Proposed Staff Recommendation Consent Calendar for January 28, 2016

**WATER PLANNING COMMITTEE**

9-1. Professional services contract to AECOM to provide As-needed Environmental Consulting Services for a four-year period in an amount not to exceed $4,000,000. Authorize execution of a professional services agreement with AECOM Technical Services, Inc. to provide As-needed Environmental Consulting Services for four years in an amount not to exceed $4,000,000.

9-2. **Resolution for the Hauck Mesa Storage Reservoir Project.**
Adopt Resolution No. 2016-01 that: finds that the project will not have a significant effect on the environment; adopts the Final Mitigated Negative Declaration; adopts a Mitigation Monitoring and Reporting Program; approves the Hauck Mesa Storage Reservoir Project; and authorizes filing of a Notice of Determination.

**ENGINEERING AND OPERATIONS COMMITTEE**

9-3. **Contract for purchase and installation of electric continuous duty valve actuators at various Water Authority facilities.**
Authorize the General Manager to award a three (3) year contract in the amount of $1,907,590 to provide, retrofit, and install approximately 100 electric continuous duty valve actuators at various Water Authority facilities.

9-4. **Contract amendment with Braun Blaising McLaughlin & Smith PC for legal and consulting services.**
Authorize the General Counsel to execute a contract amendment with Braun Blaising McLaughlin & Smith PC (Braun) for legal and consulting services to increase the contract amount by $290,000 for a new contract amount of $340,000.

**ADMINISTRATION AND FINANCE COMMITTEE**

9-5. **Monthly Treasurer’s Report on Investments and Cash Flow.**
Note and file the monthly Treasurer’s report.

9-6. **Approve the selection of Wells Fargo Bank as the commercial banking services provider.**
Authorize the General Manager to award a commercial banking service contract to Wells Fargo Bank for a five-year period with two one-year renewal options.

9-7. **Adopt the Water Authority’s 2015 Long-Range Financing Plan.**
Adopt, as final, the Water Authority’s 2015 Long-Range Financing Plan.
LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

Award a four-year professional services contract with an option for two additional years to Hoch Consulting for grant administration services in the amount of $768,000.

a. Sponsor legislation during 2016 to ensure that drought-sustainable local water supplies are afforded appropriate crediting or adjustment against any mandatory water use reductions imposed by the state.

b. Sponsor legislation during 2016 to improve the State Water Resource Control Board’s drought emergency regulation implementation process.
January 27, 2016

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 January 11 and 12, 2016, and will meet next on February 8 and 9.

Discussion
Key actions in this month’s MWD Board meetings included: 1) adopting the 2015 update to the Integrated Water Resources Plan (IRP); and 2) authorizing an agreement for a pilot fallowing program with the Bard Water District (Bard). MWD also received reports related to its financial management including an overview of MWD’s upcoming biennial budget and rate-setting process, and a quarterly financial highlights presentation.

MWD’s Financial Management
At the Finance and Insurance Committee meeting, MWD staff provided an overview of the upcoming biennial budget and rate setting process for 2017 and 2018. Staff reported that the proposed budget and rates will be available for review later in the month. MWD plans to hold budget workshops in February and March and conduct a public hearing on rates in March. Board adoption of the biennial budget and associated rates is scheduled for April 12. MWD plans to present fixed treatment charge options as well.

MWD also reported on its financial conditions through the second quarter of fiscal year 2016. Due to unbudgeted expenditures and declining water sales, MWD is projecting that fiscal year 2016 will close with a revenue gap of about $501 million. To partially close this gap MWD issued $250 million of water revenue bonds in December 2015 to cover capital expenses from May 2015 through the end of fiscal year 2016. This action allowed MWD to reallocate PAYGo funds budgeted originally to cover CIP expenses to pay for some of the unbudgeted expenditures. Additionally, MWD will deplete its Water Management Fund and use some of its unrestricted reserves to finance the remainder of these unbudgeted expenses. See Attachment 1 for more information on discussions related to MWD’s financial management and upcoming budget and rate-setting process.

MWD’s 2015 IRP Update
At its January Board meeting, the MWD Board adopted the 2015 IRP Report. MWD initially stated that the 2015 IRP will be managed with a technical data collection phase and a policy discussion phase. However, the January action established the resource “targets” for MWD’s Colorado River and State Water Project supplies, local resource development, and conservation

1 The projected revenue gap reflects the December Board action to debt-fund CIP, deviating from its adopted budget that would have fully cash-funded the CIP in fiscal year 2016. Without this actions, the revenue gap would be about $702 million.
to meet its reliability goal, without a Board policy discussion. "Phase 2" of the IRP update is now relegated to policy discussions related to implementation. MWD Chair Record (Eastern) plans to hold a Board retreat in April during which the 2015 IRP implementation will be discussed. The Water Authority Delegates opposed the adoption of the 2015 IRP report because it sets resources targets before the Board deliberated on policy issues, including the IRP’s reliability goal that the targets seek to achieve, and the cost and rate impacts of implementing these targets. The Delegates also requested that further analysis be presented to the Board to better inform such policy discussions. Without addressing whether additional analysis would be forthcoming, General Manager Kightlinger confirmed that staff will use the 2015 IRP “as a guide to go forward” and make investment recommendations. Attachment 2 describes the Board’s discussion of MWD’s 2015 IRP update.

**Overview**

Overall, the Water Authority Delegation supported 10 of the 11 action items approved by the MWD Board. In closed session, the Real Property and Asset Management Committee received an update on the Board’s option-to-purchase Bay-Delta property from Delta Wetlands Properties, with no action reported. Although originally noticed as a Board information item, the MWD Board authorized a two-year seasonal land fallowing pilot program with Bard for $1.8 million (the source of these funds is unknown since it is unbudgeted). MWD reported that there is a leak in the California Aqueduct, which temporarily halted deliveries of State Water Project supplies to MWD. MWD staff reported that it has enough storage reserves to manage the temporary suspension of these deliveries and that the cause of the leak is unknown, but the aqueduct is expected to be repaired around the end of February.

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3 The Delegate’s letter to MWD on adopt the 2015 IRP update dated January 10, 2016, can be found here: http://www.mwdfacts.com/wp-content/uploads/2016/01/2016-01-10_WA_Ltr_re_IRP.pdf

4 More information on this pilot program is in this month’s “MWD Program Report” found on pages 48-49 here: http://www.sdcwa.org/sites/default/files/files/board/2016_Agendas/2016_01_28FormalBoardPacketSECURE.pdf
Discussion Summary of MWD’s Financial Management

At MWD’s January 2016 Finance and Insurance Committee meeting, staff presented the upcoming process and timeline to set MWD budget for fiscal years 2017 and 2018 and rates for calendar years 2017 and 2018. MWD plans to adopt its biennial budget and associated rates in April. MWD staff said that the budget and revenue recommendations will maintain MWD’s debt service coverage at two-times or better, fixed charge coverage of 1.2 times or better, and cash-fund 60 percent of its Capital Investment Plan (CIP) expenses. Also, staff reported that it plans to bring forward fixed charge options to recover part of the treatment costs currently being recovered through the volumetric treatment rate. In addition to considering fixed rates for treatment expenses, Director Lewinger suggested the MWD also explore fixed charges for untreated water costs. Chief Financial Officer Breaux responded that MWD’s Readiness-to-Serve and Capacity charges serve as fixed charges for untreated water. In response to another question from Director Lewinger, Director Breaux said that any unspent revenues originally budgeted to cash-fund CIP will be deposited into the Replacement and Refurbishment Fund (R&R Fund). Director Lewinger asked if money in the R&R fund is strictly used for CIP expenses, to which Director Breaux replied affirmatively. In response to Director McKenney’s (Municipal Water District of Orange County) question about MWD Board policy to cash-fund 60 percent of CIP, MWD staff said that in the fiscal years 2015 and 2016 biennial budget MWD planned to initially cash-fund 100 percent of its CIP and over time, reduce the level of cash-funding to 60 percent as is being reflected in the proposed fiscal years 2017 and 2018 budget.

The committee also received a quarterly financial update through the second quarter of fiscal year 2016, which highlighted that expenditures are on track to significantly exceed revenues. MWD projects fiscal year 2016 will close with expenditures exceeding revenues by about $501 million. This revenue gap is mostly the result of unbudgeted expenditures and below budget water sales, totaling $628 million. Water deliveries through December 2015 are tracking about 12 percent under budget even though December 2015 water deliveries exceeded the monthly budget by about 50 percent. MWD reported that in December 2015, it issued $250 million in new debt, making available about $201 million from its R&R Fund to cover some of its

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1 MWD’s Readiness-To-Serve (RTS) Charge is based on a 10-year rolling average of agencies’ firm demands and intends to recover costs related to emergency system storage and conveyance capacity to meet standby demands. Historically, MWD recovers less than half of the eligible standby benefits (costs) from the RTS charges (in 2015 and 2016, MWD collected 35 and 33 percent, respectively, of its standby benefits through the RTS charge). The Capacity Charge aims to function as a peaking charge and is based on the summer day with the highest firm demand, including wheeled water.

2 Although significant, this level of cash-funding is lower than MWD originally planned in the 10-year financial forecast that was adopted as part of MWD’s biennial budget for fiscal years 2015 and 2016. In its financial forecast, MWD planned to cash-fund 100 percent and 84 percent of its CIP in fiscal years 2017 and 2018, respectively.

3 This revenue gap would be about $702 million when considering that MWD issued $250 million of debt in December 2015 to free-up about $201 million in R&R funds budgeted to cash-fund MWD’s CIP in fiscal year 2016. MWD’s unbudgeted expenses for fiscal years 2016 include about $310 million for its conservation program, almost $10 million for water transfers, more than $44 million for an exchange with Southern Nevada Water Authority, and $264 million to purchase property in the Palo Verde Irrigation District.

5 The higher-than-budgeted December deliveries are primarily due to increased water purchases for groundwater replenishment, staff reported.
unplanned expenditures. MWD reported that about $320 million of the unbudgeted expenses will be funded through the Water Management Fund, which will deplete this fund. The rest of these expenditures are projected to be covered using about $23 million from unrestricted reserves. As a result, MWD projects that fiscal year 2016 will close with unrestricted reserves around $453 million, dropping from the fiscal year’s starting balance of $476 million.

In response to Finance and Insurance Committee Chair Barbre (Municipal Water District of Orange County), Controller Soper said the amount disputed in the rate litigation with the Water Authority is managed in MWD’s unrestricted reserves. The following day, General Counsel Scully said that the disputed monies, which are set aside, “cannot be expended for any purpose.” Director Lewinger, asked whether disputed funds are “serving double duty” in the unrestricted reserves. Director Breaux confirmed that the disputed amount is in the unrestricted reserves and acknowledged that “in one sense they are” serving double duty. Director Breaux commented that however, if the disputed amount, which he estimated to be around $200 million, is removed from the reserves “there’s still $250 million that’s available for any use.”

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6 MWD reported that it budgeted $221 million for its CIP, but that the debt is only eligible to cover certain types of CIP spending and can only cover $201 million of MWD’s budgeted CIP expenses. MWD used $25 million dollars of this debt to reimburse MWD for fiscal year 2015 CIP expenses, essentially increasing MWD’s unrestricted reserves by this amount.

7 In fiscal year 2015, MWD increased its biennial conservation budget by $390 million, which was to be funded using $180 million from the Water Management Fund, $160 million from the Water Rate Stabilization Fund, and $50 million from the Water Stewardship Fund. The remaining balance in the Water Management Fund after these conservation expenditures (about $77 million) was authorized by the Board for other expenses, including supply programs. Of the $390 million authorized, $309.8 million is available in fiscal year 2016.

8 Although MWD issued $250 million of debt in December, $25 million of which went into unrestricted reserves (by reimbursing MWD for some fiscal year 2015 capital expenses).

9 The disputed amount is almost $235 million and if the Water Authority prevails in the litigation, MWD’s unrestricted reserves would drop to about $218 million, barely above the minimum reserve target (about $205 million).

10 Per MWD’s Administrative Code, the minimum target for this fund is intended to cover MWD’s fixed costs for about 18 months should there be insufficient revenues. Any amount over the minimum target is transferred to the Water Rate Stabilization Fund, which, according to MWD’s Administrative Code, is to maintain “stable and predictable water rates and charges.”
Discussion Summary of 2015 IRP Adoption

The MWD Board adopted the 2015 Integrated Resources Plan (IRP) report at its January meeting. The report contains recommended targets for conservation and local and imported water supply development to ensure that MWD can meet retail demands and avoid allocating supplies. More information on the 2015 IRP report can be found in the Water Authority’s January 2016 Board Packet. The report was intended to complete the technical portion of the update with policy discussions to follow. However, the January action adopts the plan’s recommendation for supply development targets, leaving “policy” discussions to focus on implementation issues. Staff reported that the IRP discussions will continue in February and March, culminating in an April Board retreat, when policy issues related the implementation of IRP will be addressed. The Water Authority Delegates expressed several concerns with the adoption of the 2015 IRP report in a letter to MWD.2 These concerns included that the adoption of the plan bypassed critical policy discussions such as the IRP’s reliability goal and associated resource development targets established by the report, as well as the affordability of resource recommendations and their impact on member agencies’ long-term demand for MWD water.

During committee discussions, Director Lewinger voiced concern with the plan’s assumption that local supply development through 2040 is limited to only growth associated with projects that exist or are under construction, and that the 2015 IRP’s local resource development target of 20,000 acre-feet of new projects underestimates future supplies being developed by local agencies. In response, Water Resource Management Group Manager Upadhyay said that local projects usually produce only 70 percent of the water they project to supply.3 Later, Director Steiner pointed out that MWD needs to discuss how to manage and account for the difference between projected and actual local supply production.

Echoing some of the concerns described in the Delegates’ letter, Director Wunderlich (Beverly Hills) reflected that there are policy and economic questions that go beyond the report, and these questions cannot be “abandoned” and require ongoing discussion. Director Wunderlich said that in a “perfect IRP process,” these policy questions would have been dealt with before the conclusion of the report, noting that the resource development targets are based on a reliability goal MWD staff previously identified as one of the policy issues requiring discussion. He expressed concern that the report assumes MWD’s reliability goal is to meet retail supplies under all foreseeable hydrology, which he believes overstates what MWD can guarantee. Director Wunderlich nonetheless expressed support for adopting the report and suggested the next IRP update include financial analysis of resource development targets. Agreeing with Director Wunderlich, Director Blois (Calleguas) said he wants to have policy discussions as identified in the Delegates’ letter, but supported adopting the report this month because it is the “right thing to do.”

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1 This memo is found on pages 14-40 in the Water Authority’s January 2016 Board Packet found here: http://www.sdcwa.org/sites/default/files/files/board/2016_Agendas/2016_01_28FormalBoardPacketSECURE.pdf
2 The Delegate’s letter to MWD on adopt the 2015 IRP update dated January 10, 2016, can be found here: http://www.mwdfacts.com/wp-content/uploads/2016/01/2016-01-10_WA_Ltr_re(IRP).pdf
3 The 2015 IRP’s projections for local supply development already discount local projects’ yields.
Director McKenney (Municipal Water District of Orange County) agreed with Directors Blois and Wunderlich and said that he believes the Board retreat is intended to define the “Board’s oversight process” that will be used “to address policy issues.” IRP Committee Chair Atwater (Foothill) agreed with this understanding, and General Manager Kightlinger said that it would be “most helpful” for staff to get Board direction on the scope and process for the IRP policy implementation review. Chair Record (Eastern) said that the April retreat will start the discussion to either beginning implementation policy discussions or establishing a process to review these policies. Later, Director Lefevre (Torrance) asked for more details on the upcoming policy discussions. Kightlinger said that in February and March the Board will be refreshed on past “strategic reviews” and then in April will determine the scope of the implementation policy review, the level of Board involvement in the review, and how it will conduct the review.

Director Gray (West Basin) expressed her support for the report’s adoption and said the next step in the IRP update is figuring out how to achieve the report’s targets and the roles of MWD and member agencies in accomplishing the targets. Director Steiner commented that it appears pieces of the IRP are moving forward, even though earlier it was discussed that resource development targets would be considered during the policy portion of the IRP update. She asked if the targets defined in the report may be adjusted later. Director Atwater described the IRP update process as “dynamic” and said that iterations could occur.

Switching gears, Director Peterson (Las Virgenes) supported adopting the report and said his biggest concern is that MWD is considered a supplemental water provider, which he believes it is not and is in conflict with the MWD Act. He said the MWD Act needs to reflect who MWD is. Director Tu expressed concern that the 2015 IRP report will serve as a document that staff will use to justify spending decisions before the Board completes its policy implementation discussions. Kightlinger replied that the Board authorizes individual projects above his spending threshold, prompting Tu to clarify her concern that the report will serve as a policy guideline for staff to pursue projects. Kightlinger said that staff intends “to use this document as a guide to go forward.”

Focusing on the report’s details, Director Abdo (Santa Monica) expressed the desire to spend more on MWD’s conservation program than its recent $20 million budgets. Kightlinger said that spending decisions for specific programs will return to the Board. In the same vein as Director Abdo, Director Dake (Los Angeles) pointed out that the report identified the total conservation growth in 2040 at 485,000 acre-feet from 2016 and plans to achieve this target through Model Water Efficient Landscape Ordinance (MWELO) compliance. To accomplish this target, Director Dake said MWD must be more aggressive and he asked that the Board memo be amended to say that MWD and its member agencies will achieve this growth through active conservation (Conservation Credits and Innovative Conservation Programs) pursing code-based

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4 The 2015 IRP report calls for an additional 172,000 acre-feet of conservation from 2016 to be met by new conservation savings and projects that existing conservation (from plumbing codes and the investments in active conservation made through fiscal year 2016) will account for 313,000 acre-feet of savings.

5 The 2015 IRP report calls for MWD to achieve the 180,000 acre-foot conservation target (from 2015 to 2040) through 100 percent compliance with MWELO for new construction and annually retrofitting one percent of existing landscapes to comply with MWELO. In developing the MWD conservation target, MWD!s assumes only 50 percent of new construction complies with MWELO in its demand forecast.
conservation (via MWELO), and promoting awareness with outreach campaigns. Director Morris (San Marino) accepted this “friendly amendment” to his motion to adopt the report. Director Steiner pointed out that Director Dake’s amendment calls to fund MWD’s conservation program “at a level of funding to match that goal,” which would result in funding the conservation program at significantly higher levels than previous budgets without having the appropriate finance and budget discussions first. Further clarifying her concerns, Director Steiner said that she does not want to approve a document that is used to commit the Board to a certain level of funding. In response to Director Ramos’ (Burbank) question, Director Dake said that he thinks the target is “ambitious” and his amendment demonstrates that MWD is ready to make the commitment to achieve it. If including this language is a concern, Dake suggested changing the target. Wishing to stick to policy issues, Director Barbre returned to Peterson’s question of what is MWD’s role, questioning if it is for MWD “to provide water or to provide opportunities for people not to buy” its water. Noting that both of these roles have significant impacts, he shared Director Steiner’s concern that Director Dake’s language may be a “little heavy-handed” and “tying the hands [of the Board] a bit too much.” He suggested that MWD address these issues as they arise.

Director Barbre also pointed out that there may be circumstances, such as the Governor’s current conservation requirements, that block MWD from being as reliable as the report aims to be. Director Atwater said that MWD has to adapt to regulations. Returning to Director Dake’s language, Director Wunderlich expressed his view that it is inconsequential since it did not specify an amount of funding. Director McKenney expressed support for Director Dake’s amendment because it highlights MWD’s investment in conservation and it does not “cramp” budget considerations. Noting that this language is controversial and could stop some directors from supporting the report’s adoption, Director Wunderlich suggested that the language not be included and, instead, the Board can discuss this issue later during the IRP implementation policy discussions and through the budget process. Director Atwater called for the vote on the motion to adopt the 2015 IRP report with Director Dake’s amendment to the Board memo. The motion passed with only the Water Authority’s committee members (Directors Lewinger and Steiner) voting against it.

During the Board meeting later that day, Director Lewinger expressed the Delegates’ concern that by adopting the report the Board is approving a policy document before having policy discussions and understanding the financial ramifications of the report’s targets. Ultimately, with the exception of the Water Authority Delegates, the MWD Board adopted the report and the resource development targets it defines for conservation and local, Colorado River, and State Water Project supplies.
**REVISED AGENDA**

**Finance and Insurance Committee**

Meeting with Board of Directors*

January 11, 2016

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

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### Meeting Schedule

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<td>Rm. 1-101</td>
<td>Dirs. Computer Training</td>
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<td>Rm. 2-456</td>
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* 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 December 7, 2015**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   None

5. **BOARD INFORMATION ITEMS**

   None

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REVISED: Date of Notice: January 6, 2016
6. COMMITTEE ITEMS
   a. Update on Metropolitan’s Business Continuity Program
   b. Update on Quarterly Financial Report
   c. Update on Budget and Rates Process for FY 2016/17 and FY 2017/18
   Added
d. Oral report on investment activities

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.

REVISED: Date of Notice: January 6, 2016
REVISED AGENDA

Water Planning and Stewardship Committee

Meeting with Board of Directors*

January 11, 2016

10:00 a.m. – Room 2-145

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

2. Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held December 7, 2015

3. CONSENT CALENDAR ITEMS — ACTION

Revised 7-1 Adopt resolution to support Metropolitan’s application for United States Bureau of Reclamation grant funding of $1 million for High-Efficiency clothes washer rebates; and authorize entering into a contract with United States Bureau of Reclamation if awarded. (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
a. Adopt the resolution;
b. Authorize the General Manager to accept grant funds, if awarded; and
c. Authorize the General Manager to enter into a contract for the grant funds.

4. OTHER BOARD ITEMS — ACTION

None

5. BOARD INFORMATION ITEMS

9-1 Proposal to enter into agreements related to a Bard Water District land management and seasonal fallowing pilot program. (WP&S)

6. COMMITTEE ITEMS

a. Oral report on Water Surplus and Drought Management Plan
b. Conservation 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

REVISED: Date of Notice: January 7, 2016
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.

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Date of Notice: December 23, 2015

E&O Committee
G. Peterson, Chair
S. Blois, Vice Chair
B. Barbre
P. Beard
M. Camacho
G. Dake
D. De Jesus
S. Faessel
D. Galleano
R. Lefevre
S. Lowenthal
J. Morris
F. Steiner

Engineering and Operations Committee
Meeting with Board of Directors*

January 11, 2016
12:00 p.m. -- Room 2-456

Meeting Schedule

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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 December 7, 2015**

3. **CONSENT CALENDAR ITEMS — ACTION**

   **7-2** Appropriate $980,000; and award $413,186.30 procurement contract to Peerless Pump Company for washwater pumps at the F. E. Weymouth Water Treatment Plant (Approp. 15477). (E&O)

   **Recommendation:**

   **Option #1:**

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

   a. **Appropriate $980,000; and**

   b. **Award $413,186.30 pump procurement contract to Peerless Pump Company for the Weymouth washwater tanks.**
7-3 Certify the Environmental Impact Report for planned improvements at and near the Robert B. Diemer Water Treatment Plant; and approve the Diemer Upgrades Project for purposes of the California Environmental Quality Act. (E&O)

Recommendation:

Option #1:

Certify the Final EIR for planned improvements at and near the Diemer plant; adopt the FOF, the SOC, and the MMRP; and approve the Diemer Upgrades Project for the purposes of CEQA.

7-5 Appropriate $1.1 million; and authorize design of urgent prestressed concrete cylinder pipe repairs at two locations on the Sepulveda Feeder (Approp. 15496). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $1.1 million; and
b. Authorize final design of urgent PCCP repairs at two locations on the Sepulveda Feeder.

4. OTHER BOARD ITEMS — ACTION

8-1 Appropriate $4.25 million; and authorize design of four rehabilitation projects along the Colorado River Aqueduct (Approp.15483). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $4.25 million;
b. Authorize design to improve drainage at each CRA pumping plant;
c. Authorize preliminary design to replace the CRA domestic water systems;
d. Authorize design of conduit structural protection at 22 locations along the aqueduct; and
e. Authorize preliminary design to control erosion at eight locations along the aqueduct.
Appropriate $2.7 million; and authorize design of two pump reliability projects at the Colorado River Aqueduct pumping plants (Approp. 15481). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are categorically exempt, and

a. Appropriate $2.7 million;
b. Authorize final design of discharge line isolation couplings at the Colorado River Aqueduct pumping plants; and
c. Authorize design to replace overhead cranes at each of the plants.

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

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REVISED AGENDA

Real Property and Asset Management Committee

Meeting with Board of Directors*

January 11, 2016

1:00 p.m. -- Room 2-145

Monday, January 11, 2016
Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
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<tr>
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<td>RP&amp;AM</td>
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<td>2:00 p.m.</td>
<td>Rm. 2-456</td>
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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 November 9, 2015

3. CONSENT CALENDAR ITEMS – ACTION

Withdrawn 7-4

Authorize a long-term ground lease to Verizon Wireless for a telecommunications equipment site on Metropolitan fee-owned property located in the unincorporated area of Los Angeles County, near the city of La Verne. (RP&AM)

4. OTHER BOARD ITEMS – ACTION

None

REVISED: Date of Notice: January 7, 2016
5. COMMITTEE ITEMS

Revised

a. Update on purchase or acquisition of an option to purchase property from Delta Wetlands Properties located in Contra Costa, San Joaquin, and Solano Counties


6. MANAGEMENT REPORT

a. Real Property Development and Management Manager's Report

7. FUTURE AGENDA ITEMS

8. ADJOURNMENT

NOTE:

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REVISED: Date of Notice: January 7, 2016
Communications and Legislation Committee

Meeting with Board of Directors*

January 11, 2016

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

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

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

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

2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held December 7, 2015

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

None

Date of Notice: December 21, 2015
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

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

b. Report on activities from Sacramento

c. Update on water conservation advertising and outreach program

7. MANAGEMENT REPORT

a. External Affairs Management report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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Date of Notice: December 21, 2015
REVISED AGENDA

Legal and Claims Committee

Meeting with Board of Directors*

January 12, 2016

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

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

2. **Approval of the Minutes of the meeting of the Legal and Claims Committee held December 8, 2015**

3. **CONSENT CALENDAR ITEMS — ACTION**
   
   None

4. **OTHER BOARD ITEMS — ACTION**

   **Added** 8-4

   Report on *Bradley Wayne Nutt v. Metropolitan Water District of Southern California*, Los Angeles Superior Court Case No. BC550863; and authorize an increase in the maximum amount payable under contract with Atkinson, Andelson, Loya, Ruud & Romo for legal services by $200,000 to an amount not to exceed $550,000. (L&C)

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

REVISED: Date of Notice: January 4, 2016
5. **BOARD INFORMATION ITEMS**

None

6. **COMMITTEE ITEMS**

a. General Counsel’s report of monthly activities

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

7. **FOLLOW-UP ITEMS**

None

8. **FUTURE AGENDA ITEMS**

9. **ADJOURNMENT**

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**REVISED:** Date of Notice: January 4, 2016
Organization, Personnel and Technology Committee

Meeting with Board of Directors*

January 12, 2016

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

<table>
<thead>
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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 meeting of the Organization, Personnel and Technology Committee held December 8, 2015**

3. **CHAIRMAN’S REPORT**

4. **CONSENT CALENDAR ITEMS – ACTION**

   None

5. **OTHER BOARD ITEMS – ACTION**

   None

Date of Notice: December 21, 2015
6. COMMITTEE ITEMS

a. Update on 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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Integrated Resources Planning Committee

Meeting with Board of Directors*

January 12, 2016

10:30 a.m. -- Room 2-145

Tuesday, January 12, 2016
Meeting Schedule

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* The Metropolitan Water District’s Integrated Resources Planning 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 Integrated Resources Planning 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 Integrated Resources Planning Committee will not vote on matters before the Integrated Resources Planning Committee.

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

2. **Approval of the Minutes of the meeting of the Integrated Resources Planning Committee held December 7, 2015**

3. **CHAIRMAN’S REPORT**

4. **OTHER BOARD ITEMS – ACTION**

   **8-3** Adopt the 2015 Integrated Water Resources Plan Update. (IRP)

   **Recommendation:**

   **Option #1:**

   Adopt the CEQA determination that the 2015 IRP Update is not subject to CEQA, and adopt the 2015 Integrated Water Resources Plan Update.

Date of Notice: December 23, 2015
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. FUTURE AGENDA ITEMS

8. ADJOURNMENT

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REVISION 2

Regular Board Meeting

January 12, 2016

12:00 p.m. – Board Room

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1. **Call to Order**
   
   (a) Invocation: Chris Gutierrez, Unit Manager IV, Office of the General Auditor
   
   (b) Pledge of Allegiance: Director Peter Beard

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 December 8, 2015. (A copy has been mailed to each Director)

   Any additions, corrections, or omissions

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

**REVISION 2:** Date of Notice: January 7, 2016
C. Presentation of ten-year service pins to Directors John Murray and Jesús Quiñonez, representing City of Los Angeles

D. Approve committee assignments

E. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

Revised

7-1 Adopt resolution to support Metropolitan’s application for United States Bureau of Reclamation grant funding of $1 million for High-Efficiency clothes washer rebates; and authorize entering into a contract with United States Bureau of Reclamation if awarded. (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

a. Adopt the resolution;

b. Authorize the General Manager to accept grant funds, if awarded; and

c. Authorize the General Manager to enter into a contract for the grant funds.
7-2 Appropriate $980,000; and award $413,186.30 procurement contract to Peerless Pump Company for washwater pumps at the F. E. Weymouth Water Treatment Plant (Approp. 15477). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $980,000; and
b. Award $413,186.30 pump procurement contract to Peerless Pump Company for the Weymouth washwater tanks.

7-3 Certify the Environmental Impact Report for planned improvements at and near the Robert B. Diemer Water Treatment Plant; and approve the Diemer Upgrades Project for purposes of the California Environmental Quality Act. (E&O)

Recommendation:

Option #1:

Certify the Final EIR for planned improvements at and near the Diemer plant; adopt the FOF, the SOC, and the MMRP; and approve the Diemer Upgrades Project for the purposes of CEQA.

Withdrawn 7-4 Authorize a long-term ground lease to Verizon Wireless for a telecommunications equipment site on Metropolitan fee-owned property located in the unincorporated area of Los Angeles County, near the city of La Verne. (RP&AM)

7-5 Appropriate $1.1 million; and authorize design of urgent prestressed concrete cylinder pipe repairs at two locations on the Sepulveda Feeder (Approp. 15496). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $1.1 million; and
b. Authorize final design of urgent PCCP repairs at two locations on the Sepulveda Feeder.

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

8-1 Appropriate $4.25 million; and authorize design of four rehabilitation projects along the Colorado River Aqueduct (Approp.15483). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
   a. Appropriate $4.25 million;
   b. Authorize design to improve drainage at each CRA pumping plant;
   c. Authorize preliminary design to replace the CRA domestic water systems;
   d. Authorize design of conduit structural protection at 22 locations along the aqueduct; and
   e. Authorize preliminary design to control erosion at eight locations along the aqueduct.

8-2 Appropriate $2.7 million; and authorize design of two pump reliability projects at the Colorado River Aqueduct pumping plants (Approp. 15481). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are categorically exempt, and
   a. Appropriate $2.7 million;
   b. Authorize final design of discharge line isolation couplings at the Colorado River Aqueduct pumping plants; and
   c. Authorize design to replace overhead cranes at each of the plants.

8-3 Adopt the 2015 Integrated Water Resources Plan Update. (IRP)

Recommendation:

Option #1:

Adopt the CEQA determination that the 2015 IRP Update is not subject to CEQA, and adopt the 2015 Integrated Water Resources Plan Update.
Report on *Bradley Wayne Nutt v. Metropolitan Water District of Southern California*, Los Angeles Superior Court Case No. BC550863; and authorize an increase in the maximum amount payable under contract with Atkinson, Andelson, Loya, Ruud & Romo for legal services by $200,000 to an amount not to exceed $550,000. (L&C)

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

9. BOARD INFORMATION ITEMS

9-1 Proposal to enter into agreements related to a Bard Water District land management and seasonal fallowing pilot program. (WP&S)

10. FUTURE AGENDA ITEMS

11. 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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COMMITTEE ASSIGNMENTS

Director Martinez was removed from the Communications and Legislation Committee. Directors Dick and Zurita were assigned to the Engineering and Operations Committee. Director Lowenthal was removed from the Finance and Insurance Committee; and Director Paskett was added to the Committee. Director Ackerman was added to the Integrated Resources Planning Committee. Director Paskett was added to the Legal and Claims Committee. Director Dick was removed from the Organization, Personnel and Technology Committee; and Directors Barbre, McKenney and Zurita were added to the Committee. Director Paskett was added to the Special Committee on Bay-Delta. Directors Martinez and Koretz were removed from the Water Planning and Stewardship Committee; and Directors Wunderlich and Paskett were added to the Committee. (Agenda Item 5D)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $4.25 million; authorized design to improve drainage at each CRA pumping plant; authorized preliminary design to replace the CRA domestic water systems; authorized design of conduit structural protection at 22 locations along the aqueduct; and authorized preliminary design to control erosion at eight locations along the aqueduct. (Approp. 15483) (Agenda Item 8-1)

Appropriated $2.7 million; authorized final design of discharge line isolation couplings at the Colorado River Aqueduct pumping plants; and authorized design to replace overhead cranes at each of the plants. (Approp. 15481) (Agenda Item 8-2)

INTEGRATED RESOURCES PLANNING COMMITTEE

Adopted the 2015 Integrated Water Resources Plan Update. (Agenda Item 8-3)

LEGAL AND CLAIMS COMMITTEE

Received a report on Bradley Wayne Nutt v. Metropolitan Water District of Southern California, Los Angeles Superior Court Case No. BC550863; and authorized an increase in the maximum amount payable under contract with Atkinson, Andelson, Loya, Ruud & Romo for legal services by $200,000 to an amount not to exceed $550,000. (Agenda Item 8-4)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Authorized the General Manager to enter into a pilot program agreement with Bard Water District, and land management and seasonal fallowing agreements with farmers in the district, consistent with the terms outlined in the Board memorandum and in a form approved by the General Counsel; and approved payment of up to $1.8 million for funding the pilot program. (Agenda Item 9-1)
**CONSENT CALENDAR**

In other action, the Board:

Adopted a resolution supporting an application to the Bureau of Reclamation for WaterSMART grant funding for high-efficiency clothes washers; authorized the General Manager to accept grant funds, if awarded; and authorized the General Manager to enter into a contract for the grant funds. *(Agenda Item 7-1)*

Appropriated $980,000; and awarded $413,186.30 pump procurement contract to Peerless Pump Company for the F. E. Weymouth Water Treatment Plant washwater tanks. *(Approp. 15477)* *(Agenda Item 7-2)*

Certified the Final Environmental Impact Report for planned improvements at and near the Robert B. Diemer Water Treatment Plant; adopted the Findings of Fact, the Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program; and approved the Diemer Upgrades Project for purposes of the California Environmental Quality Act. *(Agenda Item 7-3)*

Appropriated $1.1 million; and authorized final design of urgent prestressed concrete cylinder pipe repairs at two locations on the Sepulveda Feeder. *(Approp. 15496)* *(Agenda Item 7-5)*

**OTHER MATTERS:**

In other action, the Board:

Presented ten-year service pins to Directors John Murray and Jesús Quiñonez, representing the City of Los Angeles. *(Agenda Item 5C)*

**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).
To:   San Diego County Water Authority Board Members  
From:  Ken Carpi, Washington Representative  
Subject: Federal Legislative Update

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**The Congressional Calendar**

The House convened on January 5 with the Senate following on January 11. The President delivered his State of the Union on an unusually early date of January 12. The snowstorm/blizzard effectively canceled all congressional business this week. The President is expected to send his FY2017 budget request to Congress on February 9, formally kicking off the annual budget and appropriations process.

Both chambers will be out the week of February 15. The House will be in recess the two weeks following Easter (March 27), while the Senate will be out the week before and the week after Easter.

The political calendar will affect the congressional calendar to an unusually high degree in 2016. Frequent primaries will keep Members home more often and the timing of the Republican and Democratic National Conventions will extend the congressional ‘August’ recess from July 18 past Labor Day on September 5.

The House is scheduled to recess for the final campaign push on September 30 while the Senate plans to depart on October 7. Both chambers are scheduled to return for a lame duck session on November 14 and have targeted December 16 as the last day of the 114th Congress.

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**President Vetoes Clean Water Rule Resolution**

As promised, the President vetoed a congressional resolution of disapproval that sought to overturn the Environmental Protection Agency’s rule defining the “Waters of the United States” under the Clean Water Act. His veto came after the House voted 253-166 to adopt the resolution; the Senate approved the resolution in November. The House will hold a
vote to override the President’s veto when it reconvenes following the blizzard. However, opponents are not expected to secure the 2/3 vote required to overturn the veto.

Opponents of the rule brought forward the resolution under the terms of the Congressional Review Act. This law gives Congress the ability to overturn a regulation in the first 60 legislative days after it is issued.

The Clean Water Rule is not currently being enforced because of a stay issued by the 6th Circuit Court blocking its implementation while litigation against the rule proceeds.