208,481</td>
<td>-204,964</td>
<td>---</td>
<td>257,564</td>
<td>463,475</td>
<td>509,999</td>
<td>-46,592</td>
</tr>
</tbody>
</table>

**TOTAL NEVADA**

| 133,652 | 251,004 | 300,001 | -37,965 | 257,564 | 463,475 | 509,999 | -46,592 |

**SOUTHERN NEVADA WATER SYSTEM (SNWS)**

| 121,756 | 226,890 | 435,294 |

**ALL OTHERS**

| 11,896 | 24,114 | 28,181 |

**NEVADA USES ABOVE HOOVER**

| 131,075 | 246,020 | 454,788 |

**NEVADA USES BELOW HOOVER**

| 2,577 | 4,984 | 8,687 |

<table>
<thead>
<tr>
<th>Tributary Conservation &amp; Imported Intentionally Created Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Requested Tributary Conservation Intentionally Created Surplus</td>
</tr>
<tr>
<td>Total Requested Imported Conservation Intentionally Created Surplus</td>
</tr>
<tr>
<td>5% System Cut for Creation of Intentionally Created Surplus</td>
</tr>
<tr>
<td>Total Intentionally Created Surplus Left in Lake Mead</td>
</tr>
</tbody>
</table>

**NEVADA ADJUSTED APPORTIONMENT CALCULATION**

Nevada Basic Apportionment: 300,000

Excess to Total State Adjusted Apportionment: -48,996

**Notes:**
- 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.
- 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.

**Nevada Schedules and Approvals above for incoming diversion schedules and approvals.**
August 5, 2014
(Released Thursday, Aug. 7, 2014)
Valid 8 a.m. EDT

U.S. Drought Monitor
California

August 5, 2014
(Released Thursday, Aug. 7, 2014)
Valid 8 a.m. EDT

Drought Conditions (Percent Area)

<table>
<thead>
<tr>
<th>Intensity</th>
<th>D5 Abnormally Dry</th>
<th>D4 Extreme Drought</th>
<th>D3 Drought</th>
<th>D2 Moderate Drought</th>
<th>D1 Severe Drought</th>
<th>Normal</th>
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<tr>
<td>Current</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Last Week</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>3 Months Ago</td>
<td>99.99</td>
<td>0.00</td>
<td>100.00</td>
<td>0.00</td>
<td>0.00</td>
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</tbody>
</table>

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

Author:
Brad Rippey
U.S. Department of Agriculture

http://droughtmonitor.unl.edu/
CURRENT CONDITIONS

Fire Activity: CAL FIRE has responded to 3,813 wildfires across the state since January 1, burning 44,408 acres. This year’s fire activity is well above the year-to-date average of 2,801 wildfires on 35,168 acres. CAL FIRE responded to over 250 new wildfires last week, including the Day Fire in Modoc County that started on Wednesday, July 30, which has burned more than 7,000 acres and is only 5% contained.

Reservoir Levels (% capacity): Reservoir Levels as of July 31 remain low, including: Don Pedro 44%; Exchequer 21%; Folsom Lake 42%; Lake Oroville 35%; Millerton Lake 53%; New Melones 26%; Pine Flat 14%; San Luis 22%; Lake Shasta 35%; and Trinity Lake 35%. An update of water levels at other smaller reservoirs is also available.

Vulnerable Water Systems: The State Water Board’s Drinking Water Program is providing technical and funding assistance to several communities facing drinking water shortages, and is monitoring water systems across the state to determine if new support is needed. This week, over $8.8 million has been identified for specific emergency drinking water projects out of $15 million appropriated in March for this purpose. Updated information can be found at the CDPH Drinking Water Program website during the three (3) month transition period. For more information regarding the transfer, please visit the State Water Board’s Drinking Water Program website.

Recent precipitation: No significant rain fell over the last week and no rain is expected soon.

KEY ACTION ITEMS FROM THIS WEEK

- **State Board Mandatory Conservation Regulations Now in Effect:** The state’s first-ever emergency regulations mandating urban water conservation became effective on Tuesday, July 29, following final approval by the Office of Administrative Law (OAL).

  The final regulations, adopted by the State Water Resources Control Board on July 15, prohibit certain outdoor water uses and require local water agencies to activate their water shortage contingency plans at a level that includes mandatory outdoor irrigation restrictions. The regulations will be in effect until April 25, 2015, unless they are extended or repealed. More information is available on the State Board’s Conservation Regulation Portal and in a new Frequently Asked Questions document.

- **W21: Water in the 21st Century Legislation Introduced:** California Sens. Barbara Boxer and Dianne Feinstein along with their House colleagues Reps. Grace Napolitano (D-CA-32) and Peter DeFazio (D-OR) introduced legislation to promote water conservation and recycling on Thursday, July 31. The identical House and Senate bills, entitled “W21: Water in the 21st Century,” expand rebates and grants for water conservation and efficiency; support local investments in water recycling and improved groundwater management and storage; invest in research into water-saving technologies and desalination; and establish an open water data system.
• **Emergency Food Aid, Rental and Utility Assistance:** The California Department of Social Services (CDSS) has provided to date over 172,000 boxes of food to community food banks in drought-impacted counties. Approximately 117,500 boxes of food have been picked up by 61,906 households. By this Friday, August 8, an additional 15,100 will be delivered to six counties. Local food banks continue to target this food aid to residents most impacted by the drought.

The non-profit group La Cooperativa continues to distribute the $10 million state-funded emergency rental assistance to impacted families and individuals across counties most impacted by the drought. As of Wednesday, July 30, the Department of Housing and Community Development (HCD) has reported that a total of $1,716,748 is committed; and $1,060,932 in funds has been issued to 923 applicants in 18 counties.

The Department of Community Services and Development (CSD) has created a $600,000 program to help families pay their water bills. This program targets families in 10 counties that are experiencing “exceptional” drought. As of Friday, July 25, CSD has reported that a total of $9,149 has been issued to 149 households in 4 counties.

• **Santa Clara Valley Launches New Conservation Media Campaign:** The Santa Clara Valley Water District has launched a new summer water conservation media campaign that encourages residents to reduce outdoor watering and let lawns go a little brown this summer. The ‘Brown is the New Green’ campaign highlights how a lawn can survive even with significantly reduced water.

• **SCWC, Clear Channel Launch Conservation Campaign:** Southern California Water Committee and Clear Channel Outdoor unveiled a new partnership and advertising campaign on Thursday, July 31, to encourage Californians to save water during the ongoing drought. The campaign features a water-saving character called Lawn Dude who will appear on digital billboards across Southern California and share conservation tips on social media.

• **Comments Period Closes on Draft BDCP:** The public comment period on the draft Bay Delta Conservation Plan (BDCP) came to a close on Tuesday, July 29, capping a 228-day review period that began Dec. 13, 2013. Twelve public meetings were held throughout California in January and February to provide more information on the contents of the draft BDCP and associated draft environmental impact report / environmental impact statement (EIR/EIS).

• **Water Saving Tips Promoted Across the State:** The state’s newly improved water conservation website, SaveOurWater.com, is promoting the “Don’t Waste Summer” campaign. This campaign provides a new conservation tip each day for the 100 days of summer. Supporters can sign up for daily email tips, and share Save Our Water’s Twitter and Facebook feeds for this public awareness campaign.

• **Open Burn Ban in Affect across the State:** Open burning continues to be prohibited on 31 million acres of land across the state due to the burn ban that CAL FIRE has directed through the coordination of its unit chiefs. This ban on open burning in state responsibility areas (outside of cities and towns) reduces wildfire danger amidst extremely dry conditions.

• **Drought Response Funding:** $687 million in state drought funding that was appropriated in March through emergency legislation continues to advance toward meeting critical needs. Over $61 million of this funding addresses emergency water needs, food aid and housing
assistance to drought-impacted communities. Nearly $21 million of those funds are already in communities providing assistance and additional funds are being readied as drought impacts worsen. Nearly $625 million of the emergency funds appropriated in March came from sources dedicated to capital improvements to water systems. Since March, state agencies have expedited grant approvals, getting over $21 million immediately allocated to grantees that were pre-approved for certain projects. As planned in March, the next $200 million of expedited capital funding will be awarded this fall, with the remaining $250 million granted by mid next-year. State government has also appropriated tens of millions in funding to CAL FIRE over its typical budget to enable staffing-up fire crews much earlier this fire season.

- **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 51 local Emergency Proclamations have been received to date from city, county, and tribal governments, as well as special districts:
  
  - **21 Counties**: Glenn, Inyo, Humboldt, Kern, Kings, Lake, Madera, Mariposa, Mendocino, Merced, Modoc, Santa Barbara, San Joaquin, San Luis Obispo, Shasta, Siskiyou, Sonoma, Sutter, Tuolumne, and Yuba.
  
  - **12 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), City of Montague (Siskiyou County), City of Live Oak (Sutter County), City of San Juan Bautista (San Benito County), City of Lodi (San Joaquin County), City of Ripon (San Joaquin County), and City of Rio Dell (Humboldt County).
  
  - **7 Tribes**: Hoopa Valley Tribe (Humboldt County), Yurok Tribe (Humboldt County), Tule River Indian Tribe (Tulare County), Karuk Tribe (Siskiyou/Humboldt Counties), Sherwood Valley Pomo Indian Tribe (Mendocino County), Yocha Dehe Wintun Nation (Yolo County), and Cortina Indian Rancheria (Colusa County).
  
  - **11 Special Districts**: Lake Don Pedro Community Services District (Stanislaus County), Placer County Water Agency (Placer County), Twain Harte Community Services District (Tuolumne County), Carpinteria Valley Water District (Santa Barbara County), Meiners Oaks Water District (Ventura County), Mariposa Public Utility District (Mariposa County), Goleta Water District (Santa Barbara County), Montecito Water District (Santa Barbara County), Tuolumne Utilities District (Tuolumne County), Mountain House Community Service District (San Joaquin County), Nevada Irrigation District (Nevada County).

- **Water Agency Conservation Efforts**: The Association of California Water Agencies (AWCA) 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 26 counties have established drought task forces to coordinate local drought response. These counties include: Butte, Kern, Kings, Lake, Madera,

- **Tribal Taskforce:** One tribe has established a drought task force to coordinate tribal drought response. This tribe includes: Hoopa Valley Tribe (Humboldt County).

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**DROUGHT RELATED WEBSITES FOR MORE INFORMATION**

[Drought.CA.Gov](http://drought.ca.gov): California’s Drought Information Clearinghouse

- State’s Water Conservation Campaign, [Save our Water](http://www.californiawaterchallenge.com)
- Local Government, [Drought Clearinghouse and Toolkit](http://wcd.state.ca.us/)

California Department of Food and Agriculture, [Drought information](http://www.cdfa.ca.gov/water/drought/)
California Department of Water Resources, [Current Water Conditions](http://www.water.ca.gov/)
California Data Exchange Center, [Snow Pack/Water Levels](http://cadex.water.ca.gov/)
California State Water Resources Control Board, Water Rights, [Drought Info and Actions](http://www.swrcb.ca.gov/sparks/drought/)
California Natural Resources Agency, [Drought Info and Actions](http://www.conservation.ca.gov/drought/)
State Water Resources Control Board, Drinking Water, [SWRCB Drinking Water Program](http://www.water.ca.gov/dwiprogram/)
California State Water Project, [Information](http://www.water.ca.gov/cswp/)

[U.S. Drought Monitor](http://droughtmonitor.unl.edu) for current conditions throughout the region

[U.S. Drought Portal](http://旱異報道システム/), National Integrated Drought Information System (NIDIS)

- National Weather Service [Climate Predictor Center](http://cpcenter.noaa.gov/)
- USDA Drought Designations by County [CA County Designations](http://drought.unl.edu)
- USDA Disaster and Drought Assistance Information [USDA Programs](http://www.usda.gov)
- U.S. Small Business Administration Disaster Assistance Office: [www.sba.gov/disaster](http://www.sba.gov/disaster)
August 27, 2014

Attention: Engineering and Operations Committee

San Vicente Pumped Storage Study. (Information)

Background
As part of our discussions on the San Vicente Pumped Storage Study, there was a workshop of the Engineering and Operations Committee on August 14, 2014. During this workshop, Water Authority staff made a presentation on the project’s current status in anticipation of an Action item at the August 27, 2014 Board meeting.

Discussion
Attached you will find staff’s compilation of the questions, with our responses, from this month’s Engineering and Operations Committee Workshop on the San Vicente Pumped Storage Study. This information may be helpful in your consideration of the action items at the E&O Committee meeting.

Also, on August 25, 2014 we received a communication from the Federal Energy Regulatory Commission (FERC) that the Commission has granted the Water Authority’s request for a rehearing on our preliminary permit. They have tolled the statutory 30 days in order to afford them additional time for consideration of the matters that we raised. We will be providing them periodic updates on the project’s progress and are hopeful that we will receive an answer from them later this year.

Prepared by: Frank Belock, Deputy General Manager
Reviewed by: Maureen A. Stapleton, General Manager

Attachments: San Vicente Pumped Storage Study Question & Answers
Black & Veatch Executive Summary
Budget Questions

- Q: Is the $800,000 that includes the IPR (Pure Water project) modeling part of the $1.2 million that was appropriated?
  - A: Yes. The $800,000 funds Phase 2 work and is part of the $1.2 million. Phase 2 work includes the Water Authority’s share (1/2) of the reservoir modeling professional services ($215,000), Black and Veatch’s Amendment 3 ($450,000) and project administration ($135,000). Black and Veatch’s Amendment 3 includes coordinating with the City’s reservoir modeling consultant and completing the inlet/outlet study, preliminary environmental screening to narrow down the upper reservoir alternatives, geotechnical desktop study, and initial consultation with the resource agencies and tribes.

- Q: Will the $800K be the Water Authority’s portion or will the City be contributing another $800K?
  - A: The City will fund half ($225K) of the Black and Veatch Amendment 3. The City will also fund half ($215K) of the reservoir modeling.

- Q: Initially the cost was $1.2 million, but now the cost is $800,000 because of the scope that we must complete for FERC. So now the cost is less?
  - A: The $800K represents only the initial steps to support the FERC petition for a rehearing, the cost is less.

- Q: Are any of the things listed on Slide 6 - “What Still Needs to Be Done” part of the $1.2 million appropriation?
  - A: Yes. The reservoir modeling, inlet/outlet study, preliminary environmental screening to narrow down the upper reservoir alternatives, geotechnical desktop study, and initial consultation with the resource agencies and tribes.

- Q: Are the legal fees part of this $1.2 million?
  - A: No

- Q: Is the $1.2 million enough funding to get everything done?
  - A: The $800,000 allows us to complete Phase 2 work (The reservoir modeling, inlet/outlet study, preliminary environmental screening, geotechnical desktop study, and initial consultation with the resource agencies and tribes). In early 2015, if a positive response is received from FERC on the preliminary permit, staff would return to the Board to request expenditure of the remaining $400,000 of the $1.2 million, and appropriation of: $500,000 for the CAISO application fee and $200,000 to $500,000 for professional services. While Phase 2 work will help us to better assess the project’s financials, Phase 3 work would include further power market, financing, and legal services that will help us to refine the financial metric results and select the project delivery method.
• Q: When will you be coming back to the Board for funding for the additional items needed for the FERC License?
  o A: We will return to the Board the early next year.
• Q: What would be the cost of the approval or denial of the permit?
  o A: There is no cost. The only cost incurred is for the FERC attorney that advised us on the rehearing petition.
• Q: What has the spending been so far?
  o A: Approximately $465,000 from the operating budget.
• Q: Can we wait until December when we believe we will have a response from FERC on the rehearing petition and not expend these funds?
  o A: We have been advised by the FERC attorney it is critical to continue work that would support our rehearing petition.

Permitting/Licensing Questions
• Q: Is it impossible for another party to develop a pumped storage project at San Vicente?
  o A: It is not “impossible” but it would be very difficult for another party to file for a preliminary FERC permit given the site is owned and operated by public agencies (City and Water Authority) in terms of ownership of the land, facilities, water rights, and water storage capacity.
• Q: Why it is not impossible for another entity to file for a preliminary FERC permit.
  o A: Once you get a license application from FERC, it technically comes with eminent domain powers and in some cases the license comes with federal eminent domain powers. It is uncertain whether or not these powers have practical applicability to the San Vicente site.
• Q: When does the cooling off period filing for a new preliminary permit begin?
  o A: Staff asked FERC to clarify when the cooling off period begins, in our petition for a rehearing. Our FERC attorney advised us to include this request for clarification in the petition. The permit technically expired on June 30, 2013.
• Q: Should we also file for a new preliminary permit now and start a parallel course while we wait to hear the response to the rehearing request?
  o A: Yes. It will be beneficial to receive clarification from FERC on the cooling off period so we know when we can apply for a new preliminary permit.
• Q: If a third party ends up owning and operating the facility, who has responsibility for the FERC license compliance?
  o A: That would be part of negotiations based on the contractual arrangement with the third party. Public agencies get preference over private entities applying for a licenses (“municipal preference”). If we join with a private entity, we forfeit municipal preference. The license could be negotiated as a joint license, a license with the private entity only, or public only. The Water Authority will still apply for the preliminary permit.
• Q: Are we committing ourselves to a particular path by claiming municipal preference in our preliminary permit?
  o A: No. If we enter into a contract with a private entity, though, we would notify FERC before we file for a license that we are forfeiting municipal preference, because a private entity could not enjoy that preference. Taking away that preference from the preliminary permit would allow us to partner with the private entity.
• Q: Has there been any consideration of sending staff from San Diego to meet with FERC? Perhaps we ask that Congressmembers Hunter and Vargas request a meeting with FERC.
  o A: Yes. We will be receiving the rehearing response and must respect the exparte communication rules when engaging with FERC. However, we will continue to assess the situation and be as proactive as possible. Staff is planning to include meetings as part of San Diego Regional Chamber, One Region, One Voice trip to Washington, D.C. in September.
• Q: Does the agency that has the permit have to be the agency that gets the license?
  o A: If the entity is claiming municipal preference, the same entity must obtain the permit and the license.
• Q: Who was the holder of the preliminary permit?
  o A: The Water Authority.
• Q: Is the City a partner through an agreement?
  o A: Yes.
• Q: Is it possible that the City can apply for the new preliminary permit and enter into an agreement with the Water Authority as a partner?
  o A: FERC considers the City and the Water Authority as one because we have submitted in past application and communication that we are partners. There are similar cases such as this where FERC has denied a new application when using this strategy.
• Q: Have you thought about other agencies submitting the application?
  o A: Yes. The FERC attorney has recommended the probable path to success after evaluating different options such as other agencies applying for the preliminary permit and the City/Water Authority partnering with these agencies. The recommended path is the path that we are currently on.
• Q: With all of these delays, when can we begin putting water in San Vicente?
  o A: The San Vicente Pumped Storage project does not affect filling San Vicente. Filling involves the recent completion of the San Vicente Dam Raise project. Filling above the height of the old dam is contingent on completing coring of the dam to concrete the concrete strength and obtain Division of Safety of Dams approval to fill against the new structure (raised dam). We are currently filling to the elevation of the old dam.
• Q: When we make our decision on August 28, will we have the suggested project delivery method?
  o A: No. The next phase of work will focus solely on the FERC permit and rehearing activities.
• Q: Does getting the preliminary permit help us to get a license?
  o A: Yes.
• Q: Do we need the FERC license or preliminary permit issued before we submit the interconnection request application to CAISO?
  o A: No. One is a federal process and the other is a state process.

Project Financial Metrics/Power Market Questions

• Q: What financial metrics will we use to assess the project?
  o A: The Financial Subcommittee of the Hydropower Task Force determined that the payback period, internal rate of return, and annual royalty be metrics that we use to evaluate the project’s financial potential.
• Q: Can I obtain a copy of Black and Veatch’s initial study?
  o A: Yes. Please see attached executive summary.
• Q: Is the timing as such that there would be a need for this project?
  o A: Yes. This project falls in line with the excess renewables and inexpensive power for pumping. Locking into a power purchase agreement would be an essential element.

Project Delivery Questions

• Q: Are there other pumped storage projects in SDG&E’s service area that are being contemplated?
  o A: No. There are projects being worked on outside of SDG&E’s service area. The closest planned pumped storage project is in Lake Elsinore.
• Q: Is SDG&E really interested in this project?
  o A: Yes. Based on our discussions thus far, SDG&E is interested in this project.
• Q: Has there been a discussion with SDG&E on any help they may provide?
  o A: We have met with them several times. They are interested in and are keeping track of the project. They are a likely power purchaser but not the only potential power purchaser. We are meeting with them periodically to update them on progress.
• Q: What is meant by project delivery alternative?
  o A: We have different ways we can approach project implementation. For example, the Water Authority could take the lead on all aspects in developing the project. We can also partner with another entity such as a developer through design-build and design-build-operate contractual arrangements or an arrangement in which they take on more of a leadership role.
• Q: What is the difference between a partner and a contractor?
  o A: It depends on if there is an equity investment or not, and on the financial arrangement and type of project delivery method (design-bid-build, design-build, design-build-operate, other) between the parties that distinguishes whether or not there is municipal preference.
• Q: In our agreement with the City of San Diego, is part of it that neither the City nor the Water Authority will attempt to enter into an agreement with a third party?
  ○ A: Yes. The agreement states the City agrees that the Water Authority will take the lead in the FERC permitting process.
FINAL

SAN VICENTE PUMPED STORAGE PROJECT
Economic and Financial Feasibility Study
Executive Summary

B&W PROJECT NO. 181868

PREPARED FOR

San Diego County Water Authority &

City of San Diego
Executive Summary

PURPOSE
The purpose of the Economic and Financial Feasibility Study (Study) is to provide a high level assessment of the viability of developing a pumped storage project at the San Vicente Reservoir site. It provides the San Diego County Water Authority (Water Authority), its Board of Directors, and the City of San Diego (City) with information required to determine the Project’s next steps.

PROJECT CONFIGURATION
The Project is initially configured for a nominal 500 MW pumped storage project using the existing San Vicente Reservoir as the lower reservoir and is based on the following:

- Evaluation of the pumped storage potential for four alternative upper reservoir sites adjacent to the existing lower reservoir
- Preparation of a conceptual level cost estimate of the alternatives sites
- Preparation of a data set that describes the key pumped storage operating and design parameters for each alternative site
- Discussion of the technical advantages and disadvantages for each alternative site and an evaluation based on the technical evaluation
- As a result of an initial discussion with San Diego Gas & Electric (SDG&E), they suggested:
  - Intertie at the Sycamore Substation 5 miles west of the Project area
  - 500 MW would be a reasonable starting point for defining the Project capacity
  - That the likely scenario is a daily Project operation with energy storage of eight hours or 4,000 MW-hrs.
  - The Project operation will be tied to fluctuating renewable energy supply characteristics and hourly power demand
- Use of Black & Veatch’s (B&V) proprietary parametric pumped storage conceptual design and cost model

There may be other options for capacity, storage and intertie identified in the future as the Project is marketed, but this evaluation presents a reasonable representation of the likely Project configuration and will be used as a baseline for this evaluation. The following steps were then performed to further evaluate the site alternatives:

Initial Site Evaluation – The previously identified four sites (Figure ES-1), as identified by the Water Authority, were evaluated to determine their energy capacities. Only Site A could meet the 500 MW/4,000 MW-Hrs energy criteria.
Alternative Descriptions – Each alternative includes the following facilities: 1) lower reservoir (i.e. reservoir levels and an inlet/outlet structure), 2) upper reservoir, 3) powerhouse, 4) water conductor features, 5) access tunnels, 6) mechanical systems, and 7) electrical systems.

Substation and Transmission – Possible interconnections with the SDG&E system were evaluated. Based on discussions with SDG&E the preferred tie-in location is the existing Sycamore substation since it has capacity to take this new load. The evaluation determined that a new 230 kV transmission line would be required. Costs were determined to install the new facilities and upgrade the existing substation.

Land Acquisition Cost Evaluation – Land and easement costs were developed for the Project. It’s anticipated that 120 acres of land will be required for the new reservoir and associated facilities. Easements for access roads and tunnels will require approximately 8 acres. For the purposes of this Project it was assumed that the land costs were the same regardless of the alternative site chosen.

Project Development and Cost Evaluation – The aforementioned evaluations provide a basis for the Project development cost estimate. The costs presented are based on the parametric model and conceptual engineering described herein that include the following:

- Project construction and procurement cost
- Land acquisition costs - $6.5 million
- Allowance for engineering at 5% of direct cost
- Allowance for CM/Resident engineering of 5% of direct cost
- Allowance of $8 million for licensing and permitting
- Allowance of $5 million for power marketing/administrative costs
- Allowance of 20% allowance for design contingency
The following are not included in the cost estimate but are accounted for in the economic analysis.

- Allowance for Funds Used During Construction
- Permanent financing
- Escalation
- Development fees

Sites A, B, and C offer opportunities for providing the 500 MW and 4,000 MW-hr storage demand with costs just under $1 billion and Site B on the lower end of the range.

**ECONOMIC ASSESSMENT**

The focus of this high-level economic assessment is to measure what value the Project could potentially bring to California energy markets. Pumped storage capacity has the potential to play a key role in providing operating and regulating reserves in the California Independent System Operator (CAISO) market, because of the technology’s quick response time and ability to switch between both generating and pumping modes. The need for additional energy storage and for capacity with operating flexibility is expected to grow in California energy markets, as the addition of new renewable energy generation increases the need for wind and solar integration services. The following elements were examined as part of this Study:

- A 500 MW and 4,000 MW-hr storage configuration
- Net present value analysis
- Revenue projections for the San Vicente Pumped Storage Project
- Estimated generation, capacity factor, and potential operating reserve contribution
- CAISO price variations in day-ahead energy and ancillary services markets
- Ancillary value including non-spinning capacity, spinning capacity, regulation up and regulation down
- Resource adequacy capacity prices
- Projected dispatch and pumping activity in response to hourly market energy prices
- Forecast ancillary services sales volumes and revenue projections
- Forecast capacity revenue
- Combined revenue forecast

B&V completed a dispatch analysis of the Project, using projected hourly energy prices in the San Diego market area. The analysis covers the period 2016 through 2050. B&V also developed price forecasts for ancillary services in the CAISO market, including hourly price forecasts for spinning reserve, non-spinning reserve, regulation up, and regulation down. CAISO maintains an active day-ahead real-time market for those ancillary services products, and the San Vicente Project is likely to actively participate in those markets.

Using the series of hourly electricity prices described above, B&V utilized the PROMOD IV market simulation model, and developed a set of simulated generation, energy market revenue, and operating cost projections for the San Vicente Project. Under this approach, The San Vicente Project is dispatched against hourly prices to develop estimates of its expected operating profile and
energy displacement benefits in the southern California market. B&V also developed a range of revenue estimates for the project from anticipated participation in southern California capacity and ancillary services markets. The Project is likely to participate in those markets on both a day-ahead and real-time basis. In addition, as CAISO continues to develop its approach for procuring flexible capacity resources, San Vicente is likely to further participate in additional programs such as the proposed Flexible Ramping Capacity program and the Flexible Capacity program.

The values developed in this economic study should be interpreted as potential estimates of revenue, cost and cash flow from the project. The direct financial impact upon the Water Authority and the City will not be known until a more structured ownership, partnership or set of PPA contractual arrangements are put into place or identified through negotiations.

FINANCIAL ANALYSIS

Based on the projected economic performance and the projected construction cost estimates detailed for this Project, B&V prepared a set of high level financial forecasts. B&V’s market projections cover the 2014 through 2038 period, so in the analysis, the study period was extended through 2050 by assuming that the year 2038 results repeat each year between 2039 and 2050. This is a conservative approach because energy prices will likely continue to rise during these additional years.

B&V assumed three financing scenarios low value, mid value, and high value cases for the Project. The scenarios considered the following factors:

- Construction cost
- Debt ratio
- Capacity revenue level
- Ancillary services revenue level
- Long-Term Interest Rate on Debt Financing
- Required Return on Equity Investment

For a project like San Vicente to realize the likely economic value it can bring to market participants, it will be necessary for capacity and ancillary services market opportunities in the state to expand from current levels and the scenario definitions are meant to reflect uncertainty surrounding potential value for this Project.

The results from each of the three scenarios suggest the Project has potential to be an economically viable project. Under the economic projections, the project brings value to California electricity markets that exceed the underlying cost to develop, build and operate the facility. Under the Low Value case, projected cash flow and project value is marginally higher than the underlying cost of the project, including investment carrying costs. In the Mid Value and High Value cases, projected cash flow and project value is substantially higher than the underlying cost of the facility. From the Water Authority and City’s perspective, these results suggest that the project has sufficient potential value to be shared through a PPA or partnership agreement with a California utility company or energy market participant. The following table ES-5 provides a summary of the variables used in determining the project capital investment costs.
Table ES-5 San Vicente Scenario Investment Requirements (2014$)

<table>
<thead>
<tr>
<th>Investment Requirements:</th>
<th>LOW VALUE CASE ($000)</th>
<th>MID VALUE CASE ($000)</th>
<th>HIGH VALUE CASE ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Investment</td>
<td>$541,294</td>
<td>$231,751</td>
<td>$94</td>
</tr>
<tr>
<td>Debt Investment</td>
<td>$541,294</td>
<td>$695,252</td>
<td>$941,362</td>
</tr>
<tr>
<td>Debt Ratio (Percent of Total Capital)</td>
<td>50%</td>
<td>75%</td>
<td>100%</td>
</tr>
</tbody>
</table>

POWER EXCHANGE OPPORTUNITIES
B&V investigated the potential opportunities for the Water Authority and City to supply its own facilities with power from the pumped storage project and determined that it would not be feasible at this time under the two California programs, Direct Access and Community Choice Aggregation.

POWER PURCHASE AGREEMENT CONSIDERATIONS
The PPA pricing will likely consist of a capacity payment, variable O&M, and potentially fixed O&M. The services/products that would be offered through the PPA would include capacity, ancillary services, and energy arbitrage opportunities. The total value associated with the combined products to the Power Purchaser is estimated to be about $320 to $360 per kW per year. In addition, California has established both a Renewable Portfolio Standard (RPS) and an Energy Storage procurement target for the state’s Investor Owned Utilities (IOUs). Hydroelectric pumped storage projects are not eligible to meet the state’s RPS because it is not an eligible renewable energy resource, so there would not be a renewable energy credit (REC) value associated with the Project. The Project would qualify in part (the first 50 MW) to meet the Energy Storage procurement target under the “Transmission” size category. However, this does not necessarily mean there is additional value for energy storage credits, but rather the IOUs are required to contract for a certain amount of energy storage through competitive bidding processes.

PPA AND DEVELOPMENT PARTNERS
The risks associated with a PPA for the Water Authority and the City will be tied to the structure and timing of selecting a development partner. The options considered are One Partner, Two Partner, and Design-Build-Operate (DBO) approaches. The main difference in the three approaches is the level of responsibility the Water Authority and City would engage in the development of the project as further discussed below.

Regulated Utility Partner Option
The Regulated Utility Partner Option assumes a coordinated effort between the Water Authority and the City in concert with a regulated utility. This option assumes the regulated utility would assume the financial risk for all the Project facilities and soft costs. This option also assumes the regulated utility would share in selected parts of the project design and construction, mainly related to electric works. The remaining design and construction would be led by the Water Authority and the City.
**One Partner Option**

The One Partner option assumes that Water Authority and the City bring in a development partner early on and would take on less responsibility in developing the project. In this option, the developer would be the counterparty in the PPA as opposed to the Water Authority and City. This structure shifts the responsibility and risks associated with not only the PPA, but also the interconnection, permitting, engineering phases, and construction to the developer. The developer would assume many of the development responsibilities, including finding and negotiating a PPA with the energy off taker. The Water Authority and City would be the lease holder for the Project site and compensation would be in the form of lease payments and/or water usage payments. Depending on the structure of the negotiated lease and water usage contracts, the Water Authority and City would foreseeably have minimal risk associated with the future revenue streams from the Project, except in the event of a default by the Project developer. Furthermore, Water Authority and City may provide financing or assist in financing the Project through public bonds to help reduce the financing costs for the developer. The One Partner option is a common approach among public agencies that have site control, but may not want the responsibility or risks associated with owning and operating large power projects.

**Two Partner Option**

In the Two Partner option, the Water Authority and City would be responsible for securing a PPA and becoming the counterparty to the contract. To obtain a PPA off taker for the Project, the Project would need to be far enough along in the development process that; 1) the Water Authority and City can confidently model and negotiate a price that would allow appropriate returns and 2) the off taker is assured that the Project has a high likelihood of success. Therefore, the Water Authority and City would need to initiate many of the development processes such as permitting and engineering/design as well as advancing the interconnection study and potentially negotiating and signing an interconnection agreement with CAISO and local transmission owner, prior to negotiating a PPA. With this option, the Water Authority and City would play a much more active role than in the One Partner option and would take on more risk but also revenue stream as well.

**D-B-O Option**

The D-B-O approach is similar to the Two Partner option with the exception that the Water Authority and City would take on all of the responsibility associated with designing, permitting, financing, and developing the Project. As such, the Water Authority and City would own the facility and likely contract for the operations and maintenance of the facility in the long-term. This approach would pose the most risk to the Water Authority and the City because of the level of responsibility taken on by the Water Authority and City through the PPA arrangement, but would also yield the most revenue.

**PROJECT RISK ASSESSMENT**

A risk assessment was conducted to identify risks with potential high level impacts to the project. The following are the major risks that would need to be addressed as part of the alternatives screening process.

**Regulatory** – The Project must obtain a License to construct and operate the pumped storage project as required by the Federal Power Act. The Federal Energy Regulatory Commission (FERC)
administers the licensing process as lead agency and will eventually issue the Hydropower License. In addition to FERC, the Department of Water Resources – Department of Dam Safety will also regulate the design and construction of the reservoirs and dams. Early consultation with these agencies is suggested to identify regulatory requirements that must be coordinated between the agencies and addressed in the Project design.

**Environmental** – This Project will require environmental permitting via the National Environmental Policy Act (NEPA) to be led by FERC as well as a California Environmental Quality Act (CEQA) to be led by Water Authority and City. More than one alternative is required to be evaluated as part of this process. Therefore, a robust alternatives screening process would need to be conducted to identify the most viable alternatives and resulting environmental impacts that must be considered in the Project design and in need of mitigation.

**Land** – The four proposed upper reservoir sites are located within the County of San Diego and would affect both public and provide lands. Site B is located within the Lakeside community as well as on County of San Diego Parks and State of California lands. Site C is located within the Ramona community, on private lands, and on lands belonging to the Barona Reservation. Depending on land ownership, land acquisition could be considered a high risk and should be considered in the alternatives screening process as land can only be acquired when the CEQA/NEPA process is complete.

**Geotechnical** - Construction of the underground facilities, including the tunnels, powerhouse and access corridors poses a risk to increased Project costs and construction delays due to differing site conditions. Subsurface investigations should be performed during design to assess construability issues. Investigations should also be conducted to determine the availability of sufficient, suitable borrow material for roller compacted concrete production for the upper dam construction. Local quarries would need to be identified as an alternate source for such material. Ensuring the availability of aggregate material would address the risk in construction delays due to material shortages.

**Pure Water San Diego** – The Project will include a supplemental limnology study to determine the impacts of the pumped storage project to the City’s future Pure Water Program that will discharge purified water into the San Vicente Reservoir. Both water quality and reservoir hydraulic retention time will need to be analyzed to meet the California Department of Public Health requirements.

**SCHEDULE**

A schedule for the development of the Project was established, which includes:

- Continued coordination with CAISO interconnection request/studies and the CPUC
- Continued confirmation of the economic and environmental feasibility of the Project
- Obtaining a development partner and collaborating on design, construction, and operation
- Performing conceptual and final designs
- Obtaining all environmental clearances
- Obtaining the FERC Hydropower License and all supporting approvals and permits
- Obtaining financing for the construction of the Project
- Construction and Project commissioning
FUNDING OPPORTUNITIES

An initial review of potential funding sources was conducted to identify opportunities that may be available this Project including Federal, State and private sources. Clean Energy and Renewable Energy has been a major focus at the Federal level. Funding programs have focused on technologies to help capture energy through hydroelectric generation and use excess grid energy to restore storage reserves for use during peak energy demands. Typically, energy efficiency or renewable energy is of interest to the energy companies as they are the direct providers to the end users and have made commitments to the State of California to utilize 33%+ of renewable energy by 2020.