Proposed Staff Recommendation Consent Calendar for September 24, 2015

WATER PLANNING COMMITTEE

   a) Memorandum of Understanding with Marine Corps Base Camp Pendleton to Conduct an Intake Testing Program for the Potential Camp Pendleton Seawater Desalination Project.
      Authorize the General Manager to execute a Memorandum of Understanding between the San Diego County Water Authority and United States Marine Corps Base Camp Pendleton to conduct the Intake Testing Program.
   b) Professional Services Contract for the Intake Testing Program for the Potential Camp Pendleton Seawater Desalination Project.
      Authorize the General Manager to award a professional services contract to Michael Baker International, Inc., in an amount not-to-exceed $4,050,000, to perform the design, permitting, construction, operation, testing and reporting required for the Intake Testing Program associated with a potential Camp Pendleton Seawater Desalination Project.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

9- 2. Execute an agreement with the County of San Diego to allow the pass-through of $160,000 from a Department of Water Resources Integrated Regional Water Management grant for the installation of water-efficient devices.
   Authorize the General Manager to execute an agreement with the County of San Diego to allow the pass-through of $160,000 from a Department of Water Resources Integrated Regional Water Management Proposition 84 drought grant to install water-efficient devices at the County of San Diego’s Kearny Mesa Juvenile Detention Facility.

ENGINEERING AND OPERATIONS COMMITTEE

9- 3. Notice of Completion for the San Vicente Pipeline Landscape Project.
   Authorize the General Manager to accept the San Vicente Pipeline Landscaping project as complete, record the Notice of Completion, and release funds held in retention to Green Horizon Landscape and Maintenance, Inc., following the expiration of the retention period.

9- 4. Professional services contract with Navigant Consulting, Inc. for the San Vicente Pumped Storage Study.
   Authorize the General Manager to award a professional services contract to Navigant Consulting, Inc., for $1,488,416, to provide professional services for Phase 2 work, including serving as the Owners’ Advisor to the Water Authority and City, and analyzing and recommending a business model(s) for the San Vicente Pumped Storage Study.
9- 5. Construction contract with NEWest Construction Company, Inc. for the Twin Oaks Valley Water Treatment Plant Expanded Service Area project. Accept Change Orders 1 through 3 for $315,145, and authorize the General Manager to execute a change order for $93,392 for HVAC modifications, increasing the authorized contract amount from $3,997,145 to $4,090,537.

ADMINISTRATION AND FINANCE COMMITTEE


9- 7. Adopt an ordinance making clean-up amendments to chapters 1.00, 1.08, 2.00, and 5.00 of the Administrative Code and a resolution designating newspapers for publication of official notices.
   a) Adopt Ordinance No. 2015-___, an ordinance of the Board of Directors of the San Diego County Water Authority making clean-up amendments to chapters 1.00, 1.08, 2.00, and 5.00 of the Administrative Code.
   b) Adopt Resolution No. 2015-___, a resolution of the Board of Directors of the San Diego County Water Authority designating newspapers for publication of official notices pursuant to section 1.08.050 of the Administrative Code.
Date: September 22, 2015
To: San Diego County Water Authority Board Members
From: Ken Carpi, Washington Representative
Subject: Federal Legislative Update

**Congress Searches for Budget Solution as Fiscal Year Cliff Approaches**

Congress returned to business on September 8 with a limited number of days to work out a funding agreement for the federal government before the end of the fiscal year on September 30. Work so far has been consumed with a debate over prohibiting federal funding for Planned Parenthood. As of now, appropriators have prepared a continuing resolution (CR) to keep the federal government open on October 1 and are waiting for direction from leadership on how long the CR should run. Republican leaders continue to search for a way to pass a CR and appease anti-abortion Members in the House and Senate without a federal shutdown.

Democratic leaders and the President have refused to support any appropriations measure that does not significantly increase non-defense discretionary spending. The President has vowed to veto any spending measure reaching him that doesn’t increase this spending. While the President and Democratic leaders now support a “clean” short-term CR, they still insist that Republicans open negotiations on eliminating the caps enacted in the Budget Control Act of 2011.

**Senate Drought Hearing Coming in October**

A hearing on Senator Feinstein’s “California Emergency Drought Relief Act” and other Western drought response efforts has been delayed until October. The Senate Committee on Energy & Natural Resources, chaired by Sen. Lisa Murkowski (R-AK), has not set a firm date for the much-anticipated hearing.

Possibly complicating final enactment of broad drought response legislation is the recent settlement between Westlands Water District and the U.S. Department of the Interior. Congress must approve the settlement agreement. While it has not been attached formally to drought legislation, it may be included in a final deal. Many House Democrats and environmental groups have condemned the settlement, while the California senators have not yet taken a position.
Confusion on “Waters of the United States” Continues

The District Court for North Dakota issued a preliminary injunction blocking the implementation of the EPA’s new “Waters of the United States” rule in 13 states. The injunction does not apply to California for now, but groups are challenging EPA’s decision that the rule should not apply outside this 13-state region. Other challenges to the rule that have been filed in eight federal appeals courts have been consolidated in the U.S. Court of Appeals for the Sixth District in Cincinnati. While the North Dakota decision could be overturned by an Appeals Court, the continued confusion and uncertainty in implementing the rule make it all the more likely the U.S. Supreme Court will address the scope of the Clean Water Act yet again in the next year or two.

Legislative efforts to block implementation of the rule or require a rewrite by the EPA and Corps, have not been successful so far, but both the House and Senate are expected to vote on additional attempts to block the rule in coming weeks. A legislative “rider” on a final spending bill for FY2016 is also possible, although Senate Democrats and the White House will offer strong opposition to that strategy.
September 23, 2015

**Attention: Imported Water Committee**

**Colorado River Board Representative’s Report. (Discussion)**

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

**Discussion**
This report covers activities from the September 9, 2015 CRB meeting held in Ontario, California. The CRB meeting included informational reports on activities discussed below:

**Agency Updates**
This month the CRB started a new practice of voluntary updates from individual agencies:
- **Coachella Valley Water District (CVWD):** CVWD is embarking on a “Flood to Drip” pilot project through the Lower Basin Pilot System Conservation Program.
- **Imperial Irrigation District (IID):** IID provided an update on its conservation projections for the year and stated that Bruce Wilcox, IID’s environmental mitigation manager, was appointed Assistant Secretary for Salton Sea policy to lead the Governor’s task force.
- **Los Angeles Department of Water and Power (LADWP):** LADWP met its state conservation target. The agency also renewed funding for its turf removal program.
- **Metropolitan Water District of Southern California (MWD):** MWD water deliveries have decreased since May as member agencies comply with state regulations.
- **Palo Verde Irrigation District (PVID):** PVID will fallow 29 percent of total farmland in the valley this year under MWD’s full fallowing call.
- **Water Authority:** The San Diego region has exceeded its conservation targets for June and July and is expecting similar reductions in August. The Carlsbad Desalination Plant will be online soon and provide around 50,000 acre-feet per year.

**Water Supply and Reservoir Conditions**
A water supply and reservoir conditions update was provided with data from August 31 (Table 1). A more detailed report is available here: [http://www.usbr.gov/lc/region/g4000/weekly.pdf](http://www.usbr.gov/lc/region/g4000/weekly.pdf).

<table>
<thead>
<tr>
<th>Conditions as of August 31, 2015</th>
<th>Volume (million acre-feet)</th>
<th>Percent of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total System Storage</td>
<td>30.88</td>
<td>52%</td>
</tr>
<tr>
<td>Lake Powell</td>
<td>12.64</td>
<td>52%</td>
</tr>
<tr>
<td>Lake Mead</td>
<td>9.87</td>
<td>38%</td>
</tr>
<tr>
<td>Unregulated Inflow to Lake Powell for Water Year 2015</td>
<td>10.34</td>
<td>95% (of Average)</td>
</tr>
</tbody>
</table>

**2016 Annual Operating Plan**
The Bureau of Reclamation (Reclamation) released the August 24-month study on August 17, which determined the operating tiers for Lakes Powell and Mead in 2016 pursuant to the 2007
Interim Surplus Guidelines. Lake Powell will release 8.23 to 9.0 million acre feet in water year 2016. Lake Mead’s projected elevation on January 1 is above all shortage triggers, indicating that there will be no shortage declaration for calendar year 2016. The results of the August 24-month study are included in the 2016 Colorado River Annual Operating Plan, which received final comments at a consultation on September 3 and is expected to be finalized prior to the end of 2015.

Drought Update
On September 2, the State Water Resources Control Board announced California’s urban water suppliers had reduced water use by over 31 percent during July when compared to 2013 water use.

Basin States Drought Contingency Planning
Arizona is in the process of obtaining forbearance approvals from Lower Basin contractors for its proposed Intentionally Created Surplus (ICS) plan. Arizona estimates that the new program could generate around 100,000 acre feet of conserved water in 2015 and a similar amount in 2016.

Reclamation is implementing the Pilot System Conservation Agreement in the Lower Basin. A similar Upper Basin program recently approved its initial round of proposals.

The Bypass Flows Work Group, formed in March, has met three times to discuss options to offset or replace the current drainage flows bypassed to the Cienaga de Santa Clara wetlands in Mexico. Any proposed recommendations from the work group will likely require binational negotiations with Mexico.

Salinity Control Program
The Salinity Damage Model Subcommittee reviewed the current salinity damages model last month. There is an ongoing effort to include data from all on-river water users and California counties outside of the Metropolitan Water District of Southern California’s service area in an upcoming model update.

Implementation of Minute 319
A binational work group met in August and September to discuss negotiations on a successor agreement to Minute 319.

Glen Canyon Dam Adaptive Management Program
A record number of invasive green sunfish were found in backwater habitat in a river reach below Glen Canyon Dam. In August, biologists removed 1,000 sunfish and are currently discussing options to keep the invasive predator species out of the area.

Lower Colorado River Multi-Species Conservation Program (MSCP)
The August wild fire near Havasu National Wildlife Refuge did not reach the MSCP Beal Lake Conservation Area.

Prepared by:  Kara Mathews, Water Resources Specialist
Reviewed by:  Dan Denham, Colorado River Program Director
Approved by:  Doug Wilson, CRB Representative
September 23, 2015

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Discussion)

Background
This report summarizes key discussions held and actions taken at the Metropolitan Water District (MWD) committee and Board meetings, as reported by the MWD Delegates. The MWD committees and Board met on September 21 and 22, 2015. The next regular MWD Board and committee meetings are scheduled for October 12 and 13.

Discussion
During this month’s committee and Board meetings, MWD’s key actions included: 1) approving the introduction by title only of an ordinance determining the need to issue $500 million of debt; 2) approving salary increases for the four Board direct reports; and 3) taking a support, and seek amendments position on S. 1894 (Feinstein, D- CA) – California Emergency Drought Relief Act. Additionally, MWD staff presented a potential regional recycled water program, which would expand MWD’s role as a regional provider of imported water to a developer of local water resources.

Expansion of MWD Role
During the Water Planning and Stewardship Committee meeting, MWD staff presented a potential recycled water program in which MWD would partner with the Sanitation Districts of Los Angeles County (Sanitation Districts) to treat wastewater at the Sanitation Districts’ Joint Water Pollution Control Plant (JWPCP, located in Carson). Staff’s memo did not describe why this water supply is needed by MWD or why this supply is preferred to other available supplies. The MWD Board just began the process of discussing policy issues related to the 2015 Integrated Resources Plan (IRP) that is intended to identify whether or not there will be a supply gap in the future, and if there is, who is responsible for closing that gap.

Nonetheless, staff stated that through the findings of a pilot project (authorized in 2010), it was determined that it is feasible to treat JWPCP’s wastewater for beneficial use and there is an opportunity for MWD to partner with the Sanitation Districts to undertake a 150 million gallons per day (MGD) recycled water program. Staff said the program would produce about 168,000 acre-feet of recycled water annually to replenish groundwater basins in Orange, San Bernardino, and Los Angeles counties. Staff recommends that MWD first explore this potential program through a demonstration project consisting of a 1 MGD treatment facility and feasibility study, including a financing plan, for the construction of the 150 MGD treatment plant and the needed conveyance facilities to deliver the water to groundwater basins in Orange and Los Angeles counties. Eventually, staff envisions the recycled system would reach inland empire and other locations.

Following staff’s presentation, discussion on the proposed program ensued. The Water Authority Delegates asked several questions to further understand the demonstration project and MWD’s role in this project. The Delegates submitted a letter outlining additional questions and highlighting policy concerns (Attachment 1). A critical point that the Delegates underscored is the new role MWD would have as it expands from a regional imported water provider to a local supply
developer; several other directors echoed their concerns. Director Barbre (Municipal Water District of Orange County) expressed the need for MWD to have a larger policy discussion to determine if MWD should expand from its “traditional” role. Echoing Barbre, Director Dick (Municipal Water District of Orange County) also pointed out that MWD’s involvement in these types of projects may change its relationships with its member agencies and expose MWD to new financial risks. Chair Record (Eastern), Director Atwater (Foothill), and General Manager Kightlinger said that these policy discussions would occur during the Integrated Resources Plan update and continue following the completion of the regional recycled water program’s demonstration project. For a more detailed report on the Water Planning and Stewardship Committee’s discussion see Attachment 2.

**Drought Legislation**

The Legal and Claims Committee, and later the Board, approved staff’s recommendation to express support for, and seek amendments to S. 1894 (Feinstein, D- CA) – California Emergency Drought Relief Act. The Delegates submitted a letter outlining their support for staff’s recommendation except for the suggestion to remove “reduce reliance on imported water supplies” from the bill, especially since it is the express policy of the State of California to reduce reliance on Delta in meeting California’s future water supply needs (Attachment 3). In response to Director Steiner’s comment that MWD seek clarification on what the bill reference to reduced reliance means and follow-up questions from Tu, Kightlinger described the reduce reliance language as “a moving target” and “problematic,” but said staff will work on clarifying its meaning. Because staff clarified it does not intend to not reduce reliance on imported supplies from the Delta, the Delegates supported staff’s recommendation.

**New Debt Issuance**

Finally, the MWD Board approved introducing, by title rather than full text reading, an ordinance to determine it is the interests of MWD to issue $500 million of debt to partially fund its Capital Investment Plan. According to Finance and Insurance Committee Chair Barbre, this is the “first reading” of this action and final vote and discussion is scheduled in October. Tu commented that this month’s vote is not just “procedural;” the Board will be asked next month to approve an ordinance allowing the issuance of half a billion in bonds without being told what it will be used for. She expressed the Delegates’ concerns with MWD’s proposal to issue debt, including MWD’s “ad-hoc” financial policies and that the full text of the ordinance should be read to enhance MWD’s transparency. More details on the Delegates opposition to this item are in their letter (Attachment 4). The Delegates and Director Ballin (San Fernando) did not support this item.

**Overview**

Overall, the Water Authority Delegation supported seven of the 10 action items approved by the MWD Board. The Delegates did not support salary increases for MWD’s General Manager, General Counsel, General Auditor, and Ethics Officer. After discussion and a series of substitute motions, the Board ultimately approved 2.5 percent increases for the General Manager, General Counsel, and Ethics Officer and a 5.74 percent increase for the General Auditor. The Delegates abstained on an item to increase the maximum amount payable for Miller Barondess, LLP, from $350,000 to $600,000 for legal services on the rate litigation.

Attachment 5 is a copy of MWD’s September 2015 committee and Board meeting agendas.
Attachment 1: Letter to MWD on potential regional recycled water program, dated September 20, 2015
Attachment 2: Discussion Summary on MWD’s Expanded Role to Develop Potential Regional Water Recycling Program
Attachment 3: Letter to MWD on S. 1894 (Feinstein, D-CA) – California Emergency Drought Relief Act of 2015, dated September 20, 2015
Attachment 4: Letter to MWD on introduction by title only of an ordinance determining that the interests of the District require the use of revenues bonds dated September 20, 2015
Attachment 5: MWD’s committee and Board meeting agenda, dated September 21 and 22, 2015
September 20, 2015

Randy Record and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Board Memo 9-1: Potential Regional Recycled Water Supply Program

Chair Record and Members of the Board:

The staff recommendation set forth in Board Memo 9-1, to create a new recycled water supply program, is premature because the MWD board has not yet completed — indeed, it has hardly begun — the process of updating MWD’s Integrated Resources Plan (IRP).

Without current information and an analysis of available supplies and demand, the board cannot know whether this water supply is needed by MWD or whether it is preferred to other available water supplies.

MWD and its member agencies are also currently updating their respective urban water management plans. These plans will provide vital information regarding water supply and demand forecasts necessary to evaluate the need for MWD to incur costs to develop additional water supplies. Among many other changed circumstances that must be evaluated, it is likely that the demand for MWD water will be less than in the last IRP. This is to be expected given the most recent updated population projections by the Southern California Association of Governments and San Diego Association of Governments, and all of the long-term water conservation measures that have been implemented in response to the drought. New MWD projects of any kind should follow, not precede, these planning processes and be evaluated in the context of all alternatives.

Later, or as part of the IRP planning process, we request that staff analyze and bring back to the board the following issues and information.

Proposed Regional Recycled Water Supply Program

Recycled water supply and reuse projects already exist throughout the MWD service area — with more on the drawing board. These projects, including the Orange County project noted in the board memo, have been created through the formation of joint powers authorities
Chair Record and Members of the Board  
September 20, 2015  
Page 2

and paid for by local ratepayers who benefit from the development of local water supplies. The Water Authority supports local water supply development and believes that it will continue to grow as a percentage of the Southern California water supply portfolio even if no subsidies are provided by MWD. Indeed, local agencies developing these projects often cite the current and anticipated future cost of MWD water as a principal motivation to develop local water supplies including recycled water projects.

We do not understand -- and the Board Memo does not explain -- why MWD believes a new recycled water program is necessary or why MWD believes it should become a "partner" in projects that involve multiple local agencies and parties and legal and financial risks that MWD is in no position to control or manage.

In fact, Board Memo 9-1 does not describe a new MWD "program;" rather, it describes a specific potential project with specific parties. If staff intends to recommend the creation of a new MWD water supply "program," then it should outline the need for the program, how it will be consistent with the updated IRP (once that process is concluded) and how it would differ from the current Local Resources Program - which provides funding but does not involve MWD becoming a "partner" in local water supply projects. Staff should also identify a source of funding other than the existing rates that have been declared illegal by the San Francisco Superior Court.

We request that a cost of service analysis be conducted to identify which agencies will benefit in order to determine how the costs of this project should be allocated before it is presented to the MWD board for approval. It is abundantly clear from numerous recent cases that the mere declaration of regional benefit is insufficient to justify the imposition of regional water rate increases to pay for a project that will benefit some but not all member agencies.

**Partnership with Los Angeles County Sanitation District**

For the reasons described above, we do not believe that the “form” of the operating entity – here, a proposed “partnership”, changes the responsibility MWD has in setting rates and charges for the services it provides.

In order to evaluate the proposed project – either as a stand-alone or in the context of the IRP, we ask that staff provide a written analysis addressing the following questions:

1) What are the projected capital and operating costs over the project life?
2) What is the marginal cost per acre-foot and how does that compare to other projects that could be developed to meet MWD resource targets?
3) What service category will the costs be allocated to? And how will MWD price the water?
4) Who are the project beneficiaries?
5) What benefits have been identified for each of the parties (for example, avoided cost of additional outfall capacity).
6) How does the project rank in relationship to other water resource alternatives MWD has with respect to cost, reliability, and environmental and legal risks?
7) What groundwater basins would be recharged by the project water?
8) Are the relevant groundwater basins adjudicated? If so, will the judgments be amended to allow MWD to have the right to store and withdraw water?
9) What is the plan for how the water would be made available or stored in normal, dry, and wet years? Will MWD control that decision?
10) What are the other legal constraints associated with the groundwater basins that must be addressed to ensure MWD has the ability to withdraw the water?
11) Who will own the project? Who will own the project water?
12) What rate increases are anticipated over the project life to pay for and operate the project?
13) How many agencies, cities and third parties have existing water rights in the groundwater basins?
14) Who will bear the cost of any environmental challenges?
15) Who will bear the cost of any rate challenges?

Finally, similar to several other memos, Board Memo 9-1 was not available with the regular board mailing. MWD’s consistent late delivery of a majority of the board reports makes it extremely difficult for our staff to provide the technical support necessary for our deliberation of MWD staff recommendations. We renew past requests that board memoranda be distributed at least seven days in advance of MWD board meetings.

Sincerely,

Michael T. Hogan  
Director

Keith Lewinger  
Director

Fern Steiner  
Director

Yen C. Tu  
Director
Discussion Summary on MWD’s Expanded Role to Develop Potential Regional Water Recycling Program

At MWD’s September 2015 Water Planning and Stewardship Committee, staff presented an information item on a potential Regional Water Recycling Program. Following staff’s presentation, the committee engaged in discussion on the program. Director Barbre (Municipal Water District of Orange County) pointed out that the program would change MWD’s business model – from an imported water supplier to a local resources developer – and encouraged MWD to seek funding from the Sanitation Districts to cover some of the program’s costs. Barbre noted that the program will benefit the Sanitation Districts by reducing its cost associated with ocean discharge. General Manager Kightlinger replied that MWD’s role in this “new business venture” would be discussed following the demonstration project and through the Integrated Resources Plan (IRP) update. Director Dake (Los Angeles) expressed support for the program but voiced caution about MWD’s financial liability and noted that MWD’s member agencies would need to agree to purchase the program’s water in wet and dry years. Peterson (Las Virgenes) expressed apprehension with the projects’ approach of allowing “off ramps” for MWD’s and the Sanitation Districts’ participation at each phase of the project. Chief Operating Officer Man replied that at each phase MWD would also maintain the option to make the “business decision” to move ahead so that MWD is “not on a forced march.” In response to a series of questions from Director Steiner, Man said that MWD and the Sanitation Districts are still developing draft agreement principles but that MWD would fully fund the demonstration project’s estimated cost of $15 million. Additionally, Man clarified that the product water from the demonstration project would not be delivered to any member agencies. If MWD were to implement the full 150 MGD program, Man said estimated cost is about $1 billion; she also said that recycling projects like this one runs around $1,600 per acre-foot. Man said MWD would conduct a cost of service study on how to incorporate this cost into MWD’s rates.

Steiner requested that staff respond to the additional questions presented in the Water Authority’s Delegates’ letter on this program (Attachment); Kightlinger said that staff would respond based on available information. Director Touhey (Upper San Gabriel) expressed support for the project and suggested that MWD explore additional opportunities for MWD to partner with other government agencies to reduce its costs for the program. Touhey also made clear that Upper San Gabriel plans on proceeding with its own groundwater recycling project and asked that MWD ensure its project would not conflict with the Upper San Gabriel’s project. Director Dick (Municipal Water District of Orange County) commented that this program could increase MWD’s financial risks, change its role in water supply development, and alter its relationship with its member agencies (for example, MWD may form Joint Powers Authority with its member agencies or member agencies may agree to pay some of the program’s capital costs in exchange for certain services, such as the right of first refusal to the program’s water).

In response to Director Tu’s questions related to policy discussions on MWD’s role in this program, Man said that MWD is analyzing its water resource development targets through the IRP update, which would occur simultaneously with the demonstration project that would help inform these discussions. Later, Tu requested that MWD staff provide an update on the permitting process related to Indirect Potable Reuse. Director McKenney (Municipal Water District of Orange County) cautioned that member agencies’ local projects and this project may compete for the same State funding source. Responding to Director Hogan’s questions, Kightlinger said that MWD’s pilot project (authorized in 2010) focused on the capability of treating the plant’s wastewater and clarified that the proposed demonstration process would explore the distribution system and scaling-up the
treatment of the wastewater. Hogan suggested that by owning, building, and operating a recycled water project MWD would open itself up to having similar roles in future projects. In addition, Hogan also identified the need for MWD to assess its member agencies’ needs and how these types of programs benefit them.

Chair Record (Eastern) and Directors Abdo (Santa Monica), Lefevre (Torrance), Morris (San Marino), and Atwater (Foothill) expressed support for the project. Record added that he welcomed the policy discussions on MWD’s business model while Atwater said that MWD began discussing MWD’s involvement in similar programs during its first IRP in 1996.

Attachment: Letter to MWD on potential regional recycled water program, dated September 20, 2015
September 20, 2015

Randy Record and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Board Memo 9-1: Potential Regional Recycled Water Supply Program

Chair Record and Members of the Board:

The staff recommendation set forth in Board Memo 9-1, to create a new recycled water supply program, is premature because the MWD board has not yet completed — indeed, it has hardly begun — the process of updating MWD’s Integrated Resources Plan (IRP).

Without current information and an analysis of available supplies and demand, the board cannot know whether this water supply is needed by MWD or whether it is preferred to other available water supplies.

MWD and its member agencies are also currently updating their respective urban water management plans. These plans will provide vital information regarding water supply and demand forecasts necessary to evaluate the need for MWD to incur costs to develop additional water supplies. Among many other changed circumstances that must be evaluated, it is likely that the demand for MWD water will be less than in the last IRP. This is to be expected given the most recent updated population projections by the Southern California Association of Governments and San Diego Association of Governments, and all of the long-term water conservation measures that have been implemented in response to the drought. New MWD projects of any kind should follow, not precede, these planning processes and be evaluated in the context of all alternatives.

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Chair Record and Members of the Board  
September 20, 2015  
Page 2

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We do not understand -- and the Board Memo does not explain -- why MWD believes a new recycled water program is necessary or why MWD believes it should become a "partner" in projects that involve multiple local agencies and parties and legal and financial risks that MWD is in no position to control or manage.

In fact, Board Memo 9-1 does not describe a new MWD “program;” rather, it describes a specific potential project with specific parties. If staff intends to recommend the creation of a new MWD water supply “program,” then it should outline the need for the program, how it will be consistent with the updated IRP (once that process is concluded) and how it would differ from the current Local Resources Program - which provides funding but does not involve MWD becoming a "partner" in local water supply projects. Staff should also identify a source of funding other than the existing rates that have been declared illegal by the San Francisco Superior Court.

We request that a cost of service analysis be conducted to identify which agencies will benefit in order to determine how the costs of this project should be allocated before it is presented to the MWD board for approval. It is abundantly clear from numerous recent cases that the mere declaration of regional benefit is insufficient to justify the imposition of regional water rate increases to pay for a project that will benefit some but not all member agencies.

Partnership with Los Angeles County Sanitation District

For the reasons described above, we do not believe that the “form” of the operating entity – here, a proposed “partnership”, changes the responsibility MWD has in setting rates and charges for the services it provides.

In order to evaluate the proposed project – either as a stand-alone or in the context of the IRP, we ask that staff provide a written analysis addressing the following questions:

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8) Are the relevant groundwater basins adjudicated? If so, will the judgments be amended to allow MWD to have the right to store and withdraw water?

9) What is the plan for how the water would be made available or stored in normal, dry, and wet years? Will MWD control that decision?

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11) Who will own the project? Who will own the project water?

12) What rate increases are anticipated over the project life to pay for and operate the project?

13) How many agencies, cities and third parties have existing water rights in the groundwater basins?

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Finally, similar to several other memos, Board Memo 9-1 was not available with the regular board mailing. MWD’s consistent late delivery of a majority of the board reports makes it extremely difficult for our staff to provide the technical support necessary for our deliberation of MWD staff recommendations. We renew past requests that board memoranda be distributed at least seven days in advance of MWD board meetings.

Sincerely,

Michael T. Hogan  Keith Lewinger  Fern Steiner  Yen C. Tu
Director  Director  Director  Director
September 20, 2015

Randy Record and
Members of the Board of Directors
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P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Board Memo 8-5: Express Support and Seek Amendments to S. 1894 (Feinstein, D-CA) – California Emergency Drought Relief Act of 2015 – SUPPORT WITH MODIFICATIONS

Chair Record and Members of the Board:

We write in response to Board Memo 8-5, asking the board to express support and seek amendments to Senator Feinstein’s S. 1894 – California Emergency Drought Relief Act of 2015. We have the following requests and comments.

At its August board meeting, the Water Authority board adopted a Support and Seek Amendments position on S. 1894. Specifically, the Water Authority has requested an amendment to include on the list of entities eligible for federal funding assistance for water recycling projects, the San Dieguito Water District and the San Elijo Joint Powers Authority. We request that MWD add this provision to the amendments it is requesting.

We are concerned with staff’s third bullet point recommendation to delete references to the need to “reduce reliance on imported water supplies.” Given that it is the express policy of the State of California to reduce reliance on the Delta in meeting California’s future water supply needs (Water Code Section 85021), we are concerned that this requested amendment sends the wrong message. We do not support and do not believe that MWD should request this amendment.

Subject to these changes, we support staff recommendation in Board Memo 8-5. On a separate note, Board Memo 8-5 was not available with the regular board mailing. MWD’s consistent late delivery of a majority of the board reports makes it extremely difficult for our staff to provide the technical support necessary for our deliberation of MWD staff recommendations. We renew past requests that board memoranda be distributed at least seven days in advance of MWD board meetings.
Sincerely,

Michael T. Hogan  
Director

Keith Lewinger  
Director

Fern Steiner  
Director

Yen C. Tu  
Director
September 20, 2015

Randy Record and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Board Memo 8-6: Approve the introduction by title only of an Ordinance Determining That The Interests of The District Require The Use of Revenue Bonds In The Aggregate Principal Amount of $500,000,000 -- OPPOSE

Chair Record and Members of the Board:

We have reviewed Board Memo 8-6 seeking the Board’s approval for the introduction by title only of an ordinance determining that the interests of MWD require the use of revenue bonds in the aggregate principal amount of $500 million. We oppose this item because there is no factual basis for a determination by the board of directors that the use of revenue bonds as described in Board Memo 8-6 and attached Ordinance is in MWD’s interest. Consideration of whether the use of revenue bonds is in MWD’s interest requires a more comprehensive look at a number of actions by the MWD board that are not described in the Board Memo and have had a material impact on MWD’s current financial condition.

In April 2014, rather than reducing or maintaining its existing rates, MWD’s adopted biennial budget for fiscal years 2015 and 2016 increased MWD’s water rates by 1.5 percent per year for fiscal years 2015 and 2016 and presented a schedule projecting rate increases of 3 – 5 percent per year through 2024. In addition, the MWD board voted to suspend tax rate reductions that would otherwise occur, claiming that the increase in tax revenues by an additional tens of millions of dollars were necessary to maintain MWD’s fiscal integrity. The MWD board made this finding based on staff recommendation at the same time its cash reserves were so great that the adopted budget planned to pay 100 percent of MWD’s Capital Investment Plan for fiscal years 2015 and 2016 out of cash on hand (and then slowly eases to 60 percent cash CIP financing over the remaining years through 2024). Because MWD’s recently adopted budget process no longer even attempts to estimate MWD’s revenues and expenses based on actual conditions -- choosing instead to set rates based on low water sales that are expected to be exceeded seven out of ten years -- since 2012, MWD has collected $800 million more than actual expenditures based on original adopted budgets. The MWD board chose to spend this money on unbudgeted expenditures,
including the unprecedented increase in water conservation funding -- more than ten times the adopted budget -- from $40 million to $450 million including a hastily structured turf replacement program,¹ now all of these revenues have been spent.

MWD’s use of revenue bonds would be entirely unnecessary if the MWD board adopted and followed sound fiscal policies and practices. MWD needs a long-range finance plan. MWD needs to complete the update of its Integrated Resources Plan. MWD needs a new rate structure consistent with California statutes and the Constitution. MWD needs to credibly demonstrate that these plans are functionally integrated.

The Water Authority will need more time to consider the implications of the proposed ordinance. We do not support introduction of the ordinance by title only. Lastly, Board memo 8-6 was not available with the regular board mailing. MWD’s consistent late delivery of a majority of the board reports makes it extremely difficult for our staff to provide the technical support necessary for our deliberation of MWD staff recommendations. We renew past requests that board memoranda be distributed at least seven days in advance of MWD board meetings.

Sincerely,

Michael T. Hogan
Director

Keith Lewinger
Director

Fern Steiner
Director

Yen C. Tu
Director

Attachment: Water Authority’s July 9, 2015 letter to MWD Board

¹ MWD’s turf replacement program was poorly structured and did not incorporate recommendations from a CUWCC report that it participated in and funded. Many have raised questions about MWD’s implementation of turf replacement including the most recent LA Times article: http://touch.latimes.com/#section/-1/article/p2p-84445011/
July 9, 2015

Randy Record and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Board Memo 8-4: Adopt a resolution for the reimbursement with bond proceeds of Capital Investment Plan projects funded from the General Fund and Replacement and Refurbishment Fund -- OPPOSE

Chair Record and Members of the Board:

The Water Authority’s MWD Delegates have reviewed the July 14, 2015 board memo 8-4 seeking the Board’s authorization to declare MWD’s intent to issue up to $300 million of debt to “reimburse” capital expenditures for projects funded from the General Fund and Replacement and Refurbishment (R&R) Fund. We oppose this item because staff’s recommendation will obligate MWD to increase water rates by at least $15 per acre-foot without an actual board vote for the rate increase, and for the reasons further stated in this letter.

Staff’s practice of presenting board actions piecemeal has paralyzed the board’s ability to make sound public policy decisions. This month’s action is another example. The board memo states that the debt issuance would provide MWD the “financial flexibility” desired because of the projected draw down of reserves as a result of the May action to pay for the unbudgeted conservation programs,¹ and that “expenditures for water management activities such as replenishing storage and funding transfer and exchange programs could significantly [further] draw down financial reserves in the near future.” But it was staff’s own recommendation in May to spend $350 million on unbudgeted conservation expenditures – namely turf removal – that placed MWD in this precarious fiscal position. This situation was completely foreseeable.

The May action not only spent MWD’s not-yet-realized excess revenue collection,² it also completely drained the Water Management Fund (WMF) – established for the very purpose of covering future costs associated with replenishing storage and water transfers – to fund turf removal, an expense for which the WMF was not intended. Staff expressed no concern when it recommended to spend down the WMF. The Board was repeatedly told in May that
staff’s recommendation would not result in any rate impacts. But this month’s action, which was precipitated entirely by May’s unbudgeted expenditures, will in fact result in increases in MWD water rates by at least $15 per acre-foot. (MWD staff reported in the past that every $20 million in debt issuance equates to $1 per acre-foot increase in water rates based on 2 million acre-feet of water sales; the rate increase will be higher for lower water sales volumes.) What has changed so drastically that is causing staff to be so concerned with the lack of financial flexibility triggered by an action it recommended just only six weeks ago? Did staff not foresee when it made the recommendation to spend down the WMF in May that its “flexibility” to purchase transfer supplies and to replenish depleted dry-year storage accounts would be more limited?

We disagreed with staff’s assessment in May that the increase in conservation funding would not result in rate impacts. However, we believe staff’s assertion that the action would have no rate impact persuaded many Board members to support the unprecedented and unbudgeted spending. While this month’s action clearly has rate implications, the board memo yet again makes no reference to the rate increases.

Since fiscal year 2012, MWD collected more than $800 million in revenues that exceed actual expenses. And since 2013 and in each year following, these over-collections have caused MWD’s reserves to exceed the Board established maximum limits by hundreds of millions of dollars -- largely caused by staff’s strategy, endorsed by this Board’s votes of approval -- to set rates based on artificially deflated sales amounts, which staff said would be exceeded seven out of 10 years. Rather than using the over-collections to manage rate and tax increases, MWD kept and spent the monies on unbudgeted items.

Nearly as quickly as MWD amassed more than $800 million in over-collected revenues, they are now nearly all gone, and MWD is resorting to budget shell games of taking cash from the capital investment plan to cover massive spending on turf removal. It is obvious that this proposal to issue $300 million in new debt is a post-facto, 30-year debt financing of turf removal subsidies approved just weeks ago. This is not sound fiscal management.

When the biennial budget for fiscal years 2015 and 2016 was adopted, we asked that MWD use the revenue over-collection to reduce rate increases and not raise taxes, staff instead recommended using part of the over-collections to cash-fund capital projects to “avoid future rate increases.” This month’s 8-4 recommendation is an about-face from staff’s earlier rationale in support of cash-funding the capital program.
Finally, MWD’s Administrative Code (Section 5200(b)) clearly restricts the use of monies from the R&R Fund to capital program expenditures. It is unclear how staff’s proposal to issue debt would afford MWD the ability to use R&R funds for operational costs related to water transfers or purchases of water to replenish storage.

For reasons stated in this letter, we oppose staff’s recommendation. We urge our fellow Board members to vote no on this action as well. This action is an inappropriate attempt to debt-finance very expensive turf rebates that produce no significant immediate supply relief during the drought.

Sincerely,

Michael T. Hogan
Director

Keith Lewinger
Director

Fern Steiner
Director

Yen C. Tu
Director

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1 MWD increased conservation spending in May by an additional $350 million and was to be funded by the following sources: 1) Water Stewardship Fund ($50 million), 2) Water Management Fund ($140 million), and 3) projected excess revenue collection that exceeded maximum reserves target ($160 million); however, board memo 9-1 this month indicates that the projected excess revenue collection is trending at $120 million, requiring the use of $40 million from Water Rate Stabilization Fund.

2 The May action authorized the expenditures of anticipated over-collection of $160 million, which is trending now at $120 million (see also footnote ii).

3 Fiscal year 2016 is a good example; according to staff, MWD’s water sales at the reduced Level 3 supply allocation (15 percent reduction) will still exceed the budgeted assumption of 1.75 million acre-feet.
AGENDA REVISION 2

Adjourned Finance and Insurance Committee

Meeting with Board of Directors*

September 21, 2015

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

<table>
<thead>
<tr>
<th>Time</th>
<th>Room</th>
<th>Session</th>
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<tr>
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<td>Dirs. Computer Training</td>
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<td>Adj. F&amp;I</td>
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<td>9:30 a.m.</td>
<td>Rm. 2-456</td>
<td>Adj. WP&amp;S</td>
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<td>12:00 p.m.</td>
<td>Rm. 2-145</td>
<td>Adj. E&amp;O</td>
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<tr>
<td>1:00 p.m.</td>
<td>Rm. 2-456</td>
<td>Adj. C&amp;L</td>
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</table>

Monday, September 21, 2015

Meeting Schedule

* 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 Adjourned Finance and Insurance Committee held August 17, 2015**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   None
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on investment activities

b. Introduction of Ordinance Authorizing Issuance of Revenue Bonds in the Aggregate Principal Amount of $500,000,000

7. MANAGEMENT REPORT

a. Chief Financial Officer’s report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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

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

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

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

September 21, 2015

9:30 a.m. – Room 2-456

<table>
<thead>
<tr>
<th>Monday, September 21, 2015</th>
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<tr>
<td>Meeting Schedule</td>
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<tr>
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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

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

1. Opportunity for members of the public to address the 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 Adjourned Water Planning and Stewardship Committee held August 17, 2015

3. CONSENT CALENDAR ITEMS — ACTION

7-1 Approve forbearance agreement allowing Central Arizona Water Conservation District to add Intentionally Created Surplus to Lake Mead. (WP&S)
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 execute an exhibit to the December 13, 2007 Forbearance Agreement consistent with the terms outlined in the board letter and in a form approved by the General Counsel.

4. OTHER BOARD ITEMS — ACTION

8-1 Authorize entering into an amendment to the operational agreement with the Southern Nevada Water Authority and Colorado River Commission of Nevada; and approve payment of $44.375 million. (WP&S)

Recommendation:

Option #1:

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

a. Authorize the General Manager to enter into an amendment to the Operational Agreement with SNWA and CRCN consistent with the terms outlined in the board letter and in a form approved by the General Counsel; and

b. Approve payment of $44.375 million for funding the storage of water for SNWA in 2015.

5. BOARD INFORMATION ITEMS

9-1 Potential Regional Recycled Water Supply Program. (WP&S)

(To be mailed separately)

6. COMMITTEE ITEMS

a. Oral report on Water Surplus and Drought Management Plan

b. Conservation program update
7. MANAGEMENT REPORTS
   a. Bay-Delta Matters
   b. Colorado River Matters
   c. Water Resource Management Manager's report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Adjourned Engineering and Operations Committee
Meeting with Board of Directors*

September 21, 2015
12:00 p.m. -- Room 2-145

* 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 Adjourned Engineering and Operations Committee held August 17, 2015

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

8-2 Authorize entering into an agreement with Securitas to provide security guard services for a maximum period of five years at a total cost not to exceed $38.1 million. (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and is not subject to the provisions of CEQA, and Authorize entering into an agreement with Securitas to provide security services for a one-year contract renewable for four additional years, with the first year's cost not to exceed $7.1 million and with each subsequent year to be negotiated, for a maximum payable total of $38.1 million.

8-3 Appropriate $19.8 million; and award $16.64 million contract to Kiewit Infrastructure West Co. for canal improvements on the Colorado River Aqueduct (Approp. 15438). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $19.8 million; and
b. Award $16.64 million contract to Kiewit Infrastructure West Co. for canal improvements on the Colorado River Aqueduct.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORTS

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

8. FOLLOW-UP ITEMS

None
9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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REVISED AGENDA

Adjourned Communications and Legislation Committee

Meeting with Board of Directors*

September 21, 2015

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

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

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

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

2. Approval of the Minutes of the meeting of the Adjourned Communications and Legislation Committee held August 17, 2015

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

8-5 Express support and seek amendments to S. 1894 (Feinstein, D-CA) -- California Emergency Drought Relief Act of 2015. (C&L)
Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and is not subject to CEQA, and Authorize the General Manager to express a support position for, and seek amendments to S. 1894.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

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

b. Report on activities from Sacramento

7. MANAGEMENT REPORT

a. External Affairs Management report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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REVISED: Date of Notice: September 16, 2015
RP&AM Committee
M. Camacho, Chair
G. Dake, Vice Chair
D. Dear
L. Dick
M. Hogan
G. Peterson
M. Ramos
M. Touhey
R. Wunderlich

Real Property and Asset Management Committee
Meeting with Board of Directors*
September 22, 2015
8:30 a.m. -- Room 2-456

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Description</th>
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<tr>
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<td>Adj. Board Meeting</td>
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* The Metropolitan Water District’s Real Property and Asset Management Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Real Property and Asset Management Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Real Property and Asset Management Committee will not vote on matters before the Real Property and Asset Management Committee.

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

2. Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held July 13, 2015

3. CONSENT CALENDAR ITEMS -- ACTION
   None

4. OTHER BOARD ITEMS – ACTION
   None

Date of Notice: September 9, 2015
5. COMMITTEE ITEMS

a. Discussion regarding interest in real property located in Imperial and Riverside Counties
   [Conference with real property negotiators; property identified as Imperial County Assessor’s Parcel Nos. 006-009-022; 006-100-01, -02, -06, -12, -14, -17, -19, -30, -32; and Riverside County Assessor’s Parcel Nos. 821-070-005, -006; 821-100-002, -033; 821-180-004; 830-110-003, -004, -006, -008; 830-130-003, -016; 857-020-017; 857-030-009; 857-040-013, -016; 869-020-009; 872-030-002, -003; 872-130-034, -035; 872-150-001; 872-160-001; 878-240-023; 878-250-010; agency negotiators: Jeff Kightlinger and John Clairday; negotiating party: Delta Wetlands Properties; to be heard in closed session pursuant to Gov. Code Section 54956.8]

b. Discussion regarding interest in real property located in Contra Costa and San Joaquin Counties
   [Conference with real property negotiators; property identified as Contra Costa County Assessor’s Parcel Nos. 023-040-026-9, 023-040-027-7, 023-050-001-9, 023-050-002-7, 023-070-011-4, 023-070-012-2, 023-080-010-4, 023-080-011-2, 023-090-001-1, 023-090-003-7, 023-090-004-5, 023-100-001-9, 023-100-004-3; Empire Communities, LLC and GM Gabrych Family Limited Partnership; under negotiation: price and terms of payment; to be heard in closed session pursuant to Gov. Code Section 54956.8]

6. MANAGEMENT REPORT

a. Real Property Development and Management Manager's Report

7. FUTURE AGENDA ITEMS

8. ADJOURNMENT

Date of Notice: September 9, 2015
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Adjourned Legal and Claims Committee
Meeting with Board of Directors*

September 22, 2015

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

Meeting Schedule

<table>
<thead>
<tr>
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<th>Location</th>
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</tr>
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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 Adjourned Legal and Claims Committee held August 18, 2015

3. CONSENT CALENDAR ITEMS — ACTION

   None
4. OTHER BOARD ITEMS — ACTION

8-4 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, CPF-12-512466 and CPF-14-514004; and in connection with these matters authorize an increase in maximum amount payable under contract for legal services with Miller Barondess, LLP by $350,000 to an amount not to exceed $600,000. (L&C) [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

(To be mailed separately)

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. General Counsel’s report of monthly activities

7. FOLLOW-UP ITEMS

None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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

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

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Date of Notice: September 9, 2015
Adjourned Organization, Personnel and Technology Committee

Meeting with Board of Directors*

September 22, 2015

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

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Tuesday, September 22, 2015
Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 1-101</td>
<td>Dirs. Computer Training</td>
</tr>
<tr>
<td>8:30 a.m.</td>
<td>Rm. 2-456</td>
<td>RP&amp;AM</td>
</tr>
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<td>Rm. 2-145</td>
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<td>Adj. Board Meeting</td>
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* The Metropolitan Water District’s meeting of the Organization, Personnel and Technology Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Organization, Personnel and Technology Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Organization, Personnel and Technology Committee will not vote on matters before the meeting of the Organization, Personnel and Technology Committee.

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

2. Approval of the Minutes of the meetings of the Organization, Personnel and Technology Committee held July 14 and 28, and August 18, 2015

3. CHAIRMAN’S REPORT

4. CONSENT CALENDAR ITEMS -- ACTION

   None

5. OTHER BOARD ITEMS – ACTION

   None

Date of Notice: September 9, 2015
6. COMMITTEE ITEMS

   a. Oral update on Information Technology Strategic Plan for period ending June 2015

   b. Recap on Metropolitan’s new Information Technology Strategic Plan

   c. Oral report on Desert Remote Facilities

   d. Conference with labor negotiators
      [Conference with labor negotiators; to be heard in closed session pursuant to Gov. Code Section 54957.6. Metropolitan representative: Stephen V. Lem, Manager of Labor Relations and EEO Investigations Section. Employee organizations: The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902; the Management and Professional Employees Association MAPA/AFSCME Chapter 1001, and the Supervisors Association]

7. ADJOURNMENT

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Date of Notice: September 9, 2015
AGENDA REVISION 2

Adjourned Regular Board Meeting

September 22, 2015

12:00 p.m. – Board Room

Meeting Schedule

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1. Call to Order
   (a) Invocation: Ivonne Gonzales, Administrative Assistant, External Affairs
   (b) Pledge of Allegiance: Director Linda Ackerman

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS
   A. Approval of the Minutes of the Meetings for August 11 and 18, 2015. (Copies have been mailed to each Director)
      Any additions, corrections, or omissions
   B. Report on Directors’ events attended at Metropolitan expense for month of August

REVISED: Date of Notice: September 18, 2015
C. Approve committee assignments

D. Chairman’s Monthly Activity Report

6. DEPARTMENT HEADS’ REPORTS

A. General Manager’s summary of Metropolitan’s activities for the month of August

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Approve forbearance agreement allowing Central Arizona Water Conservation District to add Intentionally Created Surplus to Lake Mead. (WP&S)

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 execute an exhibit to the December 13, 2007 Forbearance Agreement consistent with the terms outlined in the board letter and in a form approved by the General Counsel.

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

8-1 Authorize entering into an amendment to the operational agreement with the Southern Nevada Water Authority and Colorado River Commission of Nevada; and approve payment of $44.375 million. (WP&S)

Recommendation:

Option #1:

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

- Authorize the General Manager to enter into an amendment to the Operational Agreement with SNWA and CRCN consistent with the terms outlined in the board letter and in a form approved by the General Counsel; and
- Approve payment of $44.375 million for funding the storage of water for SNWA in 2015.

8-2 Authorize entering into an agreement with Securitas to provide security guard services for a maximum period of five years at a total cost not to exceed $38.1 million. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and is not subject to the provisions of CEQA, and Authorize entering into an agreement with Securitas to provide security services for a one-year contract renewable for four additional years, with the first year’s cost not to exceed $7.1 million and with each subsequent year to be negotiated, for a maximum payable total of $38.1 million.

8-3 Appropriate $19.8 million; and award $16.64 million contract to Kiewit Infrastructure West Co. for canal improvements on the Colorado River Aqueduct (Approp. 15438). (E&O)

Recommendation:

Option #1:

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

- Appropriate $19.8 million; and
- Award $16.64 million contract to Kiewit Infrastructure West Co. for canal improvements on the Colorado River Aqueduct.
8-4 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, CPF-12-512466 and CPF-14-514004; and in connection with these matters authorize an increase in maximum amount payable under contract for legal services with Miller Barondess, LLP by $350,000 to an amount not to exceed $600,000. (L&C) [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

8-5 Express support and seek amendments to S. 1894 (Feinstein, D-CA) -- California Emergency Drought Relief Act of 2015. (C&L)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and is not subject to CEQA, and

Authorize the General Manager to express a support position for, and seek amendments to S. 1894.

Revised

8-6 Approve the introduction by title only of an Ordinance Determining That The Interests of The District Require The Use Of Revenue Bonds In The Aggregate Principal Amount Of $500,000,000.

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

Approve the introduction, by title only, of the Ordinance Of The Board of Directors Of The Metropolitan Water District of Southern California Determining That The Interests of The District Require The Use Of Revenue Bonds In The Aggregate Principal Amount of $500,000,000 To Fund A Portion Of Projected CIP Expenditures.

9. BOARD INFORMATION ITEMS

9-1 Potential Regional Recycled Water Supply Program. (WP&S)
10. OTHER MATTERS (Contd.)

10-1 Department Head Salary Survey 2015

10-2 Discuss and approve compensation recommendation for General Manager, General Counsel, General Auditor, and Ethics Officer (To be distributed at meeting)

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

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Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parentheses at the end of the description of the agenda item e.g., (E&O, F&I). Committee agendas may be obtained from the Board Executive Secretary.

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REVISED: Date of Notice: September 18, 2015